DISCOURSE AND INSTITUTIONS

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We argue that the processes underlying institutionalization have not been investigated adequately and that discourse analysis provides a coherent framework for such investigation. Accordingly, we develop a discursive model of institutionalization that highlights the relationships among texts, discourse, institutions, and action. Based on this discursive model, we propose a set of conditions under which institutionalization processes are most likely to occur, and we conclude the article with an exploration of the model's implications for other areas of research.

In this article we use discourse analysis to examine the process of institutionalization. We argue that language is fundamental to institutionalization: institutionalization occurs as actors interact and come to accept shared definitions of reality, and it is through linguistic processes that definitions of reality are constituted (Berger & Luckmann, 1966). Despite this connection between institutions and language, most institutional theory has been dominated by realist investigations in which the examination of organizational practices has been disconnected from the discursive practices that constitute them. As a result, institutional research has tended to focus on the effects rather than the process of institutionalization, which largely remains a "black box" (Zucker, 1991). Our aim here is to use a discourse analytic framework to better understand how institutions are produced and maintained.

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

In this article we make a number of contributions. First, we develop a model that identifies the microprocesses whereby individual actors affect the discursive realm through the production of texts, as well as the processes through which discourses provide the socially constituted, self-regulating mechanisms that enact institutions and shape individual behavior. Second, in using discourse analysis (e.g., Fairclough, 1992; Parker, 1992), we highlight an alternative understanding of social construction to that of Berger and Luckmann (1966) that is better able to explain the production of the types of institutions that feature in most institutional research. Third, our model provides a methodological contribution: it can be readily connected to the sophisticated techniques developed in discourse analysis for analyzing the

social dynamics of language and meaning—techniques that make it possible to complement the study of institutional effects with empirical studies of how institutionalization processes actually occur. Finally, our paper illustrates the contributions that studies of language, especially the use of discourse analysis, can make to the study of organizing. Despite the implicit concern with language and texts in organizational research since the 1950s (e.g., Dalton, 1959), in linguistic approaches scholars have so far found it difficult to engage with contemporary mainstream management theorizing. Our paper not only shows the ways in which discourse analysis connects with institutional theory—a well-accepted body of literature in organization theory—but also how institutional theory can benefit from a linguistic perspective.

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

DISCOURSE ANALYSIS

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

for its inhabitants, giving it meanings that generate particular experiences and practices (Fairclough, 1992; van Dijk, 1997b).

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

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

Discourse analysis has proven a useful theoretical framework for understanding the social production of organizational and interorganizational phenomena (e.g., Alvesson & Kärreman, 2000; Grant et al., 1998; Hardy & Phillips, 1999; Morgan & Sturdy, 2000; Mumby & Clair, 1997; Phillips & Hardy, 1997, 2002; Putnam & Fairhurst, 2001). Discourse analysts explore how the so-

cially produced ideas and objects that comprise organizations, institutions, and the social world in general are created and maintained through the relationships among discourse, text, and action. Accordingly, discourse analysis involves not just "practices of data collection and analysis, but also a set of metatheoretical and theoretical assumptions and a body of research claims and studies" (Wood & Kroger, 2000: x) that not only emphasizes the importance of linguistic processes but also underscores language as fundamental to the construction of social reality (Chia, 1996; Gergen, 1999; Phillips & Hardy, 2002).

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

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

A DISCURSIVE MODEL OF INSTITUTIONALIZATION

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

Institutions and Institutionalization

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

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

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

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

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

Institutionalization is the process by which institutions are produced and reproduced. It is a "social process by which individuals come to accept a shared definition of social reality" that enacts an institution (Scott, 1987: 496). To study institutionalization is to focus on "the creation and transmission of institutions [and] upon their maintenance and resistance to change" (Zucker,

1991). However, institutional theory has repeatedly been criticized for telling us very little about the processes of institutionalization (Barley & Tolbert, 1997; Greenwood & Hinings, 1996; Hoffman, 1999). The work that has been done has tended to have a behavioral focus. For example, Barley and Tolbert (1997) examined how patterns of interaction lead to the emergence of a new institution, arguing that social behaviors constitute institutions over time, while institutions constrain action at a moment in time. As the authors themselves admit, however, their emphasis relegates interpretation to the background and, we would argue, completely ignores the role of language, even though other institutional theorists have argued that language is integral to institutionalization (Kress, 1995; Scott, 2000; Yates & Orlikowski, 1992; Zucker, 1991).

