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"CONVENTION THEORY":

IS THERE A FRENCH SCHOOL OF ORGANIZATIONAL INSTITUTIONALISM?

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ABSTRACT

This paper highlights overlap and differences between Convention Theory and New Organizational Institutionalism and thus states the strong case for profitable dialog. It shows how the former can facilitate new institutional approaches. First, convention theory rounds off the model of institutionalized action by turning the spotlight to the role of evaluation in the coordination effort. In parallel, the attention focused on the two components of the qualification process also sheds new light on the institutional dynamics issue at the heart of organizational institutionalism research since the mid-90s.

KEYWORDS

Convention, new institutionalism, institutional logic, qualification, compromise, higher-order principles of justice, order of worth

"CONVENTION THEORY":

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Why attempt to ally convention theory (CT) and new institutional organization theory (NIOT)? Convention theory was birthed in France, parented by late-70s economics and sociology theory before being adopted into management theory in the 1990s, at the same time that neoinstitutional organization theory, buoyed by a vibrant research program and wave of publications, asserted itself as one of the dominant streams in organizational theory (Davis & Marquis 2005; Greenwood, Oliver et al. 2008). Conventionalists in France; neoinstitutionalists everywhere else. Why look further? Nevertheless, knowledge theory does offer up an argument that prompts between-discipline dialog. The point is that geographical specificity alone could never hope to explain away the mushrooming of different schools of thought. More and more commentators are speaking out against the 'Balkanization' of this managerial research in search of a paradigm (Pfeffer 2007; AACSB 2007). We will not be expanding on this argument, as it takes us away from the focus of the paper. We put forward a second argument, one that we feel is critically more fundamental. Building bridges between these two streams of theory is a doubly compelling move since they already share many postulates and embrace the same core theoretical project: to offer a socially-embedded vision of organizational phenomena. Both streams are aligned to the same tributary of 'normative' perspectives as understood by Hans Joas. From the Weberian standpoint, they look to extend beyond a purely utilitarianist vision of society to encompass another universe that breeds values forged collectively, that fosters policy-directions shared by all the agents. Policy-

directions that are not simply slaved to individual calculation but that actively shape them (Weber 1967[1905]; Joas 1996). There is also an altogether more pragmatic rationale pushing us to pursue the work started by others (Gomez & Jones 2000; Leca & Naccache 2008). Efforts led in the late 80s to concenter American and Scandinavian institutional perspectives (Brunsson & Adler 1989; Brunsson & Olsen 1993; Czarniawska-Joerges & Sevón 1996; Boxenbaum & Strandgaard Pedersen 2009) showed such potential that the invitation was clearly there to follow the same path.

The first problem that needs unraveling is to settle on a scope of comparison. NIOT, and to a lesser extent CT, are hazily-boundaried, broad-content streams of theory. We therefore set ourselves clear-cut scope selection rules. Looking at NIOT, the long time span covered and exceptional profusiveness of the research published is compensated for by major collectively-authored works identified within the discipline itself as seminal pillars. One is *The new institutionalism in organizational analysis* by Powell & DiMaggio (1991), the other is the *Handbook of organizational institutionalism* by Greenwood et al. (2008). Since both books are positioned as meta-guides, we will tap into the references they contain for our analytical material. For CT, which is broadly cross-disciplinary, we determined three condition-sets for gating-in the research to be included: first and foremost, they have to refer explicitly to 'conventions'; they then need to have the organization as principal analytical focus; and lastly, they have to be core references shared jointly by all authors writing under the adopted banner of the CT stream.

Let us refocus on our central target question. What are the features of convention theory that set it apart from new institutional organization theory? This paper asserts that contributions from CT can facilitate modern NIOT approaches, and on more than one count. First, convention theory rounds off the model of institutionalized action by turning the spotlight to the role of evaluation in the coordination effort. Assessment is built of

qualification processes founded on higher-order principles of justice and grounded in material systems. The attention focused on these two components of the qualification process also sheds new light on the institution dynamics issue at the heart of NIOT research since the mid-90s, since CT highlights two action structuration systems hitherto missing from neoinstitutional theory. Firstly, it underlines the role that the intrinsic quality of the convention can play. The effectiveness vectored through the worded statement of the institution and the material system supporting it can thus help shape whether it is maintained, spreads or withdraws. Second, CT leverages compromise as a concept to chart a potential pathway towards resolving competition between several different institutions operating within the same radius of action, an issue NIOT has so far neglected. This compromise, by defining a social good that meshes several orders of worth, creates the framework necessary to define stable coordination principles despite the divergent initial positions rationalized, and to eliminate some of the uncertainty intrinsic to coordination action.

This article sets out by stating the strong case for profitable dialog between these two streams, highlighting their overlap (I). We build an analysis of the theories that sparked each stream (I.1.), their relationship with mainstream economics theory (I.2.), and the postulates and research questions they share (I.3.). The next step, aimed at exploring their differences, engages a systematized investigation of their analytical mechanics (II). Institution, convention, justification, theorization, order of worth, logic, city, world, discipline, compromise, logic competition... all these concepts are clearly framed and compared pairwise to surface differences in their ability to capture research objects. It is within these differences that resides the key unlocking how CT can facilitate NIOT approaches (III).

