INSTITUTIONAL LOGICS AND INSTITUTIONAL CHANGE IN ORGANIZATIONS: TRANSFORMATION IN ACCOUNTING, ARCHITECTURE, AND PUBLISHING

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ABSTRACT

We contribute to the literature on institutional and organizational change by integrating two related areas of study: the theory and methods of analysis informed by the research on institutional logics and historical-event sequencing. Institutional logics provide the theory to understand how the content of culture influences organizational change; historical-event sequencing reveals the underlying patterns of cultural transformation. We apply this dual perspective to the cases of institutional stability and change in organizational governance in three industries: accounting, architecture, and higher-education publishing. Research on governance has focused on changes in organizational design between markets,

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hierarchies, and networks. Missing from this research is an understanding of how institutions at the wider societal level motivate organizations to adopt one of these governance forms over another. We examine how the governance of firms in these industries has been influenced by the institutional logics of the professions, the market, the state, and the corporation by focusing on three mechanisms – institutional entrepreneurs, structural overlap, and historical-event sequencing. Overall, our findings reveal how accounting was influenced by state regulation producing a punctuated equilibrium model, architecture by professional duality producing a cyclical model, and publishing by market rationalization producing an evolutionary model of institutional change in organizational governance.

INTRODUCTION

Scholars of institutional analysis are producing vibrant branches of research in institutional theory and historical comparative sociology (Scott, 2001). For example, research has examined the consequences of a change in institutional logics for organizational decision-making (Thornton & Ocasio, 1999), and how the sequencing of historical events transforms institutional logics and organizations (Sewell, 1996). While these developing lines of research call for multiple approaches, they emphasize one aspect of institutional change and stability to the exclusion of another, focusing on either the consequences of a shift in the cultural content of institutional logics or on how the content of culture itself changed.

We address this gap by developing a theory and method of analysis combining the approaches informed by the research on institutional logics and historical-event sequencing. We apply this dual perspective to examine institutional stability and change in organizational governance – our dependent variable – in three industries: accounting, architecture, and higher-education publishing. Research on organizational governance has focused on understanding changes in organizational design between markets, hierarchies, and networks. Missing from this research is an understanding of how institutional logics at the wider societal level motivate organizations to adopt one of these governance forms over another. We explore the connection between organizational governance and broader interpretative schemes, which in theory reveal the values and beliefs underlying intentions, aspirations, and purposes that shape the organizing principles and strategy of action for organizations (Greenwood & Hinnings, 1993). We examine how the governance of firms in our three focal industries has been influenced in varying ways by the logics of the professions, the market, the state, and the corporation, focusing on both the consequences of change in institutional logics and on how the logics themselves change. We analyze how change happens by focusing on three mechanisms: institutional entrepreneurs, structural overlap, and historical-event sequencing. We also speculate more broadly by comparing the three industries with respect to how the institutional logics of different societal sectors drive various change patterns.

Following the review by Jones, Hesterly, and Borgatti (1997), we define organizational governance as the mechanisms that firms use to coordinate economic activity. Research on governance has been largely at the intra- and inter-organizational levels – working to understand organizational strategy and structure by applying the ideal types – markets, hierarchies, and networks (Williamson, 1975, 1991; Granovetter, 1985; Powell, 1990). These ideal types are distinguished by different normative bases for coordinating economic activity – for markets, it is competitive self-interest in contractual property rights; for hierarchies, the power and authority relationships of employment; and for networks, the cooperative complementarities among firms in skills and assets (Powell, 1990). However, to our knowledge there is no research that clarifies the sources of these normative bases operating in markets and organizations, and how these sources are influenced by societal-level cultural institutions. We empirically explore this analytical problem in a historical comparison of three industries.

Our approach is motivated by four concerns with current theory and empirical research on institutional and organizational change. First, organizational structures appear to be patterned in ways that cannot be fully explained by organizational field dynamics (Friedland & Alford, 1991, p. 243). Consistent with theory (Strang & Meyer, 1994), empirical research shows that the institutionalization of practice innovations in organizational fields and markets require legitimation from wider cultures (Davis & Greve, 1997; Thornton & Ocasio, 1999). Second, while institutional entrepreneurs may be agents of institutional change (DiMaggio, 1988), the source of their entrepreneurial ideas and how these ideas are associated with institutional change remains unclear. Third, the strategic use of persuasive language, or what is termed the reframing of vocabularies and rhetoric, is argued to explain change in institutional logics (Suddaby & Greenwood, 2005). However, the origins of the metaphors that enable competing rhetoric to displace current rhetoric often stem from outside the substantive cases under analysis. Last, although there is empirical evidence of institutional change as an evolutionary process driven by the linear rationalization of market capitalism, in all likelihood there must be other empirical patterns eluding the observations of social scientists.