Using a discursive perspective, we conceive of institutions as constructed primarily through the production of texts, rather than directly through actions. Actions do not easily allow for the multiple readings by multiple individuals that are necessary if ideas for organizing are to be transmitted across time and space. Texts, however, do (Taylor & Van Every, 1993). Texts allow thoughts and actions to transcend "the essentially transitory character of social processes" and to cross "separate and diverse local settings" (Smith, 1990: 168). In other words, actions may form the basis of institutionalized processes, but in being observed and interpreted, written or talked about, or depicted in some other way, actions generate texts (Taylor et al., 1996), which mediate the relationship between action and discourse. Accordingly, we argue that institutions are constituted by the structured collections of texts that exist in a particular field and that produce the social categories and norms that shape the understandings and behaviors of actors.[1]

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[1] This is not to say that no institutions are formed without texts—for example, institutions that govern behavior in nonliterate societies. However, the types of institutions that form the basis of most studies in institutional theory—civil service reform (Tolbert & Zucker, 1983), museums (DiMaggio, 1991), radio broadcasting (Leblebici et al., 1991), changes in the institutionalized practices in the accounting profession (Greenwood, Suddaby, & Hinings, 2002), and the sponsorship of common technological standards (Garud, Jain, & Kumaraswamy, 2001)—will be associated with the production of texts.

Palmer, Jennings, and Zhou's (1993) study of the adoption of the multidivisional form by U.S. corporations in the 1960s provides an example of institutionalization showing the central role of texts, as well as the link between discourse and institutions. First, the production and diffusion of texts are associated with all three isomorphic pressures that played a role in the institutionalization process. The authors argue that normative pressures operated through the elite business school training of senior executives, in which the use of Chandler's (1962) book on the multidivisional form was particularly important. In other words, this particular text, as well as countless lectures and seminars at U.S. business schools based on it, influenced the institutionalization of the multidivisional form.

Mimetic pressures stemmed from the interlocking directorships that brought directors from different companies together. While these directors may have witnessed some aspects of the multidivisional form directly, we argue that most of what they knew about their own companies, and especially other companies, would have come from texts such as organizational charts, reports, conversations, stories, and so forth.

Palmer et al. also argue that resource-dominant firms exerted coercive pressures on partners to adopt the same structure because it made it easier to obtain and evaluate information from individuals in analogous organizational roles, while banks used ownership-based power to pressure firms to adopt the multidivisional form because it facilitated diversification, minimizing risk and the likelihood of loan defaults. We argue that these coercive pressures would have been mediated through texts, such as organizational charts, reports, accounts, and so on. In other words, the institutionalization of the multidivisional form did not occur because actors in the various organizations directly observed it in action but because of the accumulation of business, professional, and academic texts that explained, legitimated, validated, and promoted it.

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

This mutually constitutive relationship among action, texts, discourse, and institutions is depicted in Figure 1. Institutionalization does not occur through the simple imitation of an action by immediate observers but, rather, through the creation of supporting texts that range from conversational descriptions among coworkers and colleagues to more elaborate

FIGURE 1
The Relationship Between Action and Discourse
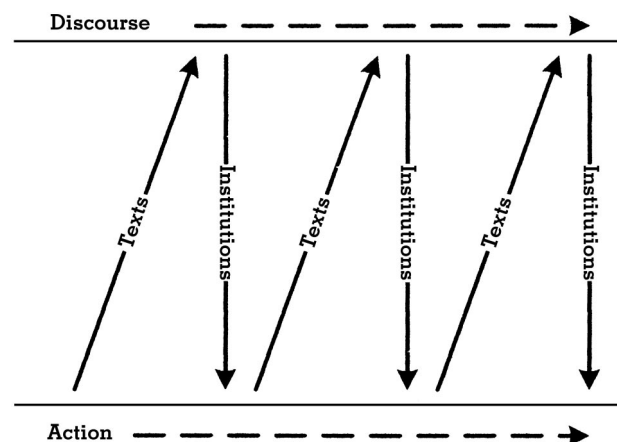
and widely distributed texts such as manuals, books, and magazine articles. Accordingly, the upward, diagonal arrows illustrate how the actions of individual actors affect the discursive realm through the production of texts, some of which leave meaningful traces that become embedded in new or existing discourses. In turn, discourses provide the socially constituted, self-regulating mechanisms that enact institutions and shape the actions that lead to the production of more texts. Thus, the discursive realm acts as the background against which current actions occur—enabling some actions and constraining others (as illustrated by the downward, vertical arrows in Figure 1).

