

# The Mechanisms of Institutional Change: Bringing Agents (back?) In

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## **Introduction**

Research on institutions has reached two solid conclusions: First, institutions matter a great deal. At the micro level, institutions define what actors deem appropriate, legitimate, or acceptable courses of action. In the broadest level, institutional environments constrain and channel economic activity and in so doing determine the path that a country will follow in its development (Johnson, McMillan et al. 1999; La Porta, Lopez-de-Silanes et al. 1999; Johnson, McMillan et al. 2000; Acemoglu, Johnson et al. 2001; Acemoglu, Johnson et al. 2002; Rodrik 2004; Rodrik Forthcoming). Second, institutional change is hard. Institutions develop as complex systems of complementary written, unwritten, and taken-for-granted norms that operate at the cognitive, organizational, and societal levels (Ingram and Clay 2000). As a result of this interlock, they become mutually reinforcing and display remarkable resistance to change (North 1990; Berger and Dore 1996; Immergut 1998; Acemoglu, Johnson et al. 2001; Hall and Soskice 2001).

This paper seeks to advance the debate around institutions in two distinct ways. First, it will summarize our current understanding of the mechanisms through which institutions operate and, in particular, the mechanisms through which they change. It will show that the different disciplines concerned with the study of institutions have not properly accounted for human agency and as a result have yielded incomplete –and potentially inaccurate—explanations of institutional change. This omission is particularly problematic for our understanding of purposeful institutional change –the most informative type of change for practitioners and policymakers who seek to improve their institutions. Second, it will propose different mechanisms through which individuals initiate institutional change and will provide insights into its processes, as well as discuss the types of research projects that can help push our understanding forward.

The disciplinary diversity of research on institutions has produced an array of (often conflicting) definitions of what an institution is. For this work, and because I do not seek to engage in that particular debate, I will adopt a general definition of institutions:

“Institutions exert patterned higher-order effects on the actions, indeed the constitution, of individuals and organizations without requiring *repeated* collective mobilization or authoritative intervention to achieve these regularities.” (Clemens and Cook 1999 : 445, emphasis my own).

## **Institutional Stability and Change**

Most scholarship on institutions has focused on the discovery of the specific mechanisms through which institutions operate; particularly those that can explain their stability, perpetuation, and reproduction. As I will detail below, important advances have been gained in the discovery of such mechanisms. However, much less attention has been placed on another pervasive and equally central aspect of institutions: their processes of change. While stable by definition, institutions are not exogenous in nature but social constructions endogenous to human action. It must then be the case that change is intrinsically built into institutions together with stability.

In fact, attention has shifted in recent years to the understanding of institutional change and steady progress has been made in the detection of the mechanisms through which it occurs. Of particular interest is the increasing attention paid to processes of endogenous institutional change. In what follows, I will provide a brief (and admittedly incomplete) summary of the main advances that have been made in this direction. Following a common convention, I will separate my analysis along three varieties of institutionalism: Rational Choice, Sociological, and Historical.<sup>1</sup> It is important to note that each of these schools has developed an astonishing amount of literature with much internal diversity. Each perspective has clear strengths that advance our understanding of institutions, as well as weaknesses that render it incomplete. Moreover, the lines that separate them are increasingly unclear and only fully apply for some scholars within each tradition (Hall and Taylor 1996; Thelen 1999). Indeed, some of the most interesting contributions, especially in the analysis of institutional change, have been made by scholars that cross the boundaries and incorporate concepts from different schools (Bates, de Figuereido et al. 1998; Streeck and Thelen 2005). In this paper, therefore, they are analyzed more as

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<sup>1</sup> There are several useful treatments of the defining features of the three institutionalisms, especially Hall, P. A. and R. C. R. Taylor (1996). "Political Science and the Three New Institutionalisms." Political Studies 44(4): 936-957, Immergut, E. M. (1998). "The theoretical core of the new institutionalism." Politics & Society 26(1): 5-34.

complementary approaches seeking to collectively explain a common phenomenon than as mutually exclusive alternatives.

I focus on the specific mechanisms that each school has developed to understand both how institutions operate and how they change. By mechanisms, I refer to “bits of theory about entities at a different level (e.g. individuals) than the main entities being theorized about (e.g. groups), which serve to make the higher-level theory more supple, more accurate, or more general” (Stinchcome, 1991 in Hedström and Swedberg 1998 : 7). Given that institutions exist at the macro level of society but operate at the micro level by influencing individual behavior, it is easy to see why it is important to understand their mechanisms through a model that straddles different levels of analysis (Vaughan 1998). An understanding of the mechanisms of institutional change, therefore, requires an understanding of the role that individuals play in it; or the way in which individuals interact with institutional structures and are both constrained and empowered by them (Sewell 1992). More specifically, understanding the role of individuals within structures requires understanding what determines their opportunities, their motives, and their choices (McKendall and Wagner III 1997) to show how macro states at one point in time influence the behavior of individual actors, and how these actions generate new macro states at a later time (Coleman 1990; Hedström and Swedberg 1998).

Mechanism-based explanations usually invoke causal agents, and in the social sciences the elementary causal agents are individuals. Accordingly, thorough social science explanations should always include explicit references to the causes and consequences of individuals’ actions (Coleman 1986). I argue that, while each institutionalism has established important mechanisms that help explain institutional change, the role that individuals play in that process is yet unclear. As I will point out, this omission has rendered not only incomplete, but also potentially wrong accounts of institutional change. In most of the existing literature, institutional change is apparently left to chance, luck, or accident, and there is little room for purposive effort to transform existing institutions. This is problematic on several levels. From a theory perspective, given that social processes operate through mechanisms at the individual level, institutional change must

also be driven by individuals (DiMaggio 1988). In order to fully understand any process of change, therefore, we need a systematic understanding of the origins, actions, and types of the individuals that drive it. From a practical perspective, given that institutions play such a central role in structuring, limiting, empowering, and in some cases determining human action it is important to fully understand the process through which they change and, more specifically, the process through which they are purposefully changed.

### ***Rational Choice Institutionalism***

#### **Mechanisms of Stability**

The Rational Choice School of institutionalism (RCI) developed out of the economics tradition as it struggled to explain problems of collective action (Olson 1965; Riker 1980; Immergut 1998). Given its origins, this school has mostly relied on deductive tools, such as game theory, and has developed an explanation of institutions centered on the maintenance of self-reinforcing equilibria that endogenously generate behavioral patterns (Weingast 2002). Characteristically, institutions are explained in strictly functional terms, through the value they add to society by lowering transaction and coordination costs, as well as providing solutions to problems of collective action (Riker 1980; North 1990). In this view of institutions, actors are assumed to have a fixed, known set of preferences, and are assumed seek to maximize them through strategic action (Weingast and Marshall 1988; Hall and Taylor 1996). Institutions are thus voluntary agreements between actors that seek to resolve a common problem. They are assumed to reflect actors' preferences so closely that these are often inferred from institutional outcomes.