I - A MUTUAL THEORETICAL PROJECT

Shared references

Several recent studies have treemapped the parentage of NIOT (Scott 1987; Selznick 1996; Hirsch & Lounsbury 1997; Greenwood et al. 2008; Scott 2008[1995]). Though it is important not to get sidetracked on rewriting the discipline's history, we nevertheless need to underscore a handful of salient traits highlighted in this prior groundwork. Commentators generally tend to split the stream into two phases: old institutionalism and new institutionalism. The boundary lines between the two schools remain fuzzy. That first period appears to have evolved in the XIXth century to reach the peak of its influence following WWII, championed by Selznick (Selznick 1949; Selznick 1957; Selznick 1969), Parsons (Parsons & Shils 1951; Parsons & Smelser 1956; Parsons 1960) and Stinchcombe (Stinchcombe 1965; Stinchcombe 1997). The rebirth of the second phase is often ascribed to the work of John Meyer, principally the seminal paper on formal structures as myth and ceremony, co-authored with Rowan (Meyer & Rowan 1977), and consolidated by DiMaggio & Powell (1983). We therefore need to look at the first school to trace the roots of NOIT. A first-glance look sees XIXth-century institutional economists Mitchell, Veblen and most importantly Commons widely touted as founders of the movement (Van De Ven 1993; Scott 2008[1995]). Their rejection of the postulates governing *economic man*, their efforts to bypass the marginalist thinking that ultimately spawned unsubstantive balances, and their broad-ranging descriptive empirical studies anchor them as benchmark figures of NIOT (Gomez 2004). The sociological roots of NIOT remain far more elusive, complexified by multiple candidates for NIOT membership (Scott, 2008[1995]). That said, we can confidently assert

that Weber's work provides the keystone for the school as a stream¹ (DiMaggio & Powell 1983). We also notice the influence of Bourdieu's sociology even if this one is much more implicit (DiMaggio 1979). The picture is completed by registering the influence of Berger & Luckmann's *The Social Construction of Reality* (1966) on the sociology of knowledge, borrowed on heavily by cognitive and microscale NIOT approaches (Meyer & Rowan 1977; Zucker 1991).

Convention theory, on the other hand, is solidly grounded in economics, emerging in France from the heterodox economics school of thought (the March 89 special issue of *Revue Economique* features a collection of the seminal papers). CT shares the same heritage pedigree of pioneer American institutionalists as NIOT (Veblen, Commons), but also integrates input from behaviorist economics thought (Simon 1947 [1997]; Leibenstein 1976; Leibenstein 1978)². It is this influence that proves pivotal in explaining where CT and NIOT diverge. Several French commentators have previously traced how the scientific project of NIOT developed counter to the behaviorist theories that were so predominant in the USA (Friedberg 1998; Courpasson 2000). The fact is that NIOT strived to underline the role of social structure as a determinant of human behavior in order to counterbalance the boundless autonomy assigned to the agent under behaviorist theory. French-school sociology on the other hand had no imperative to carve out an identity in the shadow of behaviorist-led dominance, leaving CT to draw on behaviorist input. This influence translates the CT-specific project to develop a substantive perspective on the exercise of rationality in real-world settings based on modeling coordination behavior. Hence the platform given to influences from other social science disciplines focused on social interaction, such as the philosophy

¹ An important factor to underline is that there was no English-language translation of the German sociologist's work until the 1946 (*Economy and society*) version, which was translated by Talcott Parsons himself.

² Although hard-line behaviorists such as Pavlov or Skinner deny any agency capability for individuals who offer a mechanical 'black box' response to stimuli, 'behaviorist'-tagged theories in economics/managerial science cut more slack. Simon or Leibenstein may well be filed under 'behaviorists', but it remains undeniable that their Stimulus–Response model integrates the ontological interpretation of the actors.

approaches championed by people like David K. Lewis (1969) or René Girard (1978). As the French stream of convention theory is more recent, its development was not dissociated from the early work of the NTIO stream. Whereas the influence of Selznick and Stinchcombe has incontestably helped shape the application of CT to organizational patterns and phenomena (Gomez 1996), neoinstitutionalism has itself been left in the dark.

The same movement to dialog/challenge orthodox economic theory

Throughout its development, NIOT has maintained some degree of direct dialog with economic organization theory and institutional economics (Roberts & Greenwood 1997; Roberts 2008). Williamson has regularly published position statements on progress in NIOT (Williamson 1985). We assert that this dialog has been made possible by sharing certain analytical stances. Indeed, NIOT has always remained faithful to methodological individualism, and does recognize a degree of agency to act in the world (DiMaggio 1988; Dacin et al. 2002). In economics jargon, NIOT fleshes out this vision of human behavior with the *endogenization* of a set of community rules³. Based on in-depth analysis of the ties between NIOT and mainstream economic theory, Roberts claims that any influence NIOT may have had on economic organizational theory was essentially *indirect*, it being relayed by other sociologically-framed research streams like population ecology (legitimacy metrics by Carroll & Freeman), social networks (integration of norms as conceptualized by Portes, 1998) and economic sociology (cross-correlations demonstrated by Fligstein, 2001) that do dialog directly with orthodox economics (Roberts & Greenwood 1997; Roberts 2008). To round off, teams have recently coupled both perspectives in their explanatory models in an attempt to

³ An interesting point to add here is that recent developments in orthodox economics have looked to account for the community dimension of human action. 'Informational cascade' theory is just one example. Having a multitude of agents adopting the same behavior pattern creates a rational barrier (*rational herd*) for the target individual, prompting them to rationally prefer an assessment based on public-sphere data rather than their own personal-sphere calculation and decisionmaking (Banerjee, 1992; Welch, 1992).

analyze their mutual influence (Roberts & Greenwood 1997; Deephouse 1999; Ahmadjian & Robinson 2001; Rao et al. 2001).