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

The Discursive Effects of Action

We argued above that action affects discourse through the production of texts. However, although countless actions in organizational settings are associated with some form of textual representation, the effect of many of these texts will be localized, limited, and inconsequential. Accordingly, in studying institutionalization, we are not interested in all actions but in those that are more likely to produce texts that, in turn, are more likely to influence discourse. What we wish to understand "is not the fleeting event, but rather the meaning which endures" (Ricoeur, 1981: 134). Taylor and Van Every argue that "discourse is built up progressively" (2000: 96) as texts move from the local to the global: only actions that produce texts linking "the immediate circumstances of organizational conversations to the organizing properties of the [larger] network in which they figure" are likely to have the potential to influence discourses (Cooren &

Taylor, 1997: 223). In this section, therefore, we first explore which types of action are likely to produce texts that, in Taylor and Van Every's terms (2000: 289), leave *traces* and, second, which types of texts are likely to act as organizing mechanisms across individual situations.

The production of texts. In this section we examine the types of actions that are most likely to be associated with the production of texts that leave traces. Many actions produce texts, but these texts often produce little or no enduring residue—simple, unsurprising actions that have little consequence for the actors directly involved or for anyone else—and are unlikely to generate wider description, commentary, or interpretation (Ashforth & Fried, 1988). Accordingly, while organizations produce multitudes of texts, many are never seen by more than a handful of people and have no broader impact. For the purposes of understanding organizing and institutionalizing properties, studying these actions is not helpful. As Taylor and Van Every point out, "A text that is not read, cited or used, is not yet a text" (2000: 292). In other words, texts must be distributed and interpreted by other actors if they are to have organizing properties and the potential to affect discourse.

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

Drawing on two streams of interpretivist work that form important underpinnings for linguistically oriented management and organization theory—Weick's (1995) work on sensemaking and Berger and Luckmann's (1966) work on social construction of reality—we can identify two characteristics of actions that lead to the production of texts that leave traces: (1) actions that are novel or surprising and therefore require significant organizational sensemaking and (2) actions that affect an organization's legitimacy (e.g., Livesey, 2002). Below we discuss each characteristic in turn (see Figure 2 for an overview of the model we are proposing).

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

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

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

Sensemaking is a linguistic process—"sense is generated by words that are combined into the sentences of conversation to convey something about our ongoing experience" (Weick, 1995: 106)—and involves narratives (Brown, 2000), metaphors (Donnellon, Gray, & Bougon, 1986), and other symbolic forms (Rhodes, 1997) that produce texts that leave traces. For example, innovators who depart from prior practice intervene proactively in the organization to promulgate new explanations of social reality (e.g., Aldrich & Fiol, 1994), often by writing reports or making presentations of their work. Managers enhance the understanding of new practices by "continually articulating stories" that "illustrate its [a new practice's] reality" (Pfeffer, 1981: 23).