That institutions are derived from calculations of efficiency does not imply that they are efficient themselves. In fact, one of the most valuable contributions of RCI has been the explanation of sub-optimal equilibria through self-enforcing mechanisms (North 1990). Institutions are viewed as the structure –or rules—of a game in which strategic actors are participating. Once a particular equilibrium is reached, there are several mechanisms that

make it self-enforcing.<sup>2</sup> Most of these mechanisms operate at the level of individuals' beliefs: given that institutions provide a fixed set of rules and give all actors the same information, individuals set their expectations accordingly (Dixit 2003). Eventually, given that individuals are given the same information and rules, they also come to share common beliefs. As the game is played out in time and the equilibrium that is reached is reinforced, only shared beliefs come to exist (Greif 1993; Greif 1994; Dixit 2004). In fact, even if actors are not given full information, they will engage in probabilistic calculation of others' beliefs and, through Bayesian updating, they will still come to a single set of shared beliefs (Greif and Laitin 2004).

More specifically, there are several mechanisms that sustain a particular equilibrium. First, arriving at an equilibrium point is assumed to have large initial costs, and thus moving out of that equilibrium seeking a new one will entail significant switching costs. Actors will only be willing to move once the benefits of change outweigh the costs. Second, actors are assumed to learn, so in the repetition of their activities in a particular equilibrium they are bound to become increasingly efficient and reap more benefits from the status quo. Moving into a new equilibrium would imply losing that added efficiency. Third, because institutions solve problems of collective action, there are large coordination effects (similar to network effects), where an actor's benefit from sticking to a norm increases as other actors conform as well. Fourth, there are adaptive expectations, where actors come to expect others to behave according to a norm, and they therefore strategically seek to maximize their gain given that expectation. Others similarly adapt their expectations, making it more economical to conform. Because all actors know that others are thinking in similar terms, the norm is continuously enforced (Pierson 2000; Pierson 2000; Greif and Laitin 2004).<sup>3</sup>

### **Mechanisms of Change**

RCI focuses on self-enforcing equilibria, where actors face a fixed set of exogenous parameters and find an equilibrium through maximizing a set of endogenous variables.

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<sup>2</sup> Similar to the thrust of this paper, Rational Choice theorists have constantly sought to disentangle the micro-level mechanisms that drive human behavior. Most of their mechanisms are assumed to operate at the individual level.

<sup>3</sup> Pierson's mechanisms of stability were actually developed within Historical Institutionalism. However, they have been incorporated into Rational Choice and operate through similar assumptions.

Exogenous parameters are assumed to be fixed to make the game “playable”. Endogenous variables are also fixed, either because individual preferences are stable, or because beliefs come to be shared as described above. Because of these limitations, change in this framework can only be caused by an exogenous shock that shifts the parameters of the game, thus destabilizing the existing equilibrium and prompting actors to find a new one. Because only exogenous parameters are changed while endogenous preferences remain stable, change is largely “path dependent” and new equilibria are likely to be found relatively close to previous solutions (North 1990). Change is therefore achieved through “institutional refinement” where, once exogenous parameters are changed, actors come to realize that the benefits of change outweigh its costs and gradually move to a new equilibrium. Change also follows a pattern of “punctuated equilibrium” as it moves from one stable point to the next, and long periods of stability are temporarily interrupted by –relatively large and rare—exogenous shocks.

We know, however, that institutional change does not always follow a pattern of punctuated equilibria destabilized by major shocks. Even when it does, some of those shocks are actually endogenous to the system. Change often happens through gradual, endogenous changes that may start a new path and end up fully transforming institutions (Streeck and Thelen 2005). To deal with this, more recent work has developed models where path dependence is seriously considered (Pierson 2000; Pierson 2000) and small but reinforcing mechanisms can eventually tip the balance of a game to generate significant institutional change (Greif and Laitin 2004). In this view, on top of the traditional parameters and variables of RCI, a set of “quasi-parameters” are included. These quasi-parameters are not central to the rules of the game, but are endogenously – and gradually—affected by it and as a result are not stable in time. Since they do not form a part of the constitutive parameters, they don’t affect the rules of the game or any of its variables as they change, thus preserving the self-enforcing nature of institutions (Bowles 1998). Gradual changes in quasi-parameters, however, do marginally affect the payoffs to actors and may either increase or decrease the self-enforcing nature of an institution, turning it into a self-reinforcing or self-undermining equilibrium (Greif and Laitin 2004). Initially, actors may not notice changes in quasi-parameters, or may not see them as

significant, but as changes become more visible some actors may realize that their actions are no longer self-reinforcing in the institution. At that point, certain actors may have the incentive to deviate from the equilibrium and experiment with new options. As some deviant actors achieve superior results, others that observe them will adjust their expectations and a new equilibrium is reached (Bowles 1998; Vogel 2005). In late medieval times, for example, both Venice and Genoa created stable political regimes through agreements among the strongest clans in each city. Genoa's clans, however, initially joined forces to fight against an *external* threat of invasion. As they gained economic power and the external threat diminished, however, increased wealth—achieved through the institutional equilibrium—gave each clan the ability to sustain an army and the cooperative equilibrium became self-undermining as clans engaged in a prolonged civil war. In contrast, Venice's clans joined forces around the belief that the clans should join forces to fight against a renegade—*internal*—clan that sought to achieve dominance of the city. As a result, no clan had the incentive to increase in military strength, as others would band together against it, thus creating a self-reinforcing equilibrium (Greif and Laitin 2004).

While these accounts are much better equipped to deal with institutional change and they have provided us with great intuition and tools, they create several questions. First, there is an endogenous relationship between the rules of the game and actors' beliefs, where the solution of the game is strongly shaped by beliefs, but then it also reinforces—and in fact alters—them to become self-enforcing. This cycling of preferences and institutions must generate an important level of bias towards certain beliefs (Dixit 2004), but it is not clear where the bias may initially come from (Immergut 1998). Second, if institutional equilibrium implies that “only shared beliefs will exist” (Greif 1993; Greif 1994), then how can new ideas emerge? Given that all actors within an institutionalized setting share the same beliefs, how can any of them envision the possibility of an alternative? Third, and related, in the view of endogenous institutional change it is assumed that certain actors with new knowledge will be the first to realize the self-undermining nature of institutions (Bowles 1998), and thus will be the first to experiment; but where does this new knowledge come from? Fourth, experimentation is assumed to be caused by the fact

that ex-ante expectations of innovative actors are proven wrong, other actors learn ex-post from the experience and adjust their own expectation; but how do actors develop differing ex-ante expectations and thus have differing incentives to experiment? Fifth, there is a problematic inconsistency in the system. Individual expectations are assumed to be greatly shaped by the exogenous parameters as well as individual beliefs about others' expectations. Yet, individual preferences are assumed to be known and fixed. This is problematic since it does not leave room for the possibility that actors' preferences can be a function of the (expressed) preferences of others. Finally, taking the idea of path dependence seriously, where relatively minor events in time may have large future consequences due to self-reinforcing mechanisms (Mahoney 2000), then the question of who possesses what knowledge to initially deviate from the norm may prove definitive in determining the new path that the institution will take (Greif and Laitin 2004).