Convention theory, though, is “genetically hardwired” to dialog with mainstream theory, since it is so strongly grounded in institutional economics (Salais 2006). This dialog is inherently conflictual, since CT has always run counter to the dominant marginalist models (Veblen 1909). However, convention theory does also have its own axiomatic fingerprint that differentiates it from institutionalist economics. Pushed to give a common denominator shared by the disparate array of research streams umbrellaed under the catch-all label ‘institutional economics’, the answer would have to be that they all share the same ultimate study focus: institutions, i.e. the rules of economics (rules and norm-sets that influence behavior). In many cases, institution rhymes with “explicit rules”. Convention theory, on the other hand, is primarily focused on research into implicit *behavioral* rules (Gomez 2003). This makes a far sharper challenge to the postulates of the classical economic model, since individual reasoning can be fuelled by exogenous factors outside their comprehension. What makes CT so compelling is that it offers a straightforward interpretative framework for understanding how economic rationality works and how it readjusts. It therefore also offers key insight into the social construction of performance and the efficiency indicators that shape a specific type of institution.

An allied analytical stance

Both CT and NIOT propose a socially-engineered vision of human behavioral patterns, but both reject a purely structuralist approach. Both schools advance the same “agent-institution” dialectic: there is a mutual feedback loop between individual decisioning that shapes rules and rules that shape individual decisioning. The goal is to co-model both the individual and the rule system that shapes their action frame. The decision is not the optimal choice from among

an infinite set of possibilities but rather a bounded and constrained choice from among a narrow panel of socially legitimate options. This dialectic between individual and structural entity, which is widely termed structuration, tolled the end of the irreducible duality between culture and action that had so dominated social change theory until the 1970s⁴.

Ct and NIOT also share the same antifunctionalist vision, in a broad departure from the rational agent pictured as developing the practices best-gearred to solving a problem. Writings throughout the history of organizational institutionalism have consistently echoed this deep-rooted antifunctionalism. Selznick asserts that “practices can become *infused with values beyond the technical requirements at hand*” (1957: 17). Meyer & Rowan demonstrated how organizational structures are geared more towards responding to social logic than economic rationales: “*elements of formal structure are manifestations of powerful institutional rules which function as highly rationalized myths that are binding on particular organizations*” (1977: 343). Powell & DiMaggio explicitly championed institutional isomorphism as the alternative to functionalist and Marxist-led explanations: “*The ubiquity of certain kinds of structural arrangements can more likely be credited to the universality of mimetic processes than to any concrete evidence that the adopted models enhance efficiency*” (DiMaggio & Powell, 1991[1983]: 70). The conventionalist school sees the real world as the product of radical economic uncertainty, aligning to F.H. Knight, and sees agents as ontologically limited in their capacity to self-reason. This means that agents, in their interactions, tap into coordination networks that do not require self-reasoned calculation but which are built on past rationalizations, i.e. conventions. These conventions, despite starting out from a sound basis, may nevertheless be out-of-phase with the coordination situation in which they are marshaled.

⁴ Structuration continues to be regularly associated with the theory of practice, itself a generic term encompassing a school of heterodox thinkers, Bauman, Z. (1973). *Culture as Praxis*. London, Routledge; and Kegan Paul, Sahlins, M. (1976). *Culture and Practical Reason*. Chicago, IL, University of Chicago Press, Giddens, A. (1984). *The Constitution of Society*. Berkeley, University of California Press, Sewell, W. H. (1992). "A Theory of Structure: Duality, Agency, and Transformation." *American Journal of Sociology* **98**(1): 1, Barley, S. R. and P. S. Tolbert (1997). "Institutionalization and structuration: Studying the links between action and institution." *Organization Studies* **18**(1): 93-117. The thread binding these works together is that they all highlight how practices and symbolic constructs are built mutually and iteratively.

Only the agent can see the evidence that they need to be employed without any reflective analysis on the current situation. The net result is that conventions are not marshaled based on strictly functionalist rationale. This is why the conventionalist crisis sparked when the convention employed is too far out of phase with the situation being faced actually provides a golden opportunity to pinpoint those conventions that structure action (Gomez 1997; Gomez 2003).

Although NIOT makes no explicit reference to crisis-points as a first-choice research focus, it does have a two-decade history of studying institutional dynamics and, consequently, all the situations where the dominant institutions do not or no longer automatically fit. From the violent upheaval caused by exogenous shock to prevailing structures through to frictional conflict between competing logic systems and back to individual reasoning de-embedded from collective rationalizations, crisis-points can all be chartered in as golden opportunities to witness institutionalization at work. This attachment to problem-cases stems from a CT and NIOT-shared vision of pragmatism as a strong empirical footing key to realistically accounting for inter-individual situation-driven coordination (Salais, 2006). Both streams claim roots in methodological individualism while concomitantly searching social structures for the source of action. Their research program polarizes around these two core issues: how is individual choice shaped by the institutional environment, and how do institutions evolve? The spotlight turns to message delivery as a proxy for contemporary rationalization processes.