FIGURE 2
A Discursive Model of Institutionalization
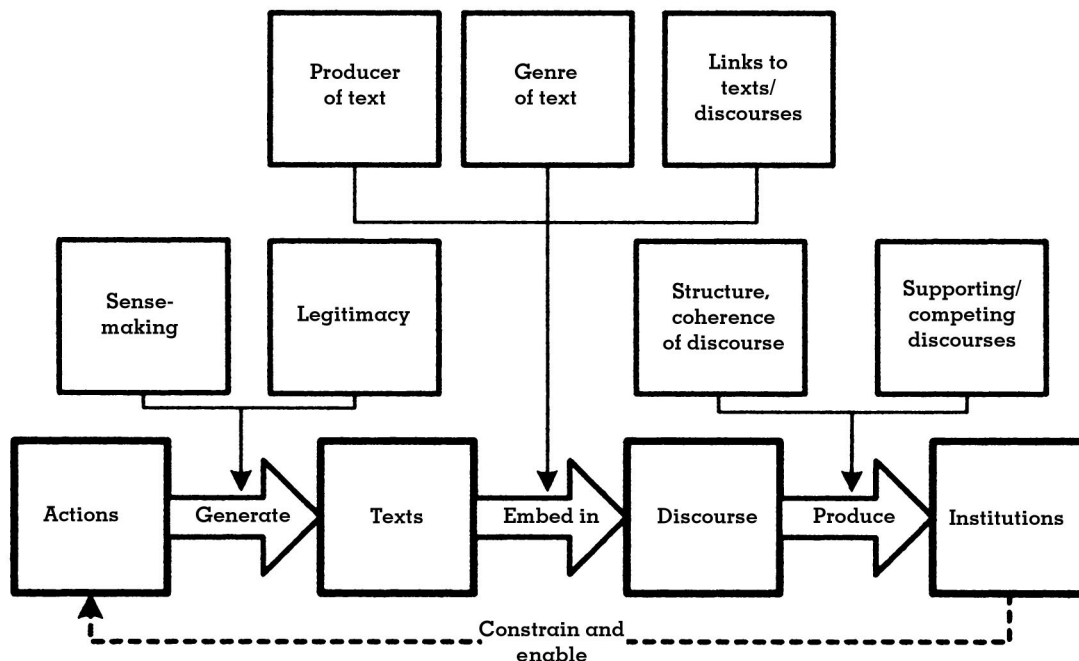
Organizational learning generates written and oral texts (Brown & Duguid, 1991; Hendry, 1996; Larsson, Bengtsson, Henriksson, & Sparks, 1998; Powell, Koput, & Smith-Doerr, 1996). Similarly, uncertainty requires participants to arrange their experiences into coherent accounts (cf. Scott & Lyman, 1968) that furnish plausible explanations for particular activities (Scott, 1991; Wuthnow, Hunter, Bergesen, & Kurzweil, 1984). Operational and strategic reviews are used by managers to make sense of past and future performance (Dutton & Ashford, 1993; Dutton & Duncan, 1987; Gioia & Thomas, 1996). In other words, the need for organizational sensemaking will generate texts that leave traces, as summarized in Proposition 1.

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

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

> The necessity of legitimation derives from the interestedness that arises from the occupation of an organizational territory, the transformations of locations into turf, and the fact of competition for limited resources that is restrained only by the transcendent interest in maintaining the integrity of the territory as a whole, in the face of external threats to it (Taylor & Van Every, 2000: 292).

Accordingly, actions that lead actors to try to gain, maintain, or repair legitimacy are likely to result in the production of texts that leave traces. In such cases, texts are produced in order to establish, verify, or change the meaning associated with the action. As Suchman (1995) ar-

gues, the management of legitimacy depends on communication as actors instrumentally deploy evocative symbols to garner legitimacy (e.g., Ashforth & Gibbs, 1990; Dowling & Pfeffer, 1975; Pfeffer, 1981). Impression management theorists (Goffman, 1973; Schlenker, 1980; Tedeschi, 1981) show how people manage their personal legitimacy by providing verbal explanations of behavior following image-threatening events (Leary & Kowalski, 1990).

Recently, theorists have proposed that organizational spokespersons use similar tactics to manage organizational legitimacy (Elsbach & Sutton, 1992; Staw, McKechnie, & Puffer, 1983). So, for example, Elsbach and Sutton (1992) describe how radical social movement organizations conduct press conferences or nonviolence workshops to account for illegitimate protest actions. Similarly, Elsbach (1994) describes how spokespersons from the California cattle industry use verbal accounts to manage perceptions of organizational legitimacy following events that call into question the legitimacy of the beef industry.

These examples relate to legitimacy "crises" where new or unusual actions call legitimacy into question and organizations are actively engaged in gaining or repairing it, but the need to maintain legitimacy also generates many routine reports, without which legitimacy might be called into question. Accordingly, organizations provide regular reports on a wide range of actions, including, for example, organizational effectiveness (Scott, 1977), automobile emission standards, hospital mortality rates, academic test scores (Scott & Meyer, 1991), financial performance, and CEO pay (Ocasio, 1999; Porac, Wade, & Pollock, 1999). In other words, texts that leave traces—which include written and verbal reports, as well as other symbolic forms of communication—are likely to be generated in order to secure and maintain legitimacy; without such texts, organizations cannot signal to internal and external members of the organization that their activities are legitimate.