Linking the new research on institutional logics and event sequencing provides an opportunity to further explore these concerns and gain insights to advance our ability to understand competing theories of institutional change and organizational governance. First, we define the theory and methods of institutional logics and historical-event sequencing. Second, we develop historical case histories for accounting, architecture, and publishing. Third, we apply our dual perspective to analyze the institutional change in organizational governance in the three industries. We conclude with synthetic comments on patterns of institutional and organizational change in organizational governance across the three industries and propositions for future research.

INSTITUTIONAL LOGICS AND HISTORICAL EVENTS

Institutional logics is a theory and method of analysis for understanding the influences of societal-level culture on the cognition and behavior of individual and organizational actors (DiMaggio, 1997). The cultural content of logics is represented in taxonomies of institutions organized by societal sectors. Western societies are composed of six societal sectors – the market, the corporation, the professions, the family, the religions, and the state. Each sector is defined by distinct and often conflicting cultural symbols and material practices that comprise its organizing principles. These organizing principles spell out the vocabularies of motive, the logics of action, and the senses of self for sector participants (Friedland & Alford, 1991). They reveal the deeply held and often unexamined assumptions by which reasoning takes place. The institutional logics of each societal sector shape an interpretation and view of archetypical organization structures and governance mechanisms used to coordinate economic activity as a part of a broader range of sector institutions. Table A.1 in the appendix presents the ideal type societal-level institutional logics for each of the six sectors derived from Weber (1922/1978). The elements of the sector logic (rows) represent theoretical predictions for institutional and organizational arrangements within the influence of that particular sector. When individual actors and organizations are influenced by the logics of multiple sectors (columns), they have the opportunity to create hybrid institutions.

We suggest that change or hybridization occurs through at least three mechanisms – institutional entrepreneurs, structural overlap (Thornton, 2004), and event sequencing (Sewell, 1996). Institutional entrepreneurs and structural overlap provide the opportunity and means for recombination of cognitive schema and cultural models, which are then amplified by others in the sequencing of historical events.

Institutional entrepreneurs (DiMaggio, 1988) are individual and organizational actors, who create opportunities for innovation and institutional and organizational change by exploiting cultural discontinuities. Similar to entrepreneurs who create opportunities by recognizing and exploiting economic and political discontinuities (Timmons, 1999), institutional entrepreneurs create opportunities by recognizing cultural discontinuities across multiple societal sectors, in Friedland and Alford's parlance, they live across societal sectors. Similar to entrepreneurs who discover opportunities based on their perceptions shaped by prior experience (Shane, 2000), institutional entrepreneurs also instigate change by discovering ways to innovate through structural overlap, thus blurring their primary roles and activities by moving from one societal sector to another.

We further suggest that the institutional entrepreneur is aware of the modularity of cultural elements within a sector and experiments with how they can be decomposed and recombined in hybrid ways. This creative rearrangement of sector parts has the effect of economizing on the processes of discovery, theorization, and institutionalization of novel practices (Swidler, 1986; Strang & Meyer, 1994). Sewell (1992, p. 17) argued, for example, that institutional entrepreneurs have the cognitive capacity to carry and transpose a wide range of incompatible schematic elements to a variety of circumstances outside the context in which they were initially learned, presenting new solutions to old problems.[1]

Structural overlap is when individual roles and organizational structures and functions that were previously distinct are forced into association (Thornton, 2004). Mergers and acquisitions are an example of structural overlap when organizational actors from divergent cultures are forced into association, triggering a change in institutional logics guiding the firm. When accounting firms incorporated management consultants into their organizations, this structural overlap shifted the focus of attention from overseeing the accuracy of client's books to using exposure to accounting ledgers to identify consulting opportunities. Similarly, this was at the heart of the contestation around the attempts to create multidisciplinary partnerships with the acquisitions between accounting and law firms (Suddaby & Greenwood, 2005).

The sequencing of historical events are theorized as the occurrences that dislocate, rearticulate, and transform structures (Sewell, 1996, p. 844). By structures, Sewell refers to changes in cultural schemas, shifts of resources, and the emergence of new sources of power. Because structures are often overlapping, any rupture has the potential of cascading into multiple structural changes, particularly when the events are characterized by heightened emotion, collective creativity, and ritual. The accumulation of events can result in a path-dependent process in which shifts in the symbolic interpretation of events are locked in place by simultaneous shifts in resources. Such sequencing produces more events that reinforce or erode the dominance of the incumbent logic. To use Sewell's examples, the cultural transformation of the French revolution was a significant event of new vocabulary, for example, Bastille, revolution, people, liberty, despotism, and so on – words that took on heightened emotion and new authoritative meanings that taken together reshaped politics. Cultural transformations were both stimulated and locked into place by simultaneous shifts in both resources (e.g., the transfer of control of guns and ammunition from the royal forces to the Paris militia) and in modes of power (e.g., the formation of the new Paris militia) (Sewell, 1996, pp. 861–862).

