

The Worldwide Expansion of “Organization”

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Abstract

We offer an institutional explanation for the contemporary expansion of formal organization—in numbers, internal complexity, social domains, and national contexts. Much expansion lies in areas far beyond the traditional foci on technical production or political power, such as protecting the environment, promoting marginalized groups, or behaving with transparency. We argue that expansion is supported by widespread cultural rationalization in a stateless and liberal global society, characterized by scientism, rights and empowerment discourses, and an explosion of education. These cultural changes are transmitted through legal, accounting, and professionalization principles, driving the creation of new organizations and the elaboration of existing ones. The resulting organizations are constructed to be proper social actors as much as functionally effective entities. They are painted as autonomous and integrated but depend heavily on external definitions to sustain this depiction. So expansion creates organizations that are, whatever their actual effectiveness, structurally nonrational. We advance institutional theories of social organization in three main ways. First, we give an account of the expansive rise of “organization” rooted in rapid worldwide cultural rationalization. Second, we explain the construction of contemporary organizations as purposive actors, rather than passive bureaucracies. Third, we show how the expanded actorhood of the contemporary organization, and the associated interpenetration with the environment, dialectically generate structures far removed from instrumental rationality.

Keywords

neoinstitutional theory, organizations, rationalization, professionalization, culture

A striking feature of societies around the world in recent decades has been the rapid growth of formal organization in all social sectors. In state, market, and public good arenas alike, new forms arise, and older social forms—traditional bureaucracies, family firms, professional and charitable associations—are transformed into managed and agentic formal organizations. Explanations stressing the causal role of increased functional interdependence or

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concentrated forces of standardizing power (e.g., Perrow 2009; Roberts 2007) are less useful in a world where organizational expansion is ubiquitous. We develop an institutional account of organizational expansion and elaboration, emphasizing its roots in cultural and environmental rationalization (DiMaggio and Powell 1983; Meyer and Rowan 1977). We argue that rationalization creates a framework that encourages organizing in a wide range of societies and domains (Meyer et al. 1997). The cultural roots of expansion produce contemporary structures that are, dialectically, built less around functional interdependence and more around the construction of organizations as purposive social “actors.”

The breadth of the contemporary organizational explosion poses a difficulty for functional or power-centered explanations of the current rise of management and organization. Over time organization has expanded not only in complex technical contexts, such as global shipping or finance, but also in arenas like education. Schooling can take place with little more than a teacher and some students but has throughout the world evolved into elaborate organizations ranging from local districts to world agencies. Organization expands under the aegis of powerful political systems but also in weak or decentralized countries (Mundy and Murphy 2001). It expands to represent powerful interests (e.g., some trade associations) but also the most marginalized ones (e.g., minority rights or homeless advocates). Universities around the world become managed “organizational actors” (Kruecken and Meier 2006); so do hospitals and medical practices (Scott et al. 2000), religious congregations (Monahan 1999), recreational programs, and traditional charities (now “nonprofit organizations” [Hwang and Powell 2009]). Old-style family firms become elaborate modern organizations (for Europe, see Djelic 1998). And passive state bureaucracies are pressed by the “New Public Management” and “reinventing government” movements to become accountable, purposive, decision-making organizations (Barberis 1998; Hood 1995; Kernaghan 2000).

Organizational forms expand in arenas with complex technical or political goals and interests but also in social areas where goals are unclear, interdependencies low, and causal textures obscure. The canonical contemporary organization is less likely to be the pure hard-line, for-profit firm in an economic market or the top-down agency enforcing state power and more likely to be weakly linked to such goals. All sorts of social goods are incorporated into organizations: human resource departments, environmental protection programs, elaborate accounting systems, legal departments, and structures to mediate relations with a variety of publics. And older social structures devoted entirely to social goods (rather than market success or state power) now come to be called “nonprofit organizations”—a standardizing term capturing once distinct forms such as schools, hospitals, churches, and voluntary associations. Thus, much current organizational expansion is an exception to both liberal norms of self-interested private profit and the illiberal expansion of state power.

Both the number of organizations and the complexity of their internal structures are expanding. For instance, in the United States the total number of nonprofits increased more than sevenfold between 1943 and 1996, from 0.59 to 4.48 nonprofits per 1,000 people (Hall and Burke 2002; U.S. Bureau of the Census 1999). Similar changes took place at the international level (Drori Meyer and Hwang 2006). Murphy (2005, Chapter 5) depicts thousands of recent nongovernmental organizations in Uganda. Many studies note parallel explosions in other second- and third-world countries. In such organizations, standardized management tends to prevail. For example, Hwang and Powell (2009:290) report an interview with a nonprofit manager who applied his MBA training to running a homeless shelter: “One of my favorite cases in business school was on Club Med. One of the things I took away from that case was that your best and cheapest business is repeat business, because new business costs you more money. So I said we need to be very serious about inner cities, where the need for housing exists.” Some researchers point to increased funding constraints on nonprofits as an

incentive to become more businesslike (see, e.g., the review and chapters in Ott and Dicke 2012, Part IX). But the expansion in numbers and internal structures is much more general and widespread.

Religious groups are not exempt from the principles of proper management. The Villanova School of Business offers programs “in the study and application of sound business methods to Church decision making” (Villanova School of Business 2012). Similarly, Putnam and Campbell (2010) describe the rise of the “corporate parish.” One parish, Trinity Boston, has a multimillion dollar budget and two stories of office space for full-time professional staff. The staff spends much time on the earthly “question of how to keep membership growing and the community thriving” (2010:45). To achieve these goals, Trinity and other churches expand their nonworship programming. Functional notions that nonprofits emerge in areas where governments and markets fail to meet demands fit poorly to a reality in which standard sorts of “organizations” appear everywhere (e.g., Hansmann 1980; Weisbrod 1975).

Turning to profit-based entities, the number of total businesses registered per capita worldwide more than doubled in just 10 years, increasing from 22.7 to 46.3 per 1,000 people between 1990 and 2000 (World Development Indicators 2011). The rise occurred in countries worldwide, from Albania to Zimbabwe. A main source of this dramatic growth is not in the activities directly tied to core production goals. The big expansions are in programs and staff structures that attend to management and broader social issues, often involving low interdependence and pursuing such unclear goals as human resources, environmental protection, or interfaces with “stakeholders.” For instance, 19 percent of government agencies, 15 percent of colleges, and 30 percent of businesses had created Equal Employment Opportunity/Affirmative Action offices by 1989 (Edelman 1992). More recently, corporate America has expanded benefits coverage for domestic partners, with the proportion of Fortune 500 companies offering these benefits rising from zero to about half between 1990 and 2005 (Briscoe and Safford 2008). Despite rhetoric of shareholder value and cost-cutting in recent decades, the proportion of managers in firms and managerial compensation has increased steadily (Goldstein 2012).

For-profit companies now routinely elaborate their structures on new dimensions. For example, they incorporate socially prescribed goals into their policies and activities. At the most extreme, we see the emergence of new legal forms, such as the “B Corp” or “LC3,” corporate entities that allow firms to distribute profits to shareholders but also require attention to social goods such as the interests of workers, the environment, the community, and good governance (*The Economist* 2012). Existing companies also change, often going further than direct legal mandates. General Electric, for example, was one of the first to prohibit discrimination and it consistently ranks highly on lists of the best companies to work for, largely as a result of its expansive human resources practices (Dobbin 2009).