## ***Sociological Institutionalism***

### **Mechanisms of Stability**

This school developed from organization theory and its explanation of the remarkable similarity and stability of existing –often inefficient—organizational forms (Meyer and Rowan 1977). Sociological Institutionalism (SI) views institutions as a stable set of norms, rules, and procedures but also as existing symbol systems, cognitive scripts, and moral templates that together provide the frames of meaning indispensable for individuals to interpret the world (Campbell 1998). Institutions are thus myths and ceremonies that are created in the transmission process of culturally-specific practices (Hall and Taylor 1996). Individuals are socialized into specific roles with prescriptive norms of behavior. In that process, institutions not only shape individuals' calculations, but they shape their actual preferences and identities, and thus determine what individuals can even conceive as legitimate courses of action (Berger and Luckmann 1966).

While SI scholars are skeptical –to say the least—of functionalist explanations of institutions, they still view them as performing an important role. The main difference with RCI lies in the mechanisms through which they operate and are perpetuated. While for RCI stability comes from utilitarian value, for SI stability comes from legitimacy. Contrary to a Rational Choice view of actors, here individuals experience high levels of

uncertainty<sup>4</sup> and ambiguity in their interpretation of the world. Through gradual processes of interaction, legitimate courses of action are created and reproduced (Giddens 1984). Meaning is therefore neither universally given nor deduced from calculation, but gradually constructed through face-to-face interaction (Goffman 1959; Goffman 1983). Institutions constrain behavior through different layers. Individuals and organizations experience specific institutions such as rules, norms, and procedures; as well as broader institutions such as cognitive scripts and moral templates (Haveman 1993; Dobbin and Dowd 1997; Ingram and Rao 2004).

A central aspect of this view of institutions, then, is the amount of uncertainty and ambiguity that actors face. It is not only that actors don't know with certainty that a particular outcome will occur and resort to probability. Rather, they don't even know the probability distribution of outcomes—or the possible array of outcomes, for that matter (Knight 1921; Beckert 1999; Beckert 2003). Due to this high level of uncertainty, individuals constantly look for clues and shortcuts that will allow them to make decisions, and most of those are found in the social structure that surrounds them (DiMaggio and Powell 1983). What is seen as legitimate by individuals is therefore extremely contingent, and depends on complex layers of interactions between actors and institutions (Berger and Luckmann 1966). Institutional practices are thus gradually created and diffused through different types of isomorphism as actors constantly scan their environment to copy practices they deem successful or legitimate (Meyer and Rowan 1977; DiMaggio and Powell 1983; Haveman 1992; Haveman 1993). Institutional stability is maintained by limiting the options that actors deem as legitimate, and interaction between these actors constantly reinforces their shared understanding of what is allowed (Douglas 1986). An equally important consequence of uncertainty, and the use of legitimacy as a shortcut around it, is the emergence of status as a source of legitimacy. That is, given the uncertainty in social outcomes—and more importantly, in what actors should consider a “good” outcome—minor differences in results during initial interactions between actors elicit relatively large differences in status, which are then reproduced and expanded through time (Podolny 1993). Because of uncertainty, and the

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<sup>4</sup> Here uncertainty is more encompassing than risk: see below.

need to simplify social interactions, high-status actors are then awarded much more deference, as well as better access to resources and opportunities, thus increasing their centrality in the social structure (Podolny 1993; Benjamin and Podolny 1999; Zuckerman 1999). Status and legitimacy, in consequence, are central mechanisms in the institutionalization of practices, structures, and the stability of social outcomes.

Another important, and related, contribution of SI is the notion that institutions –and the social structure—not only constrain but also empower actors. While it is true that institutions limit the options that individuals deem as possible or legitimate, the inherent ambiguity and complexity of social life also empowers actors with different sets of resources and opportunities to interpret their environment and act in consequence (Swidler 1986; Sewell 1992; Swidler 2001). This feature of institutions also promotes stability through self-reinforcing mechanisms such as the ‘Matthew effect’ where social structure is reproduced by the increasing status of certain actors and the differentiated opportunities that they are awarded (Merton 1968; Podolny 1993; Benjamin and Podolny 1999).

### **Mechanisms of Change**

Similar to RCI, initial explanations of institutional change relied heavily on exogenous shocks—change in a law, for example—that increased ambiguity and generated opportunities for actors to engage in “local rationality”. Through a process of structuration and isomorphic diffusion, certain practices become legitimized and institutionalized (Giddens 1984; Barley 1986; Haveman 1992; Barley and Tolbert 1997; Haveman and Rao 1997; Hargadon and Douglas 2001; Ingram and Rao 2004). These exogenous changes in specific institutions affect other the norms and scripts that dictate social behavior. At the same time, as practices trickle down the social structure and then back up, they endogenously end up transforming other institutions in unexpected ways—including the very institutions whose shock initiated the change (Edelman 1990; Edelman 1992; Clemens 1993; Edelman, Uggen et al. 1999). When an exogenous shock to an institution happens, individuals affected by it encounter an increased degree of uncertainty, which prompts them to import cognitive scripts that have been legitimized in other social instances and recombine them in creative ways to introduce them into the

new situation. Cognitive scripts are imported and recombined through processes of border crossing and “bricolage” (Parkhurst Ferguson 1998; Rao, Monin et al. 2003; Rao, Monin et al. 2005). This usage of previously legitimated scripts allows actors to experiment without encountering absolute resistance. As some combinations succeed, other actors imitate them and legitimize their use. These mimetic practices can quickly become diffused and feed “back up” the structure, until they are perceived as the legitimate course of action. The creation of equal employment opportunity laws, for example, generated great ambiguity for organizations, since it was not clear what constituted compliance. Certain organizations created the “rational myth” of grievance procedures to externally show their commitment to the laws. Such practices, however, quickly diffused among organizations and eventually affected legal considerations by courts, thus inducing the judiciary to incorporate grievance procedures as legal constructions of compliance with the law (Edelman, Uggen et al. 1999).