Convention theory and new institutional organization theory clearly have a lot in common. These close ties prompt comparative analysis in an effort to cross-fertilize ideas generated from the two fields of research. However, conceptual clarifications are required before we can set out on this path, as although they share the same project, the two streams employ contradistinct terminologies. Our point of departure for the next section will therefore

be to run a systematized cross-comparison of their analytical mechanics in order to explore *how* they describe the phenomena under focus.

II. ARE CONVENTIONS JUST LIKE ANY OTHER INSTITUTION?

We will need to tread carefully as we move to decipher the analytical mechanics of these two schools. Concepts re-employed across the same school of thought often envelop broadly diverse realities, to the point that their success often hinges on this very elasticity. A few precautionary measures on methodology are therefore warranted. We opted to shortlist a limited number of concept couples that i) describe phenomena overlapping into each of the two approaches and ii) occupy a core node in their respective intellectual architectures. Each concept will be addressed through the work of authors who are heavyweight in the field and whose definitions are widely referenced by others.

For NIOT, we will be targeting the shaping/effects of a **dominant logic** or **competing logic systems** within an **organizational field**. These logic systems are forged by long societally-led **rationalization** processes, but they also **re-theorized** by field members, acting as a scaffold forming **institutions** that will go on to at least partially dictate member behaviors.

For CT, the conceptualization effort will be targeted at a specific institution format, i.e. **the convention**. As for NIOT, our task will be to analyze how these conventions are forged, their effects and/or the challenges leveled at them. Conventions are founded on **shared forms of evaluation** that **qualify** the coordination purposes or strategies. The evaluation itself hinges on **material systems** and takes its basis in the **higher-order principles of justification**. That said, CT also seeks to accurately describe a generic operational model for these orders of justification or **orders of worth**. They are categorized as ideal-type **cities** that find empirical

expression in different **worlds**; reality corresponds to **the common world** in which these different orders clash.

Institution vs institution

The first comparison may take us off-guard, as both bodies of literature harness “institution” as a term. Robert Boyer claims that for CT, “the notion of institution should be understood in its broader meaning to encompass all forms of social mediation: *customs, conventions, rules, norms, organizations and institutions in the strictest sense of the term*” (Boyer 2003). This definition mirrors that used by institutional economists (North 1990) and proponents of NIOT theory. The interpretative framework given by R. W. Scott does feature the different types of institution: coercive, normative and cognitive (Scott 2008 [1995]). Both research streams therefore cluster *post-conscious* dimensions and *pre-conscious* dimensions (Roberts, 2008).

If we change lens for a wider angle and focus in on the types of constructs that designate institutions in sociology, we can roughly contour four inclusive layers of use (layer 2 including layer 1, and so on):

- Institutions = particular types of organization.
- Institutions = broad sectors of social life (family, economy, science, religion)
- Institution = any ‘social construct’ that gives rules governing different shades of conscious/unconscious action (cognitive, normative, coercive).
- Institutions = core, tacitly-understood social rulesets enabling individuals to coordinate their action. This last group, unsurprisingly, is one of the first-choice research focuses for microsociological symbolic interactionism for instance⁵.

Ethnomethodology, one of the shapers of NIOT, has also defined a fundamental set of

⁵ Also corresponding, for example, to what Goffman and the interactionist school termed “social meaning of acquaintanceship” (Goffman, 83, p13).

institutions, called *interpretative procedures*: reciprocity of perspective (the postulate that other people see the same world as I do); indexicality (the postulate that making sense of what is done or said is dependent on the immediate context in which the action is embedded); a prospective sense of occurrence (the postulate that others will do or say something that will clarify what they have said or done to date).

Analysis of the types of object captured by institutions in the empirical research of each stream surfaces a first key difference. In NIOT, institutions tend to emerge in the third layer, i.e. the level characterized by rules governing collective action. To illustrate, new institutionalists will study the take-on of a reform in education (Meyer 1992), the implementation of recycling practice (Lounsbury 2001), the transformation of succession recruitment patterns in the publishing industry (Thornton & Ocasio 1999). CT on the other hand will focus instead on layer-three and layer-four objects. Conventionalists are digging for clues on quality evaluation in marketplaces for production factors or consumer goods and clues on all the qualification efforts that prelude local arrangements. This leaves us with a “vertical pluralism” of conventions, squaring off conventions that require public legitimacy such as currency trust or salary classifications and the more local-scale conventions such as those that wick away uncertainty in micro-interactions at work or in family circles (Eymard-Duvernay, Callon et al. 2002; Eymard-Duvernay 2006).

Convention vs institution

If the investigative object-focuses of conventionalists do not completely cross-match those of the neoinstitutionalists, it is partly because conventions account for a specific subcategory of institutions. PY Gomez stresses that is critically important to work from a clear definition of the convention, as it not only designates an empirical reality but also acts as a conceptual building block for modeling economic phenomena (Gomez 1997). The whole conventionalist

stream hinges on the seminal work of D. Lewis, who took the stance that there are three components to a convention: 1) a convention emerges in a situation of uncertainty where an agent's utility is indeterminate outside of their utility as pre-expected by other agents; 2) a convention offers regularity, making it possible to resolve repeat problems that could not otherwise be resolved by hermetic individual calculation alone; 3) a convention is based on shared belief under the 5 Lewis-criteria condition-set: everyone complies with the convention, all adopters expect everyone else to also comply, everyone prefers general compliance to less-than-general compliance; there is an alternative regularity solution (an important point, since NIT models have skipped over the competition factor); these first 4 conditions outlined are *common knowledge* (Lewis 1969).