The modern system of distinct states and firms and churches and schools of the early postwar period is transforming into a late modern world in which all these once-unique entities become parallel instances of something more abstract and universal—managed organizations (Drori et al. 2006; Drori, Meyer, and Hwang 2009). An overarching explanation is that the dramatic limitations of the nation-state system, especially two horrific world wars, undermined government-based control, creating supports for alternative forms of a more global social order. As centralized nation-state solutions to social problems (including a world state) became less feasible, cultural emphases were reconstructed to ground a wide range of societal goals, such as protecting human rights or the natural world, in a way that would have seemed the duty of hierarchical empires or strong national governments in previous eras. Expanded organization, rooted in these expanding cultural forms, is the result. Thus, we argue that the growing numbers and internal complexity of organizations are

driven by a key phenomenon: worldwide cultural change. In an alternative world society—one built around central imperial structures, say—the changes we discuss in the rest of this article would take radically different forms. Overall, “organization” as we know it would be a less central form of social structure.

This paper extends neoinstitutional theories, which emphasize the dependence of formal organizations on their environments (Meyer and Rowan 1977). In four sections we develop propositions that advance social constructionist views of organization: (1) Organizational expansion is supported by widespread cultural rationalization, characterized by scientism, human rights and empowerment discourses, and the expansion of higher education. (2) These cultural changes are transmitted to local settings through legal, accounting, and professionalization principles, driving the creation of new organizations and the elaboration of existing ones. (3) The cultural changes involved reconstitute traditional organizational forms as contemporary managed purposive “organizational actors.” That is, contemporary rationalization constructs not only components of organizations but also the core purposes and agentic identity of modern organization itself. (4) Although they are painted as autonomous and integrated, in practice organizations built as legitimated actors pursue multiple, conflicting goals that come from their environments. We thus develop an explanation of organizational expansion emphasizing the shifting cultural underpinnings of contemporary modernity and the consequent nonrationality of the structures produced (e.g., Drori et al. 2006, 2009; Meyer et al 1997).¹

BACKGROUND: GLOBAL CULTURAL RATIONALIZATION

Explanations of the present-day organizational revolution, which clearly intensified after World War II and even more in the recent neoliberal decades, tend to focus on the rapid and dramatic globalization of the period (e.g., Djelic and Sahlin-Andersson 2006; Drori et al. 2006). “Globalization” connotes two interrelated changes.

First, there was a very rapid expansion in actual and perceived economic, political, cultural, military, and social interdependence. The disasters of the first half of the twentieth century discredited notions of the world as an anarchic assembly of powerful competing national states. Second, traditional controls of this interdependence through the mechanisms of state power were not available in a global society with no supranational government. There was no prospect of a world state; even a Europe-wide one was a dream. Imperial arrangements collapsed, and market-based neocolonial replacements lacked basic legitimacy. Further, aggressive nationalism was stigmatized as having produced the tragedies of the first half of the twentieth century: It was difficult to envision a stable world system sustained by balances of power among (now nuclear) nationalist states.

A positive legal system was thus not available, but some kind of order was widely seen as necessary. The solution, emphasized by the dominant, radically liberal United States, was the construction of forms of governance rooted in traditional natural law liberalism (as in Tocqueville 1836; see Ruggie 1982), often with something of a religious tone. In other words, without the laws of a supranational state, discursive cultural controls rooted in the natural laws of science and moral authority have been widely employed. These cultural controls have undergone rapid expansion and universalization beyond their Western origins. Many forms of self-regulation and private governance emerge as soft law, such as certifications, standards, nongovernmental watchdog groups, and codes of conduct. In the realm of fair trade, for instance, one solution to the problem of exploitative production practices could have been government-led regulation of producers: Such a development would have been likely in a world with a strong supranational state or an imperial system. Instead we see

the evolution of private, voluntary regulation through product certification (Bartley 2007). Contemporary organizations are structured to accomplish some goals but to do so as virtuous citizens of a supranational world (Matten and Crane 2005), analogous to the rise of the associational society in nineteenth century America.

A dramatic cultural shift has provided a cosmological frame, making possible visions of social order on a global scale, or what Foucault called “governmentality” (1980; Miller and Rose 1990). The core elements of this shift are threefold. One element is the diffusion of scientific and social scientific thought and method far beyond their traditional foci, constructing social action as more universal, standardized, and orderly. A second element is the reconstruction of the social ontology at the base of human action, weakening primordial groups like nations and families and communities and strengthening the rights, authority, and responsibility of the individual human being. A third element, combining the first two, is a worldwide expansion of education that links the empowered individual human with the universalized knowledge system. Thus, cultural changes of the emerging world society (Meyer et al 1997) have three dimensions that directly shape the character of contemporary organization.²

Scientization

The doctrines and myths of science have expanded exponentially, especially in the postwar decades, and their authority reaches far into social life (Drori et al. 2003). The more limited traditional sciences of continental societies—subordinate to statist and corporatist principles—expanded into a dominant source of order in the Tocquevillian American context (Drori et al. 2003: especially Chapter 9; compare Josephson 1996 on a more constrained form of scientific expansion). Similarly, scientific activity and ideology have grown and acquired authority in all sorts of global contexts, becoming an alternative base of legitimacy in the face of declining nation-state charisma. For example, shared scientific principles about the common environment transcend criticisms of cultural relativism, providing a universalistic basis for rules applicable everywhere (Foucault 1980). Changes in the ozone layer become lawful knowledge and a basis for shared action. In the same way, the growth of the psychological sciences generates expanded conceptions of human needs, so that workplace stress can become a widespread concern. Nearly every domain of natural and social life is analyzed. Scientization rapidly turns the chaos surrounding human life into articulated uncertainties and structures the proper management of the risks involved. As an instance, scientific analyses of childhood and its problems blossom and provide bases for social organization extending to the global level. New organizations arise, and older ones take on responsibilities for dealing with various dimensions of childhood—health, education, consumption behavior, protection from abuse by families and firms, and so on.

The postwar expansion has been greatest with the social sciences (Drori and Moon 2006; Frank and Gabler 2005). Social arenas once thought to reflect primal differences of race, religion, and history now come under standardizing scrutiny. Gender equality, for instance, can be assessed anywhere under the same terms (as with female genital cutting—see Boyle 2002), as can the universities now subject to global rankings (Altbach 2006) or a country’s corruption (now similarly quantifiable). High modernity scientized the physical environment of human life, and its later versions now extend this into the social domain, providing cultural bases for universalistic principles of social organization that triumph over local contexts (e.g., medical care, labor standards, or educational rights).

Worldwide scientization supports expanded formal organization. Treaties on technical matters, or on the air and the water, rest on scientific bases. So do international agreements

on social organization, such as the specification of proper economic or family life policies. Much of the science is transmitted into national states, which tend to conform to world models (Meyer et al. 1997). Scientific notions about the ozone layer produce worldwide treaties: these, then, are replicated at national organizational levels. The extraordinary expansion of scientific authority means that even resistant movements—in areas like gay rights or climate change—now try to use the language and authority of science itself rather than directly invoking alternative cosmologies.