Successful experimentation, of course, is not available to all. Given the uncertainties that surround social life, actors risk punishment when diverging from their expected role performance (Zuckerman 1999). While it is true that all actors can attempt to experiment—and in fact there may be important gains to be made through innovation—only experimentation by actors that are seen as relatively legitimate will be taken seriously and imitated if successful (Haveman 1993). In addition, only actors who are seen as legitimate due to their high status, or who have such low status that are not considered relevant will be allowed to experiment without punishment (Phillips and Zuckerman 2001). At the same time, actors who are too visible or too central in the structure may find it harder to experiment as divergences from their role performance could be construed as an organizational –vs. an individual—action and face immediate contestation (Clemens 1993; Clemens 1997; Zuckerman 2010). Moreover, such experimentation and recombination of scripts requires exceptional social skill coupled with a favorable structural position (Padgett and Ansell 1993; Fligstein 1997; Fligstein 2001). In institutional experimentation, therefore, actors walk a very fine line that, if crossed, could have dire consequences.

A key contribution of this last strand of literature is the insight that institutions and the organizations affected by them must be synchronized in a process of mutual legitimation. This means that organizations and institutions co-evolve, where institutional change must imply a change in organizational forms, and vice versa (Clemens 1993; Clemens 1997; Haveman and Rao 1997; Clemens and Cook 1999; Edelman, Uggen et al. 1999). In this process, there is an implicit, if not well evidenced, role for agency.

Institutional entrepreneurs skillfully align organizational form and the institution it embodies with the master rules of society(...) The result of that is filtered through the interaction between the designers of organizational form and the institutions they incarnate (Haveman and Rao 1997 : 1613).

SI adds much insight to our understanding of institutions, but it also raises additional puzzles. First, it has been shown that only actors placed in a particular position of the social structure can successfully engage in experimentation to generate institutional change (Padgett and Ansell 1993; Padgett 2001). However, it must be the case that other actors, placed in similar positions, also had access to similar resources and opportunities. Regrettably, we don't usually observe those other actors and the strategies they pursued that failed. That is, sociological accounts suffer from "survivorship bias". As a result, they either tend to be devoid of politics and contestation, or contestation is shown to follow predictable paths. Chain stores in the United States, for example, became legitimized against strong opposition from independent stores. Chain stores prevailed because they were able to organize centrally and ally with unions; while independents only had localized grassroots movements in their favor (Ingram and Rao 2004). The fact that we only observe the result of a particular path of change does not allow us to understand whether other paths were attempted, or the process of contestation that led to choose one path over another. What is missing, then, is a useful counterfactual (Fearon 1991; George and Bennett 2005). Second, we know that social networks sometimes diffuse institutional innovations, but they also sometimes provide the means and resources to induce institutional change. Which networks allow for which processes better and when? And what determines whether a specific network position will be activated for different purposes? (Clemens and Cook 1999; Reagans and Zuckerman 2007). Third, we know by definition that the conditions for institutional change are quite

rare, and very specific combinations of skilled actors and structural positions will allow for the mechanisms of change to be activated (Padgett and Ansell 1993; Fligstein 1997; Beckert 1999), but it is also the case that “not every actor confronts the conditions of institutional multiplicity or possesses the skill and resources to exploit them” (Clemens and Cook 1999). It is thus important to have a better understanding of which types of actor-structure combinations are more likely to result in successful initiations of institutional change and what types of political contestation affect that process.

## ***Historical Institutionalism***

### **Mechanisms of Stability**

Historical Institutionalism (HI) developed from Weber’s work and the tradition of macro-sociological analysis. It views the representation of interests as shaped by collective actors and institutions, each of which bears traces of its own history (Immergut 1998). More importantly, the role of institutions is to structure politics. Human behavior is seen as driven entirely by power relations and the pursuit of political interests in a world of mutual contestation (Steinmo, Thelen et al. 1992). Institutions are more narrowly defined, as they encompass only the formal, socially sanctioned, and collectively enforced rules and norms. These typically involve mutually related rights and obligations for actors that clearly distinguish between appropriate and inappropriate behaviors (Streeck and Thelen 2005) as well as, to a lesser extent, culturally acceptable lines of action (Katzenstein 1977; Katzenstein, Keohane et al. 1998). Given the highly contentious nature of human action, it is only by looking at the particular constellation of variables at specific points in time that we can truly understand later outcomes. Causality is thus highly contextual, as it depends on specific interactions between institutional structures and historical junctures. Institutions in HI are viewed as filters that favor certain interpretations of goals and interests over others, and these interpretations are developed through complex historical processes (Hall and Taylor 1996; Immergut 1998; Thelen 1999). Actors are in perpetual contestation over resources and constantly interact with existing structures seeking to increase their power. This entails strategic behavior that is acutely aware of contending groups, their interpretations, and their actions.

HI complements the other two institutionalisms in important ways. First, it brings in the importance of contestation between groups as a central aspect of human behavior. Second, in that perpetual contestation it also incorporates the importance of power asymmetries between groups in shaping institutional outcomes. Certain groups have much more opportunity to shape their environment than others and historical processes of contestation determine this asymmetry. More importantly, in Historical Institutionalism, the “losers” do not disappear or necessarily align their beliefs and interests with the rest; rather, they remain in the background lurking for an opportunity to resurge (Thelen 1999). Third, it allows us to better comprehend the inevitable, unintended consequences of institutions; where an institution that was “designed” to govern a specific process is likely to alter the balance of power between actors that are also contending for other resources in unanticipated ways (Gourevitch 1986). Fourth, Historical Institutionalism has provided deep insights into the path dependent nature of events: because of the high contingency of human action, small and apparently unimportant actions can have large, unanticipated, and long-lasting consequences (Mahoney 2000; Pierson 2000; Pierson 2000). Fifth, because of path dependence, institutions are deeply embedded in temporal and historical processes, and HI has provided us with the insight and the tools to better understand them (Steinmo, Thelen et al. 1992). Finally, as a result of path dependence and the pervasiveness of unintended consequences, institutions exist in an array of multi-layered institutional orders, and are likely to mostly complement each other but also provide ample room for contestation, ambiguity, and outright contradiction between them (Streeck and Thelen 2005). The combination of all these processes and mechanisms lead to systems where the tight balance of power and path-dependent nature of events generate remarkable stability and resistance to change.

### **Mechanisms of Change**

HI holds an unsurprisingly contentious relationship to change, greatly summarized in Peter Gourevitch’s observation that “among comparativists, happiness is a crisis that hits a lot of countries –for in moments of crisis, the elements that previously held a system together come into full relief” (Gourevitch 1986 , quoted in Thelen (1999)). Because of their highly contingent view of events, comparativists have relied on extreme exogenous shocks to show that, even in moments of wide social change, certain patterns of

interaction remain remarkably stable. Institutional change is therefore precipitated by critical junctures that create opportunities by temporarily shifting the balance of power within a system. Groups in contention quickly move to advance their interests and in so doing change the existing structure. Because of this dependence on extreme exogenous shocks, and similar to RCI, it is a model of institutional change through punctuated equilibrium where specific temporal and historical factors, as they interact with the existing power structure, determine the end point (Hall and Taylor 1996). Opportunities for institutional change are created by the interaction, or collision, between coexisting institutional orders (Dunlavy 1992). Existing gaps between institutional orders, together with lags between short and long term institutional processes create opportunities for non-state actors to influence polity in unanticipated ways. In the German financial system, for example, the key financial institutions that developed through consensual bargaining by the three major banking groups was sustained by a tight coupling between large banks and large domestic conglomerates shielded from external influence. As domestic firms reduced their borrowing, the banks became increasingly dependent on foreign institutional investors and, through their international activities, weakened the very institutional order they had helped create. In so doing, they put the German financial system on an entirely –yet uncertain—new path (Deeg 2005). Through complex feedback mechanisms reminiscent of RCI, small actions by contending groups can launch events in an entirely new path, leading to large institutional transformations (Pierson 2000; Pierson 2000; Pierson 2001).