A convention therefore translates as a shared interpretation whose purpose is to solve an uncertainty problem. In any transaction, conventions “channel uncertainty based on a common form of evaluation that qualifies elements or strategies for coordination” (Eymard-Duvernay, 2006: 6). They are therefore seen as an alternative coordination set-up to contractualization. Conventionalists make use of this same *convention* term to designate agreements between individuals both inside and outside the bounds of the firm. With the firm as setting, one convention to highlight is the effort convention, which makes it possible to resolve the uncertainty issue weighing over the level of effort to be put in⁶.

Conventions, then, are institutions in a class of their own. They embrace both the cognitive dimensions (pre-consciously shaping behavior) and the normative dimensions (only effective if it is self-evident that the others will also honor it) of the institutions described by Scott (1995). Most importantly, though, conventions are founded on value-giving principles that make it possible to rank objects and individual strategies. These value-giving principles,

⁶ This definition gives conventions a solid footing in procedural rationality: a convention can be defined as a problem-solving procedure that is known before the problem arises. Conventions thus bring justification to choices, giving them reason.

themselves founded on **justifications**, are the means used to qualify the action frame and the object of the interaction.

Justification vs theorization

Justification occupies a pivotal position in CT. Here, justification is defined as a positive sanction, as opposed to criticism which is seen as a devaluation. As touched on above, justification brings value-giving principles that seat the convention in a clearly ordered frame between coordination elements and coordination strategies. The justification always steps in when there is uncertainty or conflicting evaluation. It mobilizes a shared higher-order principle, i.e. values or ends that extend outside of the situation box. Within a given space, the shared higher-order principle is able to harness the notions of worth and social good. It imposes order in an otherwise complex situation, and enables this order to become the focus of a consensus agreement since there is equivalency between the worth and the social good. This higher-order principle is unique, and it excludes all other principles, which find themselves reduced to the production of self-interested personal goods rather than social good.

The positive sanction distils into a **qualification process**, i.e. conferring a quantitative attribute, a dimensional state of worth. The state attribution process can be conceptualized as a coding operation, since it operates to establish equivalency between a particular being and a generalized category (such as big/small). This means that it hinges on a pre-existing equivalency matrix cross-tabulating specific things against general worths. It is also grounded in a qualification system, or proofs of worth that test the logic underpinning the quantitative attribute (metrics instruments, anecdotal evidence [cherry-picking]).

Despite playing a core role in CT, the term *justification* as a term is completely missing from the NIOT lexicon. It does, however, point on to the notion of **theorization**, and

theorization is a core scaffold in the neoinstitutionalist architecture. Theorizing is understood as cognitively connecting the ends and means in a causal relation (Tolbert & Zucker 1996; Strang & Soule 1998). This theorization step is processually central to institutionalization as it forms an unconditional pre-requisite to the mass adoption of new practices (Greenwood, Hinings et al. 2002: 60). Theorization is simply the local translation of vast rationalization systems, the system drivers being economic competition, occupational groups, nation-States and the media (Meyer & Rowan 1977; Powell & DiMaggio 1983). A rationalization system is a shared sensegiving framework through which individuals are able to interpret and make sense of the world they live in (Powell & DiMaggio 1991; Hasselbladh & Kallinikos 2000). NIOT asserts that the theorization process can tap into two categories of “higher-order principles”: economic efficiency, or the dominant norm in the discipline.

This takes us to a point where justification does not appear to fit perfectly with theorization. It refers directly to the common higher-order principles upon which judgment is grounded, opting to gloss over the rhetoric vector expressing the qualification *per se*. CT offers a general-purpose model for intermeshing higher-order principle with institution, whereas NIOT bypasses this abstraction leap to head straight for its specific higher-order principles, i.e. economic efficiency and the field-governing normative order, without conceptualizing what ties these principles and the field-dominating institutions together. Furthermore, NIOT also encompasses a material dimension embedded in proofs of worth. The technical systems instrumentalizing coordination form an integral component of the theoretical conventionalist model (Boltanski & Thévenot 1991: 31). Continuing the parallel drawn with NIOT, justification also resonates the objectification step that NIOT sees as differentiated from any institutionalization process alongside theorization (Hasselbladh & Kallinikos 2000; Greenwood et al. 2002). Hasselbladh & Kallinikos assert that the objectification step involves “defining the principle of performance and the allied procedural

rules and metrics”. This objectification therefore mirrors the qualification processes upon which justification is anchored.

Order of worth vs logics

The CT research thrust goes further still. Formalizing the content of justifications makes it possible to categorize them into broad sets. For CT theorists, the aggregation of different forms of qualification, i.e. justification systems, is an indicator flagging the existence of orders of justification or **orders of worth** (Boltanski & Thévenot 1991; Stark 2005, 2009). CT-school researchers have analyzed the common-denominator structures underpinning all the orders and have attempted to develop a generic model able to integrate the whole range of orders. They banked on the fact that while there can be no common measure of plural values, it does remain possible to theorize the process by which agreements nevertheless get forged. The factor that *is* generalizable is the process that reference-frames an abstract model *and* the economy of the abstract model itself. Each order is therefore able to tap into higher-order principles established in political philosophy. These thought systems can thus be seen as attempts to set the rules binding common agreement, or in other words, a higher-order principle of justification. If an agent looks to decide on the fundamental justice of a given conflictual situation, they can refer to a higher-order principle upon which previous agreement was based. Going forward, each individual order is grounded in a form of qualification and is deeply seated within historical and cultural boundaries⁷. Nevertheless, different orders of worth can co-exist within the same space. Going further, the same one person can refer to all existing order-of-worth constructs, which runs counter to current social science dogma which attaches value systems or cultures to social groups (Boltanski & Thévenot 1991: 30).