The Rights and Capacities of the Individual

In the globalizing world, the nation-state lost a great deal of legitimacy and primordality. It was stigmatized by a half-century of dramatic evils and in any case was an implausible base for a supranational world. Corporatist and statist ideas, and communal structures rooted in them (e.g., traditional professions; the family as corporate group; or notions of race or religion as intrinsic properties of nations), lost standing.

The new liberal ontology generated a focus on the human individual as the locus of both rights and action. A great human rights regime ensued (Elliott 2007; Lauren 2003; Stacy 2009), with an explosion of treaties, organizations, and doctrines, mostly accepted as legitimate cultural (although not always practical) framing by national states. More rights were constructed and for more types of people (e.g., gays and lesbians, disabled people, children, ethnic minorities, women), almost always seen as individuals rather than corporate groups. And human rights changed focus from entitlements to protection, political standing, and social welfare (Marshall 1964): Cultural matters came to be included. But further, the new human individual was seen as an empowered actor—able and entitled to pursue rights and interests on a global scale (Elliott 2007)—and standardized, as human rights transcended local polities and their variations. So individuals are now increasingly entitled and responsible to choose roles and identities within the standardized and universal principles of personhood (Frank and Meyer 2002)—but obligated to respect the personhood of others. The resulting ontology is one of empowered, but clearly constrained and disciplined, persons (Miller and Rose 1990, 2008)—suitable for a stateless global society.

The newly capacitated humans are entitled to engage in action on a global scale and thus form the building blocks for a new world of organizing. The transformation of persons into empowered but standardized actors, along with the declining charisma of the nation-state, means that old organizational forms linked to the state or corporate identities also lose legitimacy: (a) The traditional bureaucracy, serving a national sovereign, lost standing under the pressures of neoliberal ideology, to be replaced by the modern agency. Indeed, the term *bureaucracy* itself comes into disuse, replaced in much usage by the term *organization*. (b) The traditional family firm, rooted in property in national society, and serving its sovereign owner, similarly came to seem outmoded (Djelic 1998). (c) The structure of traditional state-licensed corporatist professionalism, as with the school, hospital, or parish organization serving its profession, similarly came to be seen as reactionary. It is replaced by a more contemporary notion of managed organization, with a transformed professionalism now located in the trained and responsible individual person rather than a corporate body. (d) And traditional charities rooted in notions of fate, mercy, grace, and salvation become social service organizations motivated by visions of rights and justice (Bromley 2010). In the new world, all these inherited communal structures tend to be replaced by what we now call *formal organizations*, in theory derived from the choices and participation of individuals.

The human rights system combines rights of individuals with obligations to support these rights. Many of the principles involved are enshrined in global models and transmitted down into local reality through national states. Universalistic principles of human relations come to take legal forms, requiring expanded local organization. Further, as the capacities and rights of individuals expand, there are both a greater number of rights that organizations need to account for (e.g., mothers, minorities, same-sex couples) and a growing number of organized actors pressing for those rights. Along these lines, many social movement-type activities are facilitated and linked to the expansion of formal organizing (McCarthy and Zald 1977:1217–8).

Education

The scientizing cultural reaction of the postwar period, along with the expanded standing of individual persons in global society, generated a huge expansion in education. The old human person, located in a particular environment with membership in a parochial family and community, was not adequate for the new global society. So primary education came to be a universal right and (unique among rights) a compulsory obligation (Chabbot 2003). Secondary education expanded even more rapidly. And the world expansion of higher education has been explosive, to a degree that would have seemed a massive social problem in any previous period (Schofer and Meyer 2005). At present, more than one-fifth of the cohort of young humans, worldwide, is enrolled—a figure vastly higher than in any previous generation. This schooled population is no longer concentrated in a few first-world countries—peripheral countries have greatly expanded populations of university students. And in substantial part, the theory and practice of contemporary formal organization is about, and only about, the social behavior of these highly schooled persons.

The schooled individuals are educated in institutions that are remarkably similar worldwide (Meyer, Kamens, and Benavot 1992) and that carry the cultures of scientism and of human empowerment. We could imagine limited forms of mass education intended to subjugate citizens to an authoritarian state: Something like that could have been the outcome of a world organized around a global state or imperial order. Instead schools worldwide, officially if not in practice, aim to empower individual students (Bromley, Meyer and Ramirez 2011). Natural forms of interaction for these educated persons include those we now call formal organizations—structures no longer serving external sovereigns, but participatory decision-making entities in their own right. Both the academic study of organizations and the applied policies that support them assume a population filled with schooled professionalized individuals with a great deal of higher education: This contrasts sharply with organization theories a half-century ago, which presupposed a literate and schooled community of obedient people but not one empowered with higher education (Stinchcombe 1965).

Our arguments emphasize the causal role of cultural change in facilitating the formation of formal organizations. This does not deny the potential role of other processes, including the operation of the technical-functional and political forces emphasized in traditional realist theories. And it does not deny the possibility of processes in the reverse direction—the potential role of expanded formal organization in driving expanded scientism, empowered individualism, and educational expansion.³ Our focus is on how these cultural trends create mechanisms that directly construct and constrain the shape of contemporary organization.

The three mutually reinforcing trends of scientization, individual empowerment, and educational expansion constitute a major global cultural change. Alone, none of them necessarily generate organization. Expanded scientization without individualism (a likely outcome

of a strong supranational state) supports bureaucracy. Expanded individualism without scientization (a likely outcome of a world of free capitalism of family firms) supports a world of association through trust and/or contracts. But expanded scientization and individualism together create the world of the contemporary formal organization. This shift provides the fundamental framework producing the formal organizations of contemporary late modernity.⁴ Thus, we propose the following:

Proposition 1: Scientization, individual empowerment, and educational expansion produce expansions in formal organization at all levels (e.g., world, national, and sectoral).⁵

ENVIRONMENTAL RATIONALIZATION

Macro-level cultural changes of science, rights, and education support organizational complexity directly, but these diffuse cultural principles are also transmitted through three important vehicles in rationalized environments. First, these cultural shifts create huge populations of schooled and empowered professional people suited for organizational roles—specialized ones in domains like engineering or medicine, and more general ones for management. Second, they provide the contexts of law (hard and soft) pressing local activities in terms of universal and rationalized standards. Third, they support principles of accounting (monetary or nonmonetary rankings and ratings) that give definite value, on universalized scales, to the required activities and roles: This permits the organizational integration of activities and relationships that are opaque in a causal sense. Countings and accountings, hard and soft law, and professionals provide blueprints for expanding organization. Conceptually, these are intervening variables, mechanisms, or pathways that transmit fundamental cultural principles into organizational settings. They are only secondarily independent causal forces; primarily, they derive authority from the underlying culture.