More recent work has focused on processes of endogenous change. The challenge for HI has been to show how stable norms and balances of power can shift without an exogenous shock that distorts them. They propose that, given that institutions coexist in different orders and layers, there are inherent and ubiquitous conflicts over interpretations and norms. In the daily enactment of rules, actors create increasingly large gaps between existing rules and their actual enactment. These gaps may be created purposefully or through “honest disagreement” on interpretations of rules. As gaps increase, certain political entrepreneurs can rush in to fill the void seeking to increase their power and, through mechanisms of self-reinforcing path dependence, greatly transform an institution

(Streeck and Thelen 2005). More specifically, Streeck and Thelen propose five distinct mechanisms through which institutions can be endogenously changed. Displacement occurs when, given that institutions can't possibly sanction all types of behavior and often show internal contradictions, traditional configurations are vulnerable to change as new behavioral logics emerge through the rediscovery or activation –and the political cultivation—of alternative institutional forms. Often these shifts are initiated in specific critical junctures where latent subsidiary ways of action are rediscovered and emerge. Layering happens when minor, marginal, and apparently complementary innovations are made to existing institutions by adding additional characteristics or layers. These new layers, however, through self-reinforcing mechanisms gradually empower an unintended group, and thus sow the seeds of radical institutional transformation. Drift occurs because institutions, according to Streeck and Thelen, require active maintenance and need to be constantly reset and refocused. In some cases, political actors may realize that a set of “nondecisions” may lead an existing institution to gradually shift and lose its centrality and power, and thus generate new political opportunities. Conversion occurs when existing institutions are employed to deal with new, unanticipated problems (similar to the SI's bricolage). As existing institutional resources are used in unconventional ways, however, they are transformed in unintended ways both by central and by marginal actors. This can only happen in specific, critical junctures and the timing and direction of these conversions are determinant of future outcomes. Last, exhaustion occurs when inherent contradictions within an institution generate a mechanism of self-undermining that ultimately leads to its breakdown (Streeck and Thelen 2005).

HI leaves its own share of puzzles. First, even though the model of political contestation is highly dependent on actors that compete for resources, it is very hard to place actors within it. Comparativists need proof of individuals' views and preferences at the specific time of their actions, and it is very hard to say, in retrospect, whether observed preferences were the cause or the result of processes of institutional change. Actors are therefore mostly assumed, but rarely truly accounted for. Second, if certain small exercises of rule-bending and creative interpretation are likely to lead to large transformations, it is of extreme importance to understand exactly how rule-bending

occurs and who engages in it. If change can come from simple exercises in rule-bending, we need to understand why institutions are not permanently in flux as all agents try to engage in constant, creative, transformative interpretations of rules. It is important to understand which agents are able to engage in rule bending, when they are able to do it, and which specific types of rule bending are more likely to generate successful outcomes. Third, if institutions provide filters that determine what is ‘right’ and what is ‘wrong’, then it is not enough to say that inherent contradictions will lead to gaps between rules and enactment. Given the highly contextual nature of changes, we would need to understand where differing interpretations of rules come from, and which actors are exposed to different interpretations and how. We would also need to understand how actors pick between different choices of interpretation and why. We need, in summary, a better understanding of the interaction between an actor’s power and her cognitive resources (Thelen 1999). Fourth, if we take the idea of path dependence seriously, then it must be the case that *who* engages in political entrepreneurship and *when* she engages in it are likely to be determinant. Therefore, we need a better understanding of which power positions are more likely to allow for creative interpretation and enactment of rules, and which historical junctures are more likely to present such opportunities.

## **Agency and Institutional Change**

The three institutionalisms have analyzed mechanisms that explain institutional operation and change at different levels, but by not addressing the issue of agency directly, they have missed a core set of mechanisms that help explain how institutions emerge and evolve. At issue is the fact that different disciplines have converged on the notion that institutions operate through the convergence of beliefs –even if they disagree on how those beliefs become stable in the first place. An actor expects others to follow specific behaviors and interpret her own actions in a particular way so she behaves accordingly (Schelling 1960). Because others anticipated precisely this mental calculation, they react in fulfillment of the actor’s expectations and the system is thus reinforced and perpetuated (Greif 1993; Greif, Milgrom et al. 1994). As different actors’ beliefs are reinforced, they also become narrower and more stable to the point where only similar beliefs remain (Bowles 1998). This is further reinforced as organizations adapt to existing norms (Haveman and Rao 1997) and certain groups gain power as they differentially

benefit from them (Immergut 1992). At their mature state, institutions are said to narrow what is even considered feasible or thinkable (Campbell 1998). Institutional stability then hinges on uncertainty, the costs of achieving a set of collective beliefs that reduces it, and the reinforcing nature of stable expectations that create increasingly strong incentives to adapt (Dunlavy 1992; Mahoney 2000; Pierson 2000).

It follows that, if institutional stability arises from and in turn reinforces a stable set of collective beliefs, then institutional change must entail altering them (Greif and Laitin 2004). Moreover, it must be the case that a change in beliefs is experienced and brought into a system by individuals. But if institutions operate through the convergence of beliefs, then how can a divergent belief even emerge? Put differently, how can an individual who has been socialized into a particular institutional context and is presumably deeply embedded in a community of meaning (Piore 1995) abstract herself from it to envision a different alternative? As I argued above none of the institutionalisms can successfully explain *how* this process works, or *who* can carry it through.

Consider, however, that certain individuals have not *always* belonged to a particular system or –at the very least—have interacted with other systems much more than their peers. Given that knowledge is acquired through socialization, moving away from a core group can in fact generate abstract knowledge, which can then highlight the existence of institutional alternatives (Piaget 1965; Berger and Luckmann 1966; Piore 1995). A combination of mixed backgrounds and border-crossing may thus grant certain actors access to completely different sources of information, which they can leverage in new environments where such information is not available (Simmel 1950; Reagens and Zuckerman 2008). It may also provide a broader set of cultural “tools” which they can strategically draw upon (Swidler 1986; Swidler 2001). In cases where existing institutions have sidelined certain opportunities, these individuals may perceive them while others don’t have the tools to detect them. But given that cosmopolitan actors with divergent beliefs may be present within any institutionalized system, how can we reconcile this with the notion that institutions operate through convergence in beliefs? If

individuals with divergent beliefs are present, how can the institutional equilibrium persist?