⁷ It is interesting at this juncture to spotlight Laurent Thévenot’s attempt to add a new “Ecology” city as logic-space several years after the work co-authored with Boltanski was written (Lafaye & Thévenot, 1993).

For authors writing under the NIOT banner, the theorizations embedding institutions are also allied to vast rationalization movements that can be contoured specifically within a certain social perimeter or organizational field. This gets them termed ‘logics’. Alford & Friedland first coined the use of the term “**institutional logic**” in new institutionalist literature (Alford & Friedland 1985; Friedland 1991)⁸. The term has since staked out a foothold as the descriptor for an ends-means couple specific to an organizational field, i.e. “agreement shared within a bounded space and governing the goals to pursue and the resources and methods to be mobilized to get there” (Scott, 87, 94). Thornton & Ocasio offer a more sociology-flavored definition, where logic is “the historic model constructed socially based on material practices, postulates, values, belief systems and rulesets that enable individuals to produce and reproduce their material subsistence, organize time and space, and give meaning to their social reality” (1999: 804).

Proponents of NIOT hold that institutional logic is exclusive to an organizational field where it pre-consciously structures individual behaviors. As the fields occupy an infinite thought-space, there are an infinite number of logics possible. Order of worth, on the other hand, is tied to a city, i.e. an ideal-type rationality that has no pure form in reality but that is nevertheless finite and countable. The CT school has battled to define a minimal number of cities capable of capturing the majority of justifications employed in contemporary coordination action. Since the city is an ideal-type, abstracted category, there is latitude for several orders to co-occupy the same social space and – crucially – for agents to navigate between orders.

⁸ Alford and Friedland employ logic at a macro-scale level of analysis, meaning it would not hold so true when the NIOT stream later marshaled the concept. Alford and Friedland’s work depicts frictions between three institutional orders: capitalism, State bureaucracy, and political democracy. Their standpoint was that each order has its own central logic that guides organization and furnishes individuals with goals and an identity.

Worlds vs fields:

Worlds are clusters of beings and systems that are empirical manifestations of the cities abstracted by CT, i.e. the pure ideal-type expressions of orders of worth. Worlds are therefore structured by a set of action principles founded on an order of worth. The common world corresponds to the real world, where several orders co-exist. Any one world, then, is built of a set of fixed elements: subjects, objects, shared higher-order principle, individual dignity, status of worth, investment tying the benefits of ‘superior’ statuses to the sacrifice that has to be made to reap them, worth ratio, relations tying subjects to objects, figures, challenges, judgment, evidence, forfeiture... These worlds are not attached to social groups and they do not have permanent representatives, but they do apply and emerge in given situations.

Understood this way, the notion of world *“paves the way to a new systematic approach to organizations which are handled not as unified entities that are characterized through reference to spheres of activity, actor systems or fields, but instead as composite assemblages that feature component systems imported from different worlds.”* [...] *“Indeed, it is precisely the aggregation of different systems tied into different worlds that translates the tensions worked on through these organizations”* (Boltanski & Thévenot 1991: 32). *“By employing [conventions], the actors surface a framework guiding knowledge and action, a world they can suppose is known to other actors (making it a common world). This world is a place where everyone interacts in a coordinated manner. The uncertainty inherent to the singularity of the novel situation can be overcome; the actors begin to find their bearings, and actions gain meaning; the fate of the coordination effort can be previewed and the common goal can be targeted and, more often than not, achieved”* (Salais 2006).

The new institutionalists, however, have stitched the notion of logic to a specific socially-boundaried space: **the organizational field**. *Field*, as an idea, is undeniably polysemic, even within NIOT itself (DiMaggio & Powell, 1991: 1), and debate on its meaning

continues to rage (AOM Session 2008). That said, there is no denying that it occupies a pivotal position in the conceptual architecture underpinning NIOT, and which developed in the late-70s as a countercurrent to behaviorist theory, rejecting the depth of the organizational layer and underlining the structural determinism of the field. If we move forward with Powell & DiMaggio (1983: 4), the field functions as the new unit of analysis enabling organization theory to move beyond a purely binary vision of the firm as either a *closed* or *open* system: “*the virtue of this unit of analysis is that it directs our attention not simply on competing firms (...) but to the totality of relevant actors. In doing this, the field idea comprehends the importance of both connectedness (see Laumann and al., 1978) and structural equivalence (White and al., 1976)*”. The virtues of the field may appear clear, but its boundaries much less so. Powell & DiMaggio (1983) claim the field “aggregates organizations that, taken together, represent a recognized area of institutional life” while Scott (1995: 56) asserts that “a field is a community of organizations sharing the same sensegiving system and whose members interact together more frequently and more purposively than with individuals outside the field”. Traditionally, then, the field was used to describe zones of stability and consensus, groups of clearly-identified organizations interconnected by a shared set of norms⁹. The net result is that a field appears more structure-building than a world. It is tied to certain interplaying organizations, and to a determined physical space. This contrasts with the world, which finds expression in situational settings and which should be seen as a resource for the actors present.