A world with alternate cultural underpinnings would not generate these same mechanisms. For instance, we could have strong state bureaucracies, highly scientized but without expansive individual empowerment. In this case, professions might be subservient to the state, limited to particular fields instead of taking the contemporary diffuse and individualistic meaning. In this alternate modern universe, fewer soft law forms of governance and ways of accounting for the value of an activity would exist because the state could, by directive, specify desired outcomes. Or, we could have a world filled with human empowerment but little scientific emphasis specifying the most effective and efficient way to achieve universal application of these goals. In such a world, the many ways of counting human progress that we have today (e.g., the human development index, organization- and country-level sustainability indices) would be unlikely to exist.

Professionalization

Professionalism in current organizational ideologies differs from the older corporatist forms that theorists like Weber had in mind, limited to a few traditional corporate occupational groups. Professionalism is now carried by empowered and schooled individual persons equipped with scientized knowledge and embedded in training and occupational structures that are often themselves organizations. This modern individualist version of professionalism transcends the more traditional forms restricted to the protected corporate bodies with distinctive linkages to states and the cosmos—the priests and theologians, doctors, lawyers, and natural philosophers constructed by the traditional university. With enormously

expanded scientization, human empowerment, and education, any contemporary occupation can be seen as professionalized (Wilensky 1964), if based on some formal knowledge and carried out by properly socialized and credentialed people. Professional occupations expand in all sorts of countries, and in developed countries like the United States these occupations can be numerically predominant (Wyatt and Hecker 2006). Rather than signifying a particular substantive area of expertise and corporate group membership, professionalism now connotes a way of interacting and working that conforms to the contemporary schooled and empowered cultural frame.

Professionalism is consequential in permitting and constructing the formal organization of activities far from market controls and embedded uncertainties that are articulated by, prominent among other sources, scientific expansion. Thus, the modern human relations officer carries recipes formulating both problems and their resolution (Dobbin 2009). An organizational manager would be hard put to exercise much actual sovereignty in managing such an externally credentialed authority: In this system managers coordinate, as professionals themselves, and avoid exercising Weber's old "imperative authority." Educational credentials and professionalization enable and require the organization of activities formerly managed in more communal and traditional ways. For instance, schooling children and caring for patients and providing counseling vary enormously in practice, but if carried out by credentialed professionals these activities are built into organizations reaching up to global levels and are reported there in standardized statistics.

Contemporary professionalism of the modern individualist sort involves such elements as the creation of associations, codes of conduct, or training and certification programs. But our arguments relate especially to the rise of abstract managerialism (as in the MBA degree or consulting work) and the incorporation of such elements inside other training programs (such as public administration, public health, social work, fine arts, and church management). This outcome in itself has important consequences for society and for the decline of traditional substantive professions. In the nonprofit sector, for example, Hwang and Powell (2009) show that managerial training is linked to a range of contemporary organizational features including strategic planning, quantitative program evaluation, audits, and the use of consultants.

Proposition 2a: Expanded professionalism, in world, national, or organizational contexts, increases formal organization in those contexts.⁶

Law-Like Arrangements

Expanding systems of legal or proto-legal rules transmit the principles of cultural rationalization noted above into observable reality. For example, elaborate reporting forms tame the environmental problems created by an industrial firm. Or informal rules can specify the appropriate level of funding for relevant corporate social responsibility activities.

The modern environment carries an enormous amount of law-like structure. More and more issues, such as pollution, good governance, and equality, are defined by hard and soft law as a matter of responsibility and potential liability for all organizations. Formally and informally, schooled persons directly advocate, as quasi-lawyers, for organizational changes from both within and without.

Organizational settings are surrounded by many bodies with some legal or semi-legal authority. Their rules not only impinge at every boundary but also construct organized internal processing. Empowered social participants have the right and duty to represent external structures in their internal action. Everyone, for instance, may be responsible to act on an

issue of harassment, or environmental degradation, or even internal accounting issues. Thus, the legal system is expanded and its traditional lawyers transformed under modern cultural conditions. Scientism on one side and expanded empowered individualism on the other create the groundwork for the extension of legalizing actorhood to an enormous range of schooled persons.

Overall, the systems of hard and soft law in contemporary environments create and stabilize organizational structuration. Environmental rationalization gives clear definition of organizational boundaries, gives meaning to internal elements, and weakens the acceptability of alternatives. The law provides exoskeletal supports creating organized structures with weak functional integration, leaving them permanently dependent on their cultural contexts. Thus,

Proposition 2b: Expanded hard- and soft-law legalization, in world, national, or organizational contexts, increases formal organization in those contexts.

Accountings and Countings

Contemporary accounting roles have expanded enormously under the cultural conditions discussed above. Far beyond traditional bookkeeping roles, accounting becomes a nominally complete tale of social functioning, and accountants move from guild or craft status into schooled individualist professionalism. And accounting, like law, provides a basis for binding disparate activities into a coherent structure, making it possible to construct an organization out of parts that were previously unrelated. If the value of a required activity cannot be ascertained via normal mechanisms of causal analysis or exchange, accounting rules can provide definitive answers, and the building of organization is thus facilitated. We cannot know what a teacher contributes to the development of a student, but we can definitely establish what the teacher costs. This helps us construct an organized educational order. And we can now assume that the costs involved are investments counting for the value produced. In the new system, such accounting rules relate any paid activity to social products, national products, and a gross world product. By social scientized assumption, this cost becomes an investment seen as necessary to produce economic growth. Thus, states and organizations are sometimes required to use the services of economists, whose value is set by accounting rules rather than demonstrable functional utility.

It is an example of the dialectics of contemporary rationalization that as expanded accounting principles permit organization to be built around activities that are less and less controlled and coordinated, the accounting (and to some extent legal) theories of these activities are more and more elaborated and defined: The profession is thus expanded and transformed in ways unlikely under alternative forms of global modernization.

The accountings defined here are often formulated in terms of money—a partially globalized standard of value—and the tendency to do so increases. But other rationalized measures arise too: rankings of universities and schools, accreditation of departments, health statistics for hospitals, worker satisfaction measures for industries, consumer ratings for products, and so on. All of these provide abstract bases for comparison, often reaching to global levels (Espeland and Stevens 1998). And all of them provide bases for the expansion of formal organization. Modern universities, for instance, compete for national and global rankings and ratings and in the course of doing so take on the forms of managed organization (Kruecken and Meier 2006). Indeed, proper governance structures become central criteria in the university rating systems themselves.

As with the law, accounting institutions play a double role in the expansion of contemporary organizational structuration. They create nominally functional pressures for the articulate justification of required activities—a manufacturing firm, for instance, must have safety people and must justify these in a budget. But they also provide stabilizing and legitimating resolutions—they can tell definitive stories about the exact value of these safety people. In both ways, the rapid global expansion of accounting facilitates the expansion of organization.

Proposition 2c: Expanded rules of accounts and accounting in world, national, or organizational contexts increase formal organization in those contexts.