The apparent paradox is solved by the fact that institutions operate through convergence in *public* beliefs, and not necessarily in the privately-held beliefs of all individuals (Kuran 1989; Centola, Willer et al. 2005). In other words, institutional stability may emerge from the convergence of second order beliefs (what an actor thinks specific others in that context will think) or even third order beliefs (what an actor thinks “most people” would think); while first order (or internal) beliefs may be different (Ridgeway and Correll 2006). This means that institutional change may not require the abstract creation of new beliefs, but the emergence of existing yet private beliefs that invalidate the prevalent institution. But if this is the case, why are institutions constantly associated with unquestioning “taken-for-grantedness”? Why is it that, in institutionalized systems, only beliefs that seem to reinforce the status quo are observed?

There are at least two settings that help explain this. First, consider a system where institutions are so strong that first public, but then also private beliefs have converged through self-reinforcing dynamics (Pierson 2000). Such a system would involve actors that simply cannot imagine an alternative way of operating and would therefore completely depend on an external source of information to challenge existing beliefs. For example, in settings where there are high levels of uncertainty –such as financial markets— it is easy for a relatively uninformed majority who don’t know what the “right” belief is to follow the lead of a strong-willed minority of “experts” (Banerjee 1992). In such a setting, institutions could indeed reach a state where they are no longer questioned and are completely taken for granted. Second, consider a more likely institutional system where public beliefs have converged but there is nonetheless significant divergence in private beliefs (Kuran 1997; Centola, Willer et al. 2005). In this instance, on top of the uninformed group many actors may believe that the “way things are done” is not the most efficient and can probably even imagine alternative ways of operating. These actors will continue complying with the institution and publicly endorsing it as long as they think that “most people” believe in its appropriateness

(Allport 1937; Miller and Mcfarland 1987; Prentice and Miller 1993; Prentice and Miller 1996).

At any point in time within an institution, then, there are potentially three separate types of actors. The first is the core group, composed of the “experts” or “true” believers in the status quo. They would be the group that simply cannot conceive of a better alternative and are deeply invested in the existing arrangement. A second group would be composed of people who may understand that there are potential alternatives, but don’t know enough about the phenomenon to truly understand the implications of following a different approach. Given that the existing institutional configuration “works”, they do not see the need to invest much in learning more or in thinking about true alternatives. The third group would be the innovators, people who know enough about the phenomenon to understand the alternatives and their potential benefits. In their case, they believe that a different solution would be better. Notice how, at any point in time, we would only observe convergence of *all* beliefs. Notice also that, for the first two groups, the existing configuration would indeed be taken for granted and would indeed not be questioned. As for the third group, diverging first order beliefs would be kept private to avoid potential costs, and actors would in publicly express their agreement with the institution (Kuran 1997; Chwe 2001; Centola, Willer et al. 2005).

Also note that, in both of the cases defined above, should new information that invalidates the public belief—or at least dissolves pluralistic ignorance—become public within the system, drastic changes may occur quite rapidly (Kuran 1989; Banerjee 1992; Chwe 2001). Exogenous shocks can have precisely that effect, either altering existing conditions or suddenly bringing new information into public light. Aside from external shocks, actors may also bring in new information by experimenting with alternative courses of action, which may generate unanticipated but desirable results (Bowles 1998; Greif and Laitin 2004). Uncertainty, however, makes it extremely difficult for actors to diverge from institutionalized practices, as they know that others are expecting them to behave in a certain way and, should they diverge from it, it is unclear what results—and more importantly what costs—such divergence would entail (Schelling 1960; Prentice

and Miller 1993; Prentice and Miller 1996). This is precisely why experimentation, and especially institutional experimentation, is both extremely important and extremely hard to do. In order to precipitate change, it is necessary to question reigning beliefs by *showing* that alternatives are possible, as actors who are vested in the existing solution or have taken it for granted could otherwise not conceptualize the potential benefits of change. At the same time, and given the uncertainty in outcomes and the potentially high costs involved, why would an actor ever engage in this? Put differently, under what conditions would actors, who have chosen to keep diverging beliefs private due to the potential costs of deviance, decide to act upon those beliefs and take the risk of experimentation? What shift in conditions could induce action?

One shift, suggested in different forms by several disciplines, could result from a process of gradual ‘institutional divergence’<sup>5</sup> where, because institutions cannot possibly sanction all types of behavior or anticipate the consequences of all existing norms (Merton 1936; Gourevitch 1986; Palier 2005), they may inadvertently affect external factors or generate small internal contradictions which, over time, may grow and affect the expected benefits from divergence (Bowles 1998; Greif and Laitin 2004; Vogel 2005). Certain actors will notice these opportunities and, once they become attractive enough, will begin to experiment with new behaviors. If they are successful, they will be imitated by others and in the process will inadvertently promote alternative institutional forms. A second, possibly complementary option is that actors may *purposefully* try to change existing configurations through ‘institutionalization projects’ (DiMaggio 1988; Colomy 1998). In this case, an actor will not only try to bend norms to pursue an opportunity but will actually seek to change the norms through institutional additions.<sup>6</sup> In Germany, for example, initial training programs were developed with the artisanal sector in mind. As industrial actors developed their own programs and sought to legitimate them, they copied some of the artisanal sector’s features but not all were applicable or desirable. The

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<sup>5</sup> Note that I am using a different concept from Streeck and Thelen’s ‘*institutional drift*’. In their case, drift only refers to cases where political actors purposefully decide, through “non-decisions”, to not engage in institutional maintenance, which leads to a gradual shift. Here, I also include gradual but increasing divergence between environmental conditions and institutionalized norms that provides room for experimentation, or what Streeck and Thelen would define as ‘displacement’.

<sup>6</sup> This is what Streeck and Thelen define as ‘layering’.

interaction between these two parallel types of training programs altered the entire trajectory of labor institutions in Germany (Thelen 2004). More drastically, existing “losers” of the institutional configuration may actively set out to strategically change it to alter the balance of power with unpredictable systemic consequences (Clemens 1993; Clemens 1999; Thelen 1999; Streeck and Thelen 2005). An example of this is the process of “oblique institutional attack” followed by labor, agrarian, and women’s groups in the nineteenth and early twentieth-century United States which resulted in the creation of interest group politics in the country (Clemens 1997).