⁹ Hoffmann recently refreshed the field concept by giving it a less brickwalled, less structuring vision (Hoffman, 2001), redefining a field as forged by organizations united in a shared social challenge. This gives the latitude for an organization to be embedded in several fields, which goes on to create tensions and rival claims within what were formerly described as fields of stability. Either way, the field remains a structural foundation. Even fields that look to be stable are riven with power struggles as powerful players fight to maintain the institutional order that guarantees them legitimacy (Lounsbury & Glynn, 2001; Tolbert & Zucker, 1996).

III. IN WHAT WAYS CAN CONVENTIONAL THEORY FACILITATE NEW INSTITUTIONAL THEORY?

The previous sections in this paper have underlined the points of convergences alongside points of divergence differentiating the conventionalist school and organizational neoinstitutionalism. These differences in theoretical templates or analytical mechanics point to a potential for cross-fertilization between the two research streams. Our new point of departure is now to show how CT can facilitate new institutional-school approaches. This facilitation role is even clearer now that the NIOT research program has reached the end of a ten-year shift to zoom in on field dynamics and conflictual heterogeneity. As underscored by K. Weick, CT is a credible candidate for tying together macroscale cognitive structures and local sensemaking microprocessors (Weick, Sutcliffe et al. 2005: 417). CT should therefore be able to usher the actor into institutionalization processes without typecasting them into same old clichéd heroic action roles given by institutional entrepreneurship work.

From the conventionalist standpoint, evaluation is at the heart of how the actors are able to sensemake or indeed *senselose*. This qualification process foundations how actors are able to implement a behavior they see as normal. In the words of the fathers of CT, *“the agent must seize the situation and the actions of others, which they do using conventional frameworks, before they can coordinate action. This situation-seizing process is not simply cognitive but also evaluative, with the form of evaluation dictating the importance of what the agent seizes and takes into account. It is at this juncture, in the coordination process, that we see the real place for collective values and social goods, fulfilling a role that extends far beyond the status of individual preferences to scaffold the coordination conventions that carry the greatest legitimacy”* (Eymard-Duvernay et al. 2006). Rephrased, coordination between two individuals hinges on shared evaluation frameworks enabling the qualification of relevant

elements in a shared situation. Although the uncertainty remains consubstantial with coordination, this is not solely down to information asymmetry as orthodox economics theory would have it. It is actually due to the interpretative rationality of the actors drawing on collective forms of evaluation to sense-make situations. Given that evaluation holds such a key position in conventionalist action theory, it is evident that the judgment criteria and the material systems that ground this evaluation are equally central¹⁰. Conventions will therefore be based on the higher-order principles underpinning the judgment and on concrete challenges that serve to confirm the judgment. The neoinstitutionalists, though, have generally glossed over these dimensions.

Hasselbladth & Kalinikoss (2000) sounded out that NIOT was overly centered on actors and ideas and that it presented an idealized vision of the rationalization process. These processes cannot be reduced to a “spillover of disembodied ideas” and institutions are more than simply “freefloating clusters of idea”. They explain how ideas are objectified, i.e. embedded in social artefacts such as texts, templates, software, etc., concluding in a call to investigate the very architecture of these rationalized objects and how it shapes their transmissibility. This sound-out has been echoed in the recently-coined “objectivation” that has crept into the neoinstitutionalist lexicon, although without prompting any solid empirical studies. Message delivery and the discursive approach remain the preferred focus of investigations in NIOT (Phillips & Malhotra 2008). This contrasts with conventionalist thinking, where the technical media vectoring the convention is considered as equally integral a part of the convention as the way it is stated¹¹ (Gomez 1996).

¹⁰ This paper only goes as far as to spell out the hypothesis that the focus conventionalists grant to qualification and valuation processes stems from CT’s grounding in economics. The primary object of CT research is and always has been the transaction, notably as a specific coordination issue. CT research has, by extension, focused in on every format of coordination, with qualification not covering the object exchanged but the strategies that best fit the interaction ‘game’.

¹¹ This is where French papers are visibly biased by the sociology of the translation which has always placed all the *actants* centrestage, regardless of whether or not said *actants* are people.

This duality inherent to the convention opens up the question of the factors determining the quality of a convention. A sound conviction is a conviction able to eliminate much of the uncertainty weighing on coordination situations by being convincing enough to all the actors in the coordination environment. CT, though, devolves part of the convention's soft power of conviction to the intrinsic quality of the information it contains. This approach suggests there is an endogenous source-factor dictating whether or not institutions bring stability – a factor that NIOT has thus far chosen to ignore. NIOT has striven to describe the source-factor of institutionalization dynamics as stemming from either shocks that are exogenous to the field studied or from the actions of individual entrepreneurs fighting to either anchor or overturn the institution in place. The conventionalist viewpoint is that the convention trajectory can depend on its self-specific quality, i.e. the clarity of its statement (what the goal is, who should it serve, in what situations it needs to be employed,...) and its materializing systems (evaluation scale, judgment criteria, proof of mutual adoption...), but also on the cohesion bonding its two core components. This means that any change in the situation-qualifying instruments can either trigger a crisis within the prevailing convention, or else bolster it.