ALTERNATIVE BASES OF AUTHORITY

The influences discussed above may be particularly strong where traditional or centralized authority is weak: For example, in more decentralized nation-states or at the international level (compare Hamilton and Sutton 1989; Miller and Rose 1990, 2008). Highly centralized nation-states are likely to slow organizational expansion because uncertainties are addressed through direct state management: For instance, national-level systems may control pension, medical, or grievance procedures or define environmental damage. Dobbin (2009:6–7, 221–2) describes this process in detail for the case of firm responses to antidiscrimination laws. The fragmented U.S. state creates great uncertainty for firms, and so human resource professionals form elaborate equal opportunity systems in guessing what compliance might entail. In contrast, the French system does not permit extensive reinterpretation or variation; firms did not have to guess how antidiscrimination laws would be enforced and there is not the kind of internal elaboration we see in the United States. Likewise, Fourcade (2010) shows that in statist France, professional economists are less empowered than in the decentralized United States. But importantly, most contemporary states—even the classically centralized ones in Europe—are now altered by Europeanization and globalization, so over time they are likely to lose aspects of legitimate centralized authority.

At the sectoral level, organizations may be buffered from pressures by linkages to traditional authority, whether the government, older professions, or the family. For example, the Department of Motor Vehicles or a family restaurant may worry less about transparency or greenness than a publicly listed consumer goods company that could come under the scrutiny of increasingly empowered consumers and shareholders. We would thus expect the following:

Proposition 3: The organization-building processes outlined here take their most expanded forms in less centralized contexts where established forms of authority are weak. Over time, worldwide, authority is increasingly decentralized and traditional forms decline.

THE ORGANIZING SOCIETY

As cultural rationalization proceeds, new substantive areas (e.g., child labor, whale protection, or workplace diversity) become plausible realms for organizing. Newly tamed fields interact with existing fields and organizations through the processes of professionalization, legalization, and accounting. Substantive issues are transformed with rationalized and abstract constructs that can be transported from macro- or meso-level units (e.g., fields,

logics, sectors) into organizations. For instance, a building's "greenness" can be counted through LEED certification, and activists can pressure local governments to adopt policies requiring some minimum score for new construction.

These trends enable multiple pressures to be transmitted into organizations, leading to observations that organizations face conflicting influences (Binder 2007) or logics (Thornton, Ocasio, and Lounsbury 2012) and operate in increasingly complex institutional environments (Greenwood et al 2011).⁷ The rationalization of the environment leads to a great deal of internal inconsistency and decoupling in contemporary organizations as they simultaneously strive for instrumental rationality while responding to pressures from an expanding array of organized fields (Bromley and Powell 2012; Meyer and Rowan 1977). Such inconsistencies are endemic to any society (Friedland and Alford 1991)—the key problem arises because they are now transmitted down into organizations that are supposed to be coherent actors. This generates the dialectic properties that characterize contemporary organizations; below we develop descriptive propositions specifying their conflicted nature.

Individuals and Their Organizations as Actors

The obedient citizens subject to the authority of a centralized state, or the traditional peasants now left for anthropologists, are quite removed from the schooled individual persons envisioned in contemporary culture. Individuals are now empowered and responsible, and their choices legitimately constitute the new polity, economy, society, culture, and religion. The social sciences, in response, coin a new term for them. Contemporary individuals and organizations are increasingly depicted as "actors" (Hwang and Colyvas 2013)—creatures whose purposive choices legitimately rule the world. The term denotes bounded autonomy, clarity of purpose, decision-making capacity and sovereignty, technical action capability, effective self-control, and much information about self and environment.

Individuals are sometimes understood to acquire these capacities naturally, but almost always compulsory education is involved: Normal socialization is not enough to create proper actorhood. In any case, the individual is understood to have legitimate authority and capacity but also responsibility. Contemporary individuals notoriously display actorhood, over and above their goals. They opine, for instance, as competent and responsible citizens on great issues of politics, culture, and policy (Jepperson 2002). Being an actor in the contemporary world can take up practically all one's time, and the displays involved can dramatically interfere with action capability (Brunsson 1985).

Operating in the same scientized nature, and equipped with the common identity of disciplined actorhood, individuals associate with each other across great distances (as with the explosion of international nongovernmental organizations [Boli and Thomas 1999]). Their associations take the forms of highly participatory structures: what we now mean by organization. And these structures themselves have the qualities of purposive actorhood (Brunsson and Sahlin-Andersson 2000) brought to them by their empowered individual actors. These qualities are the defining elements that distinguish contemporary organizations and their ideologies from older social structures. As a purposive actor, the formal organization now has goals and mission statements, elaborate depictions of its technologies, and mappings of its resources. As a coherent actor, it organizes dramas of decision making and accountability, internal information and control systems, and clear specifications of boundaries and boundary relationships. All of these defining elements are celebrated in theory and practice: They make up the curricula of the new management schools around the world. And they are built into contemporary intuitions, so that each of us knows that an entity with a strategic plan is more of an organization than one without.

The current formal organization, thus, is distinct. Unlike the classic bureaucracy or firm that is obedient to an external sovereign or owner, the modern organization has sovereignty (and accountability) and makes decisions in light of its own purposes. Unlike the classic professional organization of church or school or hospital, serving a mission set by legitimated agents of a sovereign God, history, or the state, the contemporary version has active decision-making management. Like the empowered individual, the new formal organization is a citizen of national and world society and under the expectations of law and culture assumes a full range of responsibilities of actorhood, as with the worldwide movement for corporate social responsibility (Basu and Palazzo 2008; Campbell 2007). Further, even on issues directly related to their core purposes, organizations now often display gratuitous embellishments, signaling their actorhood. Systems rhetorically purported to improve effectiveness address internal and external audiences, as in the case of extensive data collection efforts that go unused (Feldman and March 1981). Dramatic mission statements are prepared and lead to plans of decorative value. Material and personnel inventories are expanded. And information systems display transparency to internal and external audiences.

This general process alters the articulated structures of organizations pursuing market goals as well as those pursuing state power or the public good. It creates whole new organizational forms—such as the nonprofit organization or B-Corp. Churches drift toward having mission statements, plans, inventories of resources, control and information systems, and rituals of decision making (rather than obedience). Norms of transparency and good governance apply just as much to the service of God as to the attainment of profit.

We arrive, here, at an understanding of what is called the “knowledge society” (e.g., Delanty 2001). Many sectors of social life difficult to assess in realist terms come to be formulated as the responsibilities (and capacities) of organized actors. In both the emerging principles of modern law and contemporary accounting, the key notion is that the organization is an actor with a clear locus of responsibility, a citizen in its own right (Brunsson 2006, especially Chapter 2).

Defining features capture the extent to which a given structure has become an organized actor. One core component is the development of a bounded identity parallel to that of the individual citizen—autonomous, rights-bearing, and responsible to other citizens. Identity is asserted with formalized structures and environmental links. At the top, sovereign decision making is dramatized, likely by someone called a CEO (a title many nonprofits now adopt), and perhaps also a CFO and a CIO. Management reaches down into the organization through information, reporting, and control systems, and with structures for feedback or participation. Further, a proper organization now structurally pays explicit attention to labor standards, the human rights and environmental movement, surrounding communities, and a variety of professional organizations. Much of this might appear in linkages to corporate social responsibility organizations through memberships or certifications and through the creation of internal departments. It is all symbolized by corporate branding and notions of a distinct organizational culture. A second core component is the rationalization, not of identity, but of articulated purposiveness. Organizations (and subunits) structure internal means-ends relationships, and they formalize and measure external linkages to resource and goal environments. They depict goals or missions and extend these into the future with strategic plans. Further, organizations develop elaborate achievement plans, split into quarterly, annual, and long-range time frames. They monitor the steps involved with formal evaluations, tracking, accountings, and assessments. They benchmark and become certified. They maintain complex systems for tracking the resources involved in achieving their goals and regularly conduct surveillance of their environments. Together the emphases on rationalized

Table 1. Characteristics of Contemporary Formal Organization.