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

The embedding of texts in discourse. The second issue we must consider involves the question of whether the texts that are generated will subsequently influence discourse, since, even if an action leads to the production of texts, those texts will not necessarily have any discursive impact. We are therefore interested in which types of texts become "fixated" (Ricoeur, 1981, 1986) or embedded in discourse. Embedding refers to the extent to which texts are adopted and incorporated by other organizations to become part of standardized, categorized, generalized meanings. An embedded text is no longer simply an artifact of a particular network of actors; it has been transformed into "a *fact*—just part of reality in that organizational world" (Taylor et al., 1996: 27). To put it another way, a text has become embedded when it is used as an organizing mechanism across individual situations.

Only certain texts will ever become embedded in discourse to form the prescriptive basis of institutions by framing the understanding and experience of actors in different organizations and by shaping the way in which they act in and on the social world. We argue that differences in the processes and characteristics of their production will make some texts more likely to be embedded in discourse. Accordingly, in this section we focus on the factors that affect the likelihood texts will influence broader discourses outside the organization through the way in which other actors use and reproduce them.

One set of factors affecting the likelihood a text will become embedded in a broader discourse relates to the characteristics of the producer of the text (Taylor et al., 1996). Three characteristics in particular make it more likely a text will become embedded. First, the actor may occupy a position that "warrants voice" (Hardy, Palmer, & Phillips, 2001; Potter & Wetherell, 1987): to be recognized as a legitimate agent, the producer of the text must ensure that its "right to speak" becomes "consensually validated" (Taylor et al., 1996: 26). Hardy and Phillips (1998) refer to this characteristic as the *discursive legitimacy* of the actor. Examples include "environmental groups such as Greenpeace [which] can affect public understanding, attract media attention and pressure the government, because they are understood to be speaking on behalf of the environment" (Hardy & Phillips, 1998: 219), and consumer reports, where the producers are

deemed to be neutral and independent (Rao, 1994).

Second, the producer of the text may be able to make the text "stick" through more coercive means. One example is the use of scarce resources (Pettigrew, 1973; Pfeffer & Salancik, 1978), such as when, for example, a large trading partner or major customer imposes texts on weaker organizations. Another example is the imposition of formal authority, as in the case of the state (DiMaggio & Powell, 1983).

Third, a producer may be able to add texts to a discourse because of its central position in the network of organizations constituting an institutional field (Galaskiewicz, 1979; Nohria & Eccles, 1992; Wasserman & Galaskiewicz, 1994), because the producer can more easily disseminate its texts to a large number of other actors.

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

Another characteristic that will influence the likelihood texts will be used by other organizations involves the form or genre of the text (Hardy & Phillips, in press). Genres (Bakhtin, 1986) are recognized types of communication characterized by particular conventions invoked in response to a recurrent set of circumstances, such as letters, memos, meetings, training seminars, resumes, and announcements (Fairclough, 1992; Yates & Orlikowski, 1992, 2002). They share similar substance in terms of the topics discussed and the form they take (Kuhn, 1997), and they are an important way of organizing the temporal, spatial, and social dimensions of interaction (Yates & Orlikowski, 2002).

Genres are appropriate to a particular situation (e.g., Kuhn, 1997) and time (e.g., Yates & Orlikowski, 1992). Accordingly, when genres "are transformed and preserved in secondary textual forms" (Gephart, Frayne, Boje, White, & Lawless, 2000: 247), those texts that enact a relevant and recognizable genre are more likely to provide other actors with a tool they can use for interpretation, motivating them to use these texts and incorporate them into their own actions and texts. Texts that are idiosyncratic may provide insight for individuals familiar with a

particular situation but will not be easily recognized, generalized, or adopted in another situation. Texts that conform to an appropriate genre, however, will provide an easily recognizable template through the information they contain and the way in which it is structured.

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

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

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

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

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

The Institutional Effects of Discourse

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

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

Discourses that are more coherent and structured present a more unified view of some aspect of social reality, which becomes reified and taken for granted. The more reified and taken for granted the social construction, the more difficult or costly it is to enact behaviors not consistent with it, either because it is difficult to con-

ceive of and enact alternatives or because proscribed/prescribed behavior can be defined and connected more clearly to clear, strong sanctions/rewards. When texts contradict each other, or when the relationships among them are less clear, their implications for action are necessarily more negotiable regarding definitions of unacceptable actions and their costs.