This solves part of the problem by showing that growing institutional “gaps” increase the potential benefits for actors who experiment, thus changing one side of the cost-benefit balance of divergence. It does not, however, help us understand how actors manage the costs of such experimentation. That is, actors with different positions in the social structure are bound to have differing costs—especially *relative* costs—to experimentation. These costs would be manifest both in the difficulty or barriers to initiate an experiment and in the potential consequences of deviant behavior. The first manifestation of them would be the issue of pluralistic ignorance, which would make even the calculation of potential costs impossible. Potential costs should thus affect who can first engage in experimentation and who is likely to succeed. This is important because, due to path dependence, small actions—especially those aimed at institutional weaknesses—can lead to long-lasting outcomes (Mahoney 2000; Pierson 2000; Pierson 2000). This means that the identity of the actor or actors who first diverge from existing norms may have a lasting impact on the institutional configurations that ensue. In times of Lyndon Johnson, for example, the political structure of the United States was ripe for political brokers to exploit the potential of disenfranchised yet wealthy actors. It is easy to imagine that, had Lyndon Johnson not succeeded at his efforts, somebody else would have pursued the same opportunity. At the same time, the fact that it was Lyndon Johnson and not somebody else had profound implications for the American political system that would have been impossible to foresee when he was just a young senator (Caro 1982; Caro 1990).

It follows that, to understand the emergence of a new institution, it is not enough to understand that *somebody* will bring new information to an institutional system through experimentation; it is also important to know *who* that individual is likely to be (Clemens and Cook 1999). Even though we anticipate an individual who spans diverse communities of meaning to be the one that detects latent opportunities, social systems are bound to have several of these ‘cosmopolitan’ actors (Simmel 1950; Rogers and Bhowmik 1970/1971) so we would like to have a systematic understanding of which of them are more likely to act upon those opportunities, and which of them are more likely to succeed. Put differently, we would want a better understanding of who we should expect to become a successful institutional entrepreneur.

### ***Who Can Initiate Institutional Change?***

Once an opportunity is recognized, purposeful institutional change is “expensive and requires high levels of both interest and resources”. It is achieved when *organized actors* amass the resources to accomplish it through institutionalization projects (DiMaggio 1988 :14). This sentence helps clarify the types of individuals who we could expect to succeed as institutional entrepreneurs. First, institutional change is *expensive*. As I explained above, endogenous institutional change involves experimenting with new behaviors to challenge collective beliefs. The co-evolution of institutions and organizations denotes that institutional change requires organizational change as well (Haveman and Rao 1997). This means that experiments will often be carried out within organizations, which requires access to significant resources (Burgelman 1983 a,b). One way to challenge the belief that small businesses are too risky to lend to, for example, would be to actually choose a group of typical small businesses, grant them a loan, and collect the loans successfully. This would require –at a minimum—money to grant the loans, as well as a group of people to find prospective firms and perform some sort of credit analysis (Canales 2008). To be successful, an institutional entrepreneur would need to know where organizational resources lie and have access to them; but such knowledge and access is not available to all members equally (Burgelman 1994).

Second, institutional change requires a large interest, or motivation, to engender it. I previously discussed how change may be sparked not only by a planned initiative but also

by unanticipated consequences of marginal “additions” or adjustments (Vogel 2005). Regardless, the initiation of change entails certain deviation from norms, which in turn entails significant risks. But who would have the motivation to deviate? And who would have the ability to do it? In other words, who would be both willing *and* able to bend or break existing norms? On the first question, the study of deviance has long asserted that not all members of a social group will have the same inclination to deviate. More specifically, individuals who accept culturally defined goals but have less access to institutionalized means of attaining them are prone to feel strain and develop a motivation to deviate (Clinard 1964; Merton 1968). Institutional entrepreneurship, as differentiated from crime, is a special type of deviance that seeks not only to circumvent norms but also to transform them in the process. Low-status French prosecutors who were frustrated with the political establishment, for example, broke rules of confidentiality by leaking high-profile cases of political corruption to the popular press in order to increase the external pressure on judges, pushing them to hear cases that they would otherwise reject due to political pressures. Through such deviance, prosecutors inadvertently shifted the entire balance of power in France (Adut 2004).

Knowing that certain structural positions will experience higher levels of strain, however, does nothing to explain why only certain individuals in those positions break a rule. The fact that an actor has a motivation to deviate does not mean that she will act upon that motivation. The process through which that occurs, beyond an individual’s *willingness*, is just as important as the action itself (Matza 1969; Spitzer 1975; Becker 1991). In the case of French prosecutors, for example, it may be clear why prosecutors felt the pressure to push for a change in their marginalized status; but it is likely the case that other professional groups had similar motivations to change the status quo and there were actors who had specific ideas of how the system could be changed. Yet, it was prosecutors who deviated from their role expectation. Moreover, it was the strategy of *one* of the prosecutors that, due to its success, was widely imitated to thus shape the institutional landscape. Yet different prosecutors probably had different ideas of how to proceed and they were all surely coexisting with individuals from other professional groups who also had ideas for change. What mechanisms allowed prosecutors to test their

ideas before other professionals? And what led that particular one to be the first to succeed?

This may help answer the second question, which relates to the ability to deviate. Different types of deviance require different types and levels of discretion. Within organizational settings, for example, it is often the case that actors with intermediate status will be much more constrained and will pay higher costs for deviance, so only members with very high or very low status would be expected to deviate (Podolny 1993; Phillips and Zuckerman 2001). Accordingly, discretion and deviance are sometimes found at the “street level” where norms cannot possibly anticipate all needs (Blau 1955; Lipsky 1980; Canales 2010) whereas sometimes it is in higher levels that actors have the discretion to stray from norms (Vaughan 1999; Grojean, Resick et al. 2004; Zuckerman and Turco 2007). At the same time, it is precisely high status members who are likely to benefit more from existing institutions and have lower incentives to change them (Immergut 1992; Clemens 1993; Deeg 2005; Streeck and Thelen 2005). Additionally, higher status is accompanied by higher visibility, which may entail increasing costs and therefore larger constraints on potential deviance, as they could result in dramatic “falls from grace” or stigmatization (Adut 2005; Zuckerman 2010). Alternatively, high status members are both more visible and expected to fully embody the norms of their group (Zuckerman 2010). As a result, should these members deviate from norms they will face stronger contestation and much fiercer punishment (Clemens 1993; Phillips and Zuckerman 2008). It follows that, in institutional entrepreneurship, there is an inherent tension between a strong motivation to experiment and the discretion to bend or break existing rules, which means that not all structural positions will be equally conducive to it.