Identity	Means-Ends Purposiveness
<p>Sovereignty: Displays of the organization as an autonomous, responsible, and rights-bearing entity</p> <ul style="list-style-type: none"> • e.g., branding; claims to organizational culture; depiction of control through information systems and accounting; dramatizations of decision-making and governance processes, including participation; executive titles such as CEO; formal managerial strategy depicting control over organization and linkage to, and distinction from, the external environment; specification of board and management responsibilities over activities of entire organization <p>Citizenship: Establishing organizational policies, roles, structures, or routines to fill role of corporate “citizen”; recognizing actorhood of internal components and other organizations and individuals</p> <ul style="list-style-type: none"> • e.g., demonstrating attention to workplace diversity, work-life balance, extended benefits, philanthropic efforts, environmental care, public and community relations, and ethical governance; feedback mechanisms in these areas; obtaining certifications, such as LEED recognition for buildings; tracking external trends in the media or among peers <p>Control and information: Measurement and displays of internal coherence, such as employee satisfaction; complex reporting for various audiences</p> <ul style="list-style-type: none"> • e.g., detailed displays of conformity to legal and accounting standards; broadcasting labor, human rights, environmental, community, and transparency activities 	<p>Ends: Written goals, mission statements, and planning documents to achieve production outcomes; often at multiple levels with opaque relation to each other</p> <ul style="list-style-type: none"> • e.g., formal goals for individual positions and/or departments as well as entire organization; monthly or quarterly plans, annual plans, long-range plans <p>Means: Progress toward goals monitored internally and externally through professional, legal, and/or accounting indicators; elaborate depictions and accounts of technical steps in producing outputs</p> <ul style="list-style-type: none"> • e.g., seeking out and tracking rankings or ratings, including memberships in standards organizations; meeting benchmarks; conducting evaluations; studies of consumer or client satisfaction; maintaining memberships in various professional associations <p>Resources: Detailed accounting, tracking and allocating resources as source of effectiveness and of technical activities; inputs and outputs explicitly defined</p> <ul style="list-style-type: none"> • e.g., use of financial and management accounting, elaborate accounting for cost of employee time to numerous projects; detailed information on human resources

identity and purposive action, far removed from single-minded calculations of efficient production, constitute modern formal organizations and their ideologies, as Table 1 outlines.

Naturally, some dialectics are involved, and like all Tocquevillian actors, modern organizations appear to be both great independent achievers and rather slavish conformists, as we will discuss next. But the general argument here is the following:

Proposition 4a: As a result of the current world context, social selection emphasizes the form of the organized actor. Means-ends relations appear as rationalized and accounted. And depictions of identity—boundaries, sovereignty, decision making, and self-control—are elaborated.

The Structuration of Inconsistent Rationalities

Organization expands everywhere, as all sorts of social values distant from market interests or political control are articulated. Thus the profit-making corporation should not only

maximize productivity but also organize around participatory employee rights, adapt to environmental issues, and act with transparency. The same rules increasingly apply to a university, as universities have become (nonprofit, usually) organizations. Even government agencies (e.g., a naval base) now show concern for the natural world. Thus, for the second year in a row the San Diego naval base held a “Biggest Conserver” competition to promote energy efficiency among home-ported ships (Navy Regions Southwest 2012). Such agencies may create and advertise philanthropic campaigns, so in 2010 employees of the Naval Surface Warfare Center, Corona Division, donated more than \$100,000 to nonprofit organizations that serve veterans, the homeless, and needy children and that conduct breast cancer research (Press Enterprise 2011). As a matter of identity they must also respect the human and participatory rights of employees (e.g., the Uniformed Services Employment and Reemployment Rights Act of 1994) and as a measure of effectiveness document productivity using standardized measures (e.g., ship repair rates, speed and amount of supplies that can be sent and received).

As cultural rationalization extends into the widest array of social activities, elaborate formal structures arise to address external demands. Traditional theory suggests that the division of labor confronting market production creates incentives for some organization. But much expansion is outside functionally integrated areas.⁸ Instead, a great deal of organization brings together activities where the link between means and ends is unclear. It is easy to see whether a worker can use a hammer and whether the hammering helps build a house. But it is impossible to define very clearly whether a teacher can teach and how particular lessons might shape a student or society, or to understand whether a human relations specialist can repair relations, or whether a planner can create a viable strategic plan—and how any of these things contribute to profitability. Opaque relationships, such as how to measure the performance of a human resources program and its contribution to productivity, are defined only through the structures of formal organizations. As contemporary organizations become more complete “actors,” they attend to an expanding number of disparate concerns and, thus, create more formal structuration to integrate diverse and opaque goals.

Thus, highly rationalized environments require the expansion of internal organization in ways that are not linked to clear technical or political exigencies. As a concrete example, in universities the value of instruction and research is defined and articulated organizationally in elaborate ways by law-like rules (e.g., accrediting standards) that can support arcane programs (e.g., the study of Icelandic sagas) and integrate them into the larger organization through accounting systems that assign a clear worth to them (e.g., in terms of cost, or student credit hours). The expansion of proto-legal and accounting systems in the environment generates even greater elaboration: Modern ranking and accrediting doctrines require extensive formal organizing and can lead to expensive reform initiatives. For instance, to obtain national accreditation, public administration programs must “establish observable program goals, objectives, and outcomes, including expectations for student learning, consistent with its mission. [And] collect, apply, and report information about its performance and its operations to guide the evolution of the program’s mission and the program’s design and continuous improvement” (NASPAA 2009:4). It requires a great deal of organization to meet these standards—from specifying criteria for the content of syllabi to developing comprehensive course and program evaluation systems. These trends are worldwide. In France, for example, a poor showing on the Shanghai ranking triggered a national debate and the passage of new laws related to university freedom (Enserink 2007).

When internal structuration is driven primarily by external cultural rationalization rather than technical and political functional requirements, the appearance of dialectic processes may become particularly strong. An assembly line cannot usefully, by external fiat, be forced to split in the middle. But a human resource requirement can, and it is easy for structuration

to mean that a person is subject to one set of rights from one authority and radically different ones from another. For instance, a modern organizational manager must respect the human rights of disabled subordinates but must also be careful not to notice the disabilities. The multiple goals and plans may be in conflict with each other or largely unrelated. But the further removed rationalized activity is from a free market exchange or the direct application of coercive state power, the more structuration is likely to be found—as the central means by which the opaque is made visible. This proposition runs directly against the organizational theories that emphasize the causal force of technical-functional requirements—or political ones—in the building of organizations. The Prussian bureaucracy, maintaining order with loose inspections of practice, was a lean (although obviously highly decoupled) operation compared with a current school district that uses differentiated forms of instruction while attempting to respect the extensive sets of rights attributed to all parties involved. The assembly line can appear to be structurally simple compared with a nonprofit juggling invisible social goods and trying to assess them with formal evaluations.