If NIOT skips over materializing systems, it also ignores the other key component in qualification processes: the higher-order principles that foundation the judgment. For neoinstitutionalists, institutions, as collective action rulesets, respond to logics that are specific to organizational fields. It follows that there are an infinite number of logics. NIOT researchers have not looked to typify these logics, nor even to build a general model of how they work. CT, on the other hand, has delved into the issue of value, and thus opened up pathways that NIOT is yet to explore. CT authors have attempted to highlight the existence of a modest number of orders of justification or orders of worth. They have analyzed the common-denominator structures underpinning all the orders and have attempted to scaffold a generic model able to integrally encompass all these orders. The factor that *is* generalizable

is the process that reference-frames an abstract model *and* the economy of the abstract model itself. Each order taps into higher-order principles established in political philosophy and loops back to govern real-life situations.

CT thus significantly facilitates NIOT by outlining a robust conceptualization of the evaluation processes at work not just in any conventionalist-based coordination scenario but in any institutionalist-based coordination scenario too. Analysis of the qualification process can thus bring into focus both the materialized embeddedness of any institution and its attachment to universal principles of justification. NIOT has rarely spotlighted these dual-factor foundations. We anticipate that there is also a second field in which the conventionalist vision can refresh and reform neoinstitutional approaches: institutional dynamics. We have already underlined how conventions may be the scene of internal dynamics according to the complexity of their content and the cross-consistency of their component signals. The paucity of material challenges to a justification can thus prove fatal by sparking a generalized loss of confidence in the effectiveness of the convention distilled from it. However, this paucity is always measured against the yardstick of other competing conventions. This is where we feel CT can contribute important insights to NIOT.

Following conventionalist logic, coordination problems are not out-of-the-ordinary phenomena, and agents are constantly pushed to find local-level arrangements to reduce the uncertainty involved in interactions. What the *world* concept does is to make conventions a set of action guidance resources that actors employ on a more or less conscious level. The worlds are not tied to any particular organizational boundaryline, but instead are mobilized by agents to interpret certain situations¹². This contrasts with NIOT, where the logics are seen as

¹² Looking at the embedded agency paradox, which consists in giving limitless choice of action to individuals who are embedded in the social environment, CT appears to be split along the same lines as NIOT. Commentators backgrounded in the conventionalist-steam differentiate two approaches: a strategic approach, wherein actors post-consciously employ conventions, and an interpretative approach, wherein the conventions remain fairly fuzzy to the individuals employing them since they are at the very root of the individuals' preferences (Gomez, 1997: 1061; Batifoulier, 2001).

cognitive structures tied to an organizational field. They tend to reference-frame order and stability, which explains why the institutionalist school was so slow in getting to grips with these patterns of change. In contrast, the conventionalist conception of the institution as resource has far-reaching repercussions, since it normalizes the existence of inter-convention conflict. Individuals and their conflict-driven interactions therefore hold centrestage in CT, which thus goes some way to replying to criticism leveled by Granovetter (1985) at the “oversocialized” side of NIOT (Powell 1991).

CT has instinctively searched to model the processes involved in resolving convention conflict, whereas NIOT has skirted the issue. CT has comprehensively expanded on a particular mode of conflict resolution: compromise. Compromise makes it possible to rise above the struggle between competing rationalities as highlighted by the neoinstitutionalist school. The face-off confronting different worlds is an immanent input to the CT model, but compromise lays the foundations for establishing stable coordination. Thévenot’s claim is that *“no order of justification alone is able to govern the complex coordinational networks required for organized social living, and cross-justifying several forms of justification requires compromises to be forged”* (Thévenot 1996: 9). Compromise, here, is not to be read as a straightforward arrangement between private individuals or rival interest groups, or indeed, on another level, any decoupling between keeping opposing interests in check and the false public display of a conciliation agreement. Compromise entails transcending the tensions between several justifications. *“The road to compromise can be forged by an individual working to usher in a switch from one order to another, but to sustainably stabilize the compromise requires effective facilities”* (Thévenot 1996: 10). These facilities focus the parties around a common social good that overrides the clashing justifications. They conjugate entity-beings that are qualified within several orders. To observe how this kind of sustainable, well-grounded compromise is formed mobilizes organizational theory and re-

narrates organizations as composite component systems designed to accommodate plural imperatives and build these compromises. Compromise is not arrangement: *“the concession made in an arrangement is, in no unclear terms, the refusal to investigate the deeper principle of justice. We’ll cut ourselves a deal to suspend the dispute without working it out, without settling the matter”* (Thévenot 1996). Under the compromise, searching for a common-ground agreement leads the actors to transcend contingencies and unveil how those present share the ties of the same general consensus principle of equivalent worth.

CONCLUSION

This paper has shown how contributions from CT can facilitate modern NIOT approaches, and on more than one count. First, convention theory rounds off the model of institutionalized action by turning the spotlight to the role of evaluation in the coordination effort. Evaluation is built of qualification processes founded on higher-order principles of justice and grounded in material systems. However, the new institutionalist school has so far neglected to study the qualification constructs and higher-order principles that would make it possible to categorize institutional logics. In parallel, the attention focused on these two components of the qualification process also sheds new light on the institutional dynamics issue at the heart of NIOT research since the mid-90s. Firstly, it underlines the role to be played by the intrinsic quality of the convention. The different levels of effectiveness vectored through the worded statement of the institution and the material system supporting it can thus help shape whether it is maintained, spreads or withdraws. Second, CT leverages compromise as a concept to chart a potential pathway towards resolving competition between several different institutions operating within the same 'field'-based radius of action, an issue NIOT has so far neglected. Compromise, by defining a common social good that meshes several orders of worth, creates the framework necessary to define stable coordination principles despite the divergent initial positions rationalized.

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