Finally, institutional change requires *organized action*. Because institutions at least partly determine the access to resources that different groups and organizations will have, any process of institutional change is likely to be highly contested (Clemens 1993; Ingram and Rao 2004). Given that change entails a shift in public beliefs, only experiments where several actors are engaged and learn about unexpected results will engender it; but

such experiments require coordination, communication, and diffusion. Only through the use of the general strike as a coordinating symbol, for example, where French trade unions able to fully unleash the realignment of their labor movement (Ansell 1997). It follows that, in order to successfully promote institutional change, an institutional entrepreneur would need to convince enough actors to also engage in experimentation or, at the very least, to support her efforts (Colomy and Kretzmann 1995). In a complex environment where both organizations and actors within organizations are in a position to contest a desired institutional change, coordinating the efforts around a change project and handling the contestation it may generate would require, at a minimum, a significant amount of social and political skill (Fligstein 1997; Beckert 1999; Fligstein 2001). More concretely, to bring new information –encoded in cognitive scripts—to a particular system, actors need to import scripts that have been legitimized in other social instances and recombine them in creative ways through a process of “bricolage” (Padgett and Ansell 1993; Parkhurst Ferguson 1998; Padgett 2001; Rao, Monin et al. 2005). The usage of previously legitimated scripts allows actors to experiment without encountering absolute resistance. When Edison introduced electric lighting, for example, he was successful because he developed a system that integrated as many of the basic characteristics of gas lighting as possible, even when that meant reducing the performance of his superior technology (Hargadon and Douglas 2001). As some of these recombinations generate successful results, they are diffused through imitation (DiMaggio and Powell 1983; Barley 1986; Edelman 1990; Haveman 1993; Barley and Tolbert 1997) and an endogenous process of structuration begins, thus institutionalizing new practices (Edelman, Uggen et al. 1999).

## **Conclusion**

Two things emerge from this discussion. First, endogenous institutional change is initiated by individuals. Existing conceptions of institutional change, however, are not well equipped to provide a systematic understanding of this and, as a result, are at best incomplete and possibly incorrect. Second, a successful institutional entrepreneur must manage a delicate balance between a strong motivation to experiment on existing norms, the ability to garner enough resources to engage in experimentation, the discretion to use those resources, and the power and skill to prevent or mitigate overpowering contestation.

Existing accounts of institutional entrepreneurs in fact portray such a delicate balance, where unique skill is matched with an advantageous structural position and a favorable environmental opportunity. Caro's books on the rise of Lyndon Johnson through the senate, or Ansell and Padgett's description of the rise of the Medici are two of several good examples (Caro 1982; Caro 1990; Padgett and Ansell 1993; Hargadon and Douglas 2001; Padgett 2001; Munir and Phillips 2005). A problem, however, stems from the fact that all these accounts must rely on the retrospective analysis of single success cases. Instances of clear institutional change are, by definition, uncommon. Accordingly, scholars who seek to study the role of institutional entrepreneurs must typically rely on a change that has already occurred and analyze it retrospectively, tracing back, from the end point of the change to its inception, the *successful and recorded* actions that individuals took. Because they can only observe the particular path that recognized (successful) entrepreneurs took to achieve change, other (potentially unsuccessful) agents and their actions tend to be less present as counterfactuals (Fearon 1991; Mahoney 2000; George and Bennett 2005) and, because of the linear path they portray, they tend not to show true contestation or failed experimentation (Hall and Taylor 1996; but see Hargadon and Douglas 2001; Munir and Phillips 2005).

As a result, we fail to see what other actors who surely perceived the same opportunities did to pursue them; or why actors that held similarly advantaged structural positions chose not to act on the opportunity, acted upon it and failed, chose not to oppose the successful entrepreneur and went along, or simply did not perceive the juncture in the first place. What we are left with is the conclusion that these institutional entrepreneurs were exceptional individuals in exceptional situations, which makes it hard to abstract systematic inferences to inform other past or future processes of change. Put differently, because we cannot see whether other individuals who were positioned in similar structural positions failed to take advantage of them—even though some of them may have tried—or whether other actors with similar skills were limited by their structural position; it is hard to identify the specific skills and the particular elements of the entrepreneur's

position that were determinant in their success (Stinchcombe 1965; Giddens 1984; Sewell 1992).

The question, then, should not only be *who* is an institutional entrepreneur but also *how* she becomes one. That is, under what conditions will a *potential* institutional entrepreneur actually turn into one? From the discussion above, it follows that two separate elements remain at issue. The first is the question of what triggers an actor's decision to seek institutional change. Specifically, as an opportunity emerges that increases the potential benefits to experimentation, how do actors solve the binding constraint of pluralistic ignorance, which makes it impossible for them to even calculate the potential costs of their experimentation, let alone seek ways to minimize those costs? The second is, conditional on having a better sense of the costs involved and making the decision to engage in experimentation, what allows certain individuals to succeed while most fail? What is the process through which certain institutional entrepreneurs overcome the barriers to institutional change?

These questions require us to understand how specific qualities of certain individuals enable them to perceive opportunities for change, how the social structure determines the resources and capabilities that these individuals will have at their disposal to pursue that opportunity, and how their qualities and the structure interact to determine whether they will be successful (Stinchcombe 1965). To develop such an explanation inductively, we would ideally seek to observe a full set of individuals who are at risk of becoming institutional entrepreneurs when an opportunity arises<sup>7</sup> and follow them through time. We could then observe why only some of them detect an opportunity for change, why a subset of them actually seeks to enact a change, and why only a small minority succeeds in their efforts. Note that such a strategy would require a broader view of institutional entrepreneurship that allows to look at institutional change as a sequential—rather than a linear—process and to observe successes *and* failures at each stage. Otherwise, analyzing

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<sup>7</sup> It may reasonably be argued that opportunities may be created, rather than simply detected, by institutional entrepreneurs. Two clarifications apply. First, it still holds that we would ideally like to observe the process through which those opportunities were created in the first place. Second, individuals still face the choice of *when* to create the opportunity for change. That is, what may arise is the environmental (social, political, economic) window to create an opportunity.

only successful cases would make it impossible to disentangle which observed characteristics, structural conditions, and actions truly determined success as we would not know whether other individuals had similar characteristics, faced similar conditions, or performed similar actions but were nevertheless unsuccessful. It is a risky proposition, as it entails analyzing processes of institutional change before it is clear that they will actually reach fruition. At the same time, it is often the analysis of failures that yields the most useful insights. This approach puts to rest the question of the uniqueness of institutional entrepreneurs. If the propositions presented here are true, and if it is indeed the case that only public beliefs converge in institutions, then observing a full risk set of actors should first show that, in fact, many of them think about institutional change and seek opportunities to engage in it. It should also show that, contrary to traditional views, a relatively large number of individuals actually engage in institutional entrepreneurship but, as they advance in their efforts, they encounter different roadblocks that only allow some of them to succeed. In particular, we would expect that, at different points in the change process, different aspects of their personal characteristics and their structural position would become salient in determining their success. The challenge then would be to understand the mechanisms through which these personal and structural aspects interact to allow certain individuals and not others to produce sweeping change.

That institutions, like all social structures, constrain and enable actors in ways that not only determine the options available to them but also perpetuate current structures and sow the seeds of future ones is a basic tenet of the social sciences. Until we unpack the specific mechanisms through which actors are shaped, limited, and empowered by their position in the social structure to affect the institutions that surround them, we will continue to rely on an incomplete understanding of how our society evolves.

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