The older organizational charts of earlier decades, while known to be decoupled from actual practices, had the appearance of a relatively rational character. The new organizational structures, rationalized by multiple links to multiple environments and held together internally by the assumptions of schooled professional cultures, are much harder to depict. Each specific component in the new elaborated organization may be more tightly coupled with practices than was the case in the older system (Bromley and Powell 2012). But the new structures themselves are decoupled from each other and integrated mainly through myths of accounting, legalization, and professionalization. Thus,

Proposition 4b: Under contemporary conditions, the formal structures of organizations, while highly rationalized in depictions, tend to have a nonrational character in terms of functional interdependence.

The Bounded Autonomy of Organizational Actors

As a second dialectical matter, the contemporary organized society is extremely dense and filled with overlapping jurisdictions. Contemporary rationalization is a feature of society overall, not of any specific organizational setting. Becoming an empowered and responsible “rational” actor involves extensive dependencies on external scripts. This generates expansive social control in a Foucaultian sense, involving internalization and normalization of understandings of proper behavior, through high levels of interpenetration with other (often organized) actors in the environment. In other words, the constraints of an older world over organizations, often rooted in the power and authority of the state, are now replaced by a denser but much more dispersed set of regulations built into multiple environments: Deregulation in one sense generates much regulation in another (Meyer and Scott 1983).

In the advanced sectors of the developed world, no closed and complete organization can be imagined (Ahrne and Brunsson 2011). Organizations are penetrated by the rules of other organizations, carried by professionalized participants or by direct interpenetration from laws, the knowledge system, or accounting arrangements. Every organization comes under the authority of many organized constituencies (including its own personnel). Adjacent and internal organizational structures carry authority. A new building, for instance, must have environmental approvals, and the approvers are likely to have organizational memberships that provide their own authority. A new department comes under the scrutiny of human rights provisions. Rankings and standards arise on nearly any dimension imaginable and become incorporated into routines.

All in all, contemporary organized actors are managed by an abstract set of principles and are thought to have a great deal of control. But given the external sources of many internal structures, actual control and agency may be very limited.

Proposition 4c: In becoming actors, responsible in legal, accounting, and professional terms, much organizational activity under contemporary conditions comes under multiple jurisdictions. Expanded responsiveness to multiple stakeholders means weakened capacity for autonomous action.

DISCUSSION AND CONCLUSION

There is a central conundrum in the study of contemporary organizations. They are formally highly rationalized, but the rationalization has a nonrational quality overall. They are formally autonomous and empowered but extraordinarily dependent. They must be—in legal, moral, scientific, and accounting terms—integrated and responsible actors, with their noses held to these grindstones. But to achieve integrated actorhood they become sprawling structures of limited internal coherence, interdependent with multiply complex and rationalized environments (Meyer and Scott 1983). Recent theories quite reasonably note that contemporary organizations are really networks, organized in sets of external interdependencies (see, e.g., Davis 2009; Snow, Miles, and Coleman 2000). Such ideas make descriptive sense. But they do not capture the point that these organizations are legally, normatively, and cognitively highly integrated and responsible actors, susceptible to the high rationalities of management, strategy, planning, information, and control.

Two prevailing explanations of formal organization, rooted in theories of power and economic rationality, fail to address the very general nature of organizational expansion and the oddly conflicted character of contemporary organizations.⁹ Perrow (2009), for instance, describes the rise of large organizations in the United States as linked to the interests of elites. But organizations, large and small, are on the rise worldwide, in countries with diverse power structures. Economic approaches, linked to transaction-cost ideas, face similar limitations. Organizations are assumed to represent the most functional, efficient ways of achieving goals, often related to owners' (or principals') efforts to control those executing production (their agents) or to minimize transaction costs (classically, Coase 1937 or Williamson 1981; for an updated version, see Fisman and Sullivan 2013). But in the real world these assumptions are problematic. It is often difficult to distinguish principals from agents, and the interests of purported principals and agents are often more aligned than one would expect. For example, it is not just employee agents who are evaluated. Organizations themselves are routinely judged (often voluntarily and at their own expense) on employee satisfaction, an activity that seems as valuable to workers as to owners. Further, it is unclear why similar structures would be found in arenas less subject to market pressures, such as government agencies or nonprofits. Alternative explanations do not explain why the contemporary religious congregation is likely to take on the form of an organization or why firms are likely to display aspects of social responsibility.¹⁰

Thus, the academic field of organizational theory lacks general explanations for the prevalence of its subject and for the curious, conflicted nature of the odd creatures involved. Our goal is to provide such explanations. The overall argument is outlined in Figure 1. We see the growth and complexity of contemporary organization as rooted in expansive worldwide cultural rationalization. The postwar globalizing world, reacting to the disasters of the first half of the twentieth century, produced worldwide cultural expansions in the scientization of natural and social worlds, in the construction of individuals as entitled and empowered, and

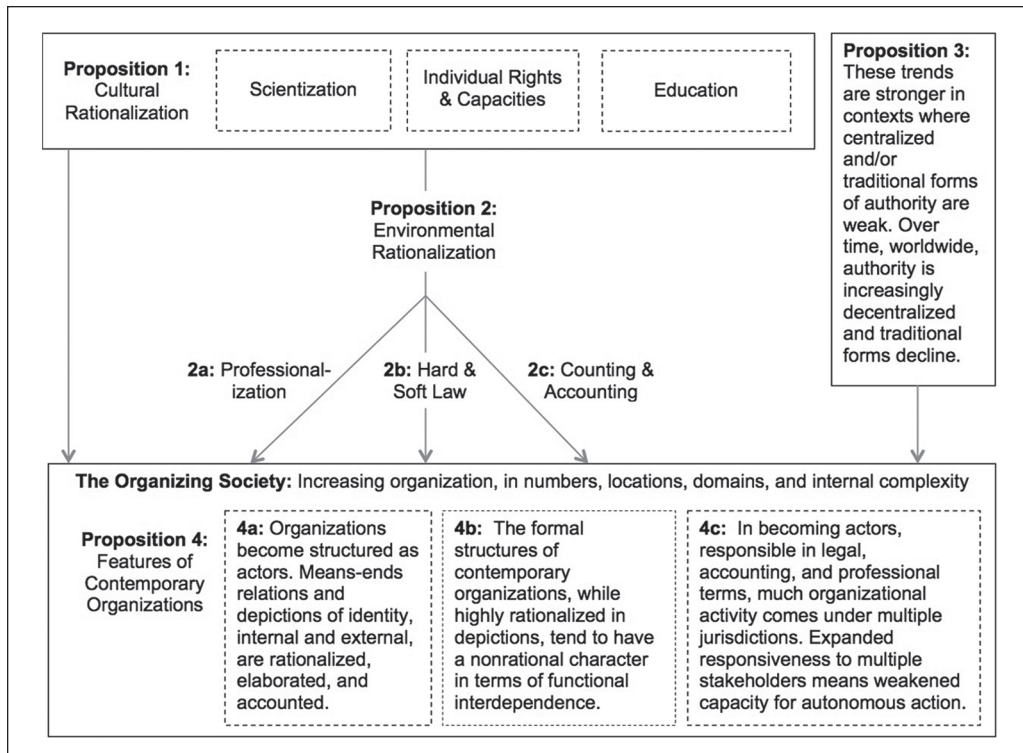


Figure 1. Overview of cultural changes driving the expansion of organization.

in education at all levels. These conditions create, in local social environments, and especially under conditions of global and local decentralization, great and worldwide pressures and opportunities for expanded professionalization of the modern individualist sort, hard and soft law, and standardizing assessments.