For example, public accounting discourses are made up of vast collections of texts, but these texts converge in their presentation of a relatively unified view of many aspects of accounting, and the relationships among them are relatively well defined and understood by the populations who use them (Carpenter & Feroz, 2001). For instance, there are clear rules about such issues as what goes on a balance sheet, how auditing is carried out, and how particular costs are calculated. The result is a whole range of socially constructed practices that are reified and taken for granted. Because these widely shared understandings about financial reporting exist in accounting discourse, financial misreporting can be defined easily and penalties exacted in response. In other words, sanctions exist and the discourse has produced a number of institutions.

In contrast, consider the discourse of environmental accounting. While it also involves a relatively large (and rapidly increasing) number of texts, this discourse is far less coherent and structured. Although a recognized field of accounting, the concepts that make up environmental accounting and its place in organizations are still not clear. As a result, environmental accounting discourse is too fragmented and diffuse to produce the kind of institutions commonplace in public accounting.

This relationship can be restated as follows.

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

Whereas Proposition 6 focuses on the internal structure of a discourse, we now turn to the relationship between a discourse and other discourses and, in particular, the existence of complementary and contradictory discourses. The degree to which a discourse is supported by other, highly legitimate discourses affects the production of institutions (Hardy & Phillips, 1999), especially if they are well-established discourses that cut across multiple fields and domains. A discourse that is consistent with and supported by other, broader discourses will produce more powerful institutions because their self-regulating mechanisms will reinforce each other. Conversely, the existence of competing discourses will reduce the likelihood a discourse will produce institutions. By a competing discourse, we mean another structured set of interrelated texts offering alternative social constructions of the same aspect of social reality. We argue that the existence of competing discourses will tend to undermine the power of institutions stemming from the focal discourse, because they provide actors with alternative institutions and consequently lower the costs associated with nonadoption of any particular institution.

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

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

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

In this section we have developed a detailed and systematic theory of the relationship between discourses and institutions. In summary, we argue that institutions both operate within and are produced by specific discourses. Therefore, we argue that institutions represent particular types of discursive objects—those that are

accompanied by self-regulating mechanisms that make deviation from accepted patterns of action costly. We argue that the likelihood a discourse will produce powerful institutions will depend on the degree to which the discourse is structured and coherent, the degree to which the discourse is consistent with broader discourses, and the existence of competing discourses. In turn, institutions affect action through the self-regulating mechanisms described above and, in so doing, also affect the generation of texts. Thus, the relationship among action, texts, discourses, and institutions is both recursive and iterative: institutions are constituted in discourse, and to understand the process of institutionalization and how institutions enable and constrain action, we need to understand the discursive dynamics underlying them.

IMPLICATIONS AND CONCLUSION

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

Implications for the Study of Language in Organizations

Before considering the implications of our framework for institutional theory, we want to highlight what we believe are three important contributions of this paper to the study of language in organizations. First, in developing a discursive view of institutions, we have devel-

oped a more detailed and sophisticated view of texts and their role in mediating between action and discourse than has appeared in the literature up to this point. While various discussions of the nature and role of texts have appeared, the discussion presented here goes further in exploring this important topic. In particular, our arguments concerning the role of texts in connecting action and discourse suggest that a fruitful avenue for language-oriented organizational research would be the detailed exploration of texts. Our model highlights the importance of examining not only the content of texts, which has received significant attention in organizational research, but also their trajectories: where texts emanate from, how they are used by organizational actors, and what connections are established among texts.

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

A third implication concerns the empirical examination of language in organizational research. We believe that a key strength of the model is that it provides a potential foundation for empirical studies of the proposed links

among action, texts, discourse, and institutions, using either a qualitative or quantitative research design. For example, each of the proposed links we have elaborated could provide the focus for intensive qualitative investigations that might serve to confirm or refute our arguments, as well as flesh out the details of these complex relationships. Such a qualitative approach might, for instance, examine the link between particular actions carried out in an organization that relate to legitimacy or sensemaking and the texts that are produced, as well as the subsequent impact of those texts. Alternatively, particular discourses and institutions that affect an organization or sets of organizations could be studied historically, by tracing them back to key texts, or longitudinally, by examining which discourses support the production of institutions over time and how this is influenced by the structure of those discourses and the degree to which competing discourses exist.

The model could also inform a quantitative examination of the dynamics of discourse, with the propositions that we have developed forming the basis for a set of testable hypotheses. This would require the assembly of a large enough database of actions, texts, discourses, and institutions that systematic comparisons could be made; such a study might most easily be done in the form of a longitudinal study of a small number of large organizations so that other factors might be at least partially controlled.