The underlying cultural shifts of increasing science, individual empowerment, and education also give organizations their peculiar character. First, organizations are structured as actors. Sovereignty is no longer located in classic external imperative control systems but rather in “management”—a concept acknowledging the absence of traditional forms of authority and claiming competences rooted in professionalized expertise (Khurana 2010; Khurana and Nohria 2008). Second, in becoming legitimated and responsible actors, they incorporate, and are interpenetrated with, all sorts of inconsistent rationalized elements of society. As a result, contemporary organizations are bound together not by functional integration but rather by socially constructed rules and routines established by professionals, hard and soft law, and various counting and accounting pressures. Third, organizations must, by law and custom, depict themselves as autonomous and bounded, but in practice they are highly interpenetrated with their environments. Broad cultural changes create the dialectics involved in contemporary enactments of organizational agency (contrast with Thornton et al 2012:28).

The term *organization* itself now denotes an array of principles that are equally useful if applied to businesses, nonprofits, or government agencies. These principles include elements such as social responsibility and accountability, often independent of actual outcomes. Evaluation criteria, such as rankings of best places to work or monitoring compliance with Equal Employment Opportunity/Affirmative Action legislation, are often determined simply on the presence of practices or structures (Dobbin 2009). For instance, Charity Navigator,

the largest external evaluator of nonprofit organizations in the United States, assesses charitable organizations' accountability based on criteria such as whether whistleblower, conflict of interest, and CEO compensation policies are in place (Charity Navigator 2012).

The rising status of organizations as a core form of social structure raises a number of potential concerns. In the charitable sector, the translation of expressive elements of society into instances of management can seem detrimental to value-based activity (Frumkin 2005). Returning to our early example of the increasing emphasis on nonworship activities in a "corporate parish," one priest shares, "I didn't get into this to become an events coordinator" (Putnam and Campbell 2010:45). In the business world, it remains contested whether for-profit firms should also address some elements of the public good, particularly if it means incurring additional costs or decreasing efficiency. Ferguson (2012) bemoans the rise of "excessively complex" legislation in the United States (citing examples like the Patient Protection and Affordable Care Act and the Wall Street Reform and Consumer Protection Act), suggesting that they create inefficiencies that may portend national economic doom.

While true in part, neither of these scenarios—the complete demise of true charity or the destruction of the efficient firm—is wholly likely. The translation of inconsistent social concerns into managerial processes involves much decoupling, both between policies and practices and between means and ends (Bromley and Powell 2012). Contemporary organizations can often pursue multiple, conflicting goals by allowing a great deal of separation between the subunits of an organization. So, a skilled human resource department can conform to extensive legal obligations with minimal intrusion on, for instance, a sales team.

Over and above the issue of how to cope with internal contradictions comes a central observation, one with implications for the dominant approaches to organization and management theory and practice. Organizations require the depiction of sovereign decision making and accountability but also incorporate an interpenetrated array of goals and have very weak levels of actual coordination or control. For better or worse, at all levels of management and in all types of organizations, the raw execution of executive power is constrained by a web of responsibilities. Thus, looking to organizations and managers as either the problem or the solution for all kinds of social outcomes misses the bigger picture. Despite all the fashionable displays of decision making, leadership, entrepreneurship, and the like, it is not clear that anybody is minding the store.

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NOTES

1. Contemporary formal organization expands not only across sectors and countries but in social and economic standing as well. The people associated with organizations commonly experience great social, economic, and political advantages.
2. The causes of these macro-historical cultural trends are complex. In many accounts, changes are tied to broad political shifts—the evolution of a feudal religious polity with medieval governance structures into the secular, administrative, and legal structures of modern-nation states (Tilly 1990). Enlightenment era philosophy, with its own evolutionary tale, also helped to consolidate and expand

secular individualism and scientific thinking. The expansion of rights has important junctures in the French and American Revolutions. We emphasize the rights explosion in the wake of World War II, as well as the rise of neoliberalism since the 1990s (Elliott 2007; Lauren 2003). As issues of rights, justice, and equality expand, they further undermine traditional notions of such as the divine right of kings (Bendix 1980) and in our own period the authority of heads of families and religious bodies. The clear consequence of these trends is that scope, scale, and nature of social structure change dramatically to reflect rationalizing cultural principles.

3. Indeed, much attention, in institutional theory, has been given to the way enterprising actors modify rationalized institutions (e.g., DiMaggio 1988; Zucker 1988). Causality can run in this direction as well as the one we address.
4. Modernization of the contemporary sort is not an inevitable trajectory. In fact, forms of modernization rest on particular cultural trends. For instance, one could imagine a scenario where contemporary income inequality in the United States or elsewhere, legitimized in a centralized world order, meant that only elites received reputable university degrees (see Collins 1979). Over a few generations, we might have fewer and fewer “professionals” available to provide the building blocks for expanded organization. It is likely, following our logic, that the consequence for social structure would be that organizational elaboration would shrink and simpler more bureaucratic forms reemerge. Such forms of modernization might also result, for instance, from the development of a strong global state.
5. Our focus is on organizations, but these processes cause changes in other units as well, such as individuals or states. Modern people, for instance, increasingly operate more like mini-organizations today, with clearly specified goals, elaborate planning, and obligations on an increasingly complex set of dimensions such as being environmentally friendly, eating healthfully and exercising, respecting others, finding personal fulfillment, keeping up a webpage or blog, and being productive.
6. Note that causal effects also run in the reverse direction. Organizational expansion can help propel expanded professionalization of the individualist sort discussed here.
7. We describe a cultural shift that generates increasingly rationalized and complex organizational environments. This may explain the recent explosion of scholarly attention to meso-level phenomena related to organizational environments, such as studies of institutional logics (Friedland and Alford 1991; Thornton et al. 2012), social movements, or “strategic action fields” (Fligstein and McAdam 2012). These studies tend to take the environment as a given and seek to understand how individuals and organizations cope with conflicting logics. We contribute by providing an explanation for increasing environmental and organizational complexity involved.
8. For example, the organization of production flows and chains is likely to be obvious and visible, will require relatively little management, and is transparently linked to outcomes. Similarly, the enforcement of political standards (say whether to drive on the right or the left) requires organization, but of a relatively simple sort. In both cases, of course, apparent rationality is often associated with much decoupling (Dalton 1959).
9. Good discussions of such views can be found in Perrow (2009) for a power-based explanation and in Fisman and Sullivan (2013), Roberts (2007), and Williamson (1981) for economic approaches.
10. Like Perrow (2009), we do not believe these approaches are mutually exclusive. Our point is that the dominant explanations overlook many widespread and constitutive cultural sources of contemporary organizational life.

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