Implications for Institutional Theory

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

The concept of an institutional or organizational field plays a central role in institutional theory (Phillips et al., 2000). It refers to the idea that a distinct set of organizations shares a set of institutions (DiMaggio & Powell, 1983; Scott, 2000), and it has provided a framework for much of the empirical research in this literature. From a discourse analytic perspective, an institutional field is not characterized simply by a set of shared institutions but also by a shared set of

discourses that constitute these institutions and the related mechanisms that regulate nonadoption. For each institution there must be a discourse that constitutes it and the associated mechanisms of compliance. In other words, the social space that makes up an entire institutional field is structured through the same set of discursive processes discussed above with respect to one institution. While Figure 2 is the basic building block of this process, the construction of an institutional field is much more complex, because there is not just one discourse but, rather, multiple sets of more or less structured discourses holding in place institutions that constrain and enable the behavior of actors across the field.

This discursive framework contributes a very different perspective on the nature and formation of institutional fields than do traditional institutional approaches. First, for an institutional field to come into being, a group of organizations must produce and disseminate sufficient texts to constitute a set of discourses that then produce the institutions characterizing the field. For this to happen, complex patterns of textual production and dissemination must develop. An institutional field is therefore as much about the practices of textual production and dissemination as it is about the study of the institutions and their patterns of diffusion across the field. Accordingly, institutional theorists interested in the dynamics of institutional fields need to develop much broader understandings of the discursive processes underlying field development.

Second, our discursive framework acknowledges that discourses operating in one particular institutional field can also draw on discourses in other fields, as well as discourses that span multiple fields (Lawrence & Phillips, in press). Institutional change at the field level thus becomes a complex process where changes in discourses outside the field, or tangential to it, affect discourses more central to the field in unexpected ways. Such interdiscursivity means that the institutional field is susceptible to the influence of changes in broader discourses. Hence, change in institutional fields may be unpredictable and wide ranging.

The concept of institutional entrepreneurship is another important concept that has received increasing attention from institutional theorists over the last few years (Garud et al., 2002; Law-

rence, 1999). The idea that actors may act to structure their institutional environment in ways they find advantageous has strong intuitive appeal. However, existing views of institutional entrepreneurship leave its exact nature—and the mechanisms through which institutional entrepreneurs work—undefined. The image of institutional entrepreneurs that is suggested by our model is as authors—generators of influential texts that are aimed at influencing the nature and structure of discourses and, in turn, affecting the institutions that are supported by those discourses.[2] Thus, a discursive perspective on institutionalization and institutional change can provide considerable insight into what institutional entrepreneurship is and how it might occur.

Based on our discursive model, we would argue that actors are institutional entrepreneurs when they work to affect the discourses that constitute the institutions or mechanisms of compliance in a particular field in a self-interested way. What is important here is that such activity is not focused on institutions per se, since there is no way to modify institutions directly. Instead, an actor must work to affect processes of institutionalization through the production of influential texts that change the discourses on which institutions depend. Institutional entrepreneurship, thus, is a discursive activity, and it requires the entrepreneur to engage directly in the processes of social construction that underlie institutions.

Successful institutional entrepreneurs will be those who are skilled at producing convincing texts that become part of central and enduring discourses in the field. Accordingly, institutional entrepreneurs can incorporate a number of strategies to ensure that texts embed successfully. They may produce texts that draw on discourses from other fields, or from society more generally, to produce new institutions or delegitimate existing institutions. They may also work on producing texts that are accessible and understandable to other actors in the field, or on changing how texts are disseminated within the field, maximizing the diffusion of their texts and preventing other actors from being able to disseminate them. Furthermore, they may work on increasing their legitimacy, resources, formal authority, and centrality in order to ensure their texts are acknowledged and consumed.

This concern with ensuring that texts embed reconnects institutional theory to a concern with power and politics. Institutional theory has lost much of the early concern with power that characterized the work of writers like Selznick (1949). Discourse analysis, in a way parallel to the reemphasis on social construction, refocuses attention on the importance of power in institutional processes (Phillips, 2003). Institutionalization processes are often connected to actors with particular strategies and resources who act politically to gain particular ends. This inclusion of issues related to power and politics represents an important way to bridge "old" and "new" institutionalisms (Greenwood & Hinings, 1996) and to develop institutional theory.

Conclusion

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

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[2] Our thanks to an anonymous reviewer for this insight.

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