In the context of accounting, Edwin Waterhouse with his Quaker background exemplifies an institutional entrepreneur who drew on the logics of both the religions and the professions in promulgating the necessity of the auditing function in businesses (Jones, 1995). Indeed, Waterhouse's hybrid logics spurred the use of "Quaker ethics" as the basis for the fiduciary logic used by other accounting firms seeking to increase their legitimacy in the auditing function. Moreover, the historical sequencing of events around the aftermath of the South Seas speculative bubble in England further consolidated Waterhouse's following to the fiduciary logic.

A more recent example stemming from the Arthur Anderson scandal illustrates how the institutional logics of the professions, are transposed to another sector, the corporation. Dugan (2002) noted,

> Mr. Rider says that after Ernst & Young set sales goals for partners and put them through sales training in 1995, he spent one-third of his time on "practice development." "I sold professional services." Once, he says, a client barked at him: "Are you my auditor or a salesperson?"

In architecture, the sequencing of historical events, for example, the invention of the elevator, transformed aesthetic understandings of architecture. Jordy (1986) noted a change in logics with the rise of the Commercial school, which catered to real estate developers who wished to reduce building costs and economically use space to maximize their return on investment. The Chicago Commercial school was exemplified by Louis Sullivan's slogan *form follows* function and characterized by simplicity in ornamentation, an emphasis on economical use of land through height that was made possible by the elevator and a focus on blending interior and exterior space such as reduced wall size and more windows. Frank Lloyd Wright, Sullivan's employee–apprentice, amended and extended Sullivan's aesthetic orientation with his motto – *form and function are felt as one*. Wright transported this new aesthetic of simplicity and space from the Commercial school into residential (e.g., Robie Residence (1909), Falling Water (1934)) and institutional (e.g., Unity Temple (1906), Taliesin (1911)) buildings.

In sum, institutional entrepreneurs, structural overlap, and historical-event sequencing are the motors of institutional and organizational change. Historical sequencing of events provides the temporal framework to understand how structural overlap provides access to different institutional logics and how institutional entrepreneurs who perceived analogies and discontinuities in institutional logics turn them into actions that maintain stability or initiate change.

DATA AND METHODS

Methods of Analysis

The use of institutional logics requires the development of formal typologies. Typologies are composed of two parts: (a) the description of ideal types and (b) the set of assertions that relate the ideal types to the dependent variable (Doty & Glick, 1994). The development of ideal types is a method for the multidimensional classification of phenomena that are not restricted by the events of the selected cases and the characteristics of the organizations in the sample. As theoretical models, the ideal types offer hypotheses that can be tested by examining the similarities and dissimilarities between the institutional logics' ideal types and the independent and dependent variables presented in the cases.

Table A.1 abbreviates the key concepts and theories of the ideal types for each of the six societal-level sectors.[2] We developed industry specific instantiations of these societal-level institutional logics from our empirical data on accounting, architecture, and publishing. The external validation of the industry-level logics is supported by their degree of fit with the broader societal-level sector institutional logics derived from Weber (1922/1978), represented in Table A.1

Data Sources

We relied on historical and contemporary directories, books, articles, and news releases. The first author conducted 30 interviews with higher-education publishers, key investment bankers who specialize in publishing, and the staff of the Association of American Publishers. The second author conducted 38 structured in-depth interviews with architects, engineers, their clients, and the staff at the American Institute of Architects (AIA). While the third author conducted several informal interviews, his main data contribution stemmed from his prior experience as a certified public accountant (CPA) and as an employee of a large accounting firm. Based on this experience, he was able to share ethnographic experiences and interpretations of our historical data. We used these data sources to develop the ideal types presented in Tables 1, 2, and 3 and to associate them with the historical periods they dominated.

Case Selection

We selected cases based on the 2000 United States Census, which identified industries with knowledge-based assets as the fastest growing sectors of the economy – accounting, management consulting, architecture, financial services, and entertainment (e.g., film, publishing, and music). From these census categories, we selected accounting, architecture, and publishing because they represent the diversity of industries with knowledge based assets.

CASE INSTANTIATIONS

Accounting

The rise of public accounting as a profession began in the mid-1800s (Jones, 1995). Accounting has transformed from the *fiduciary logic* designed to protect the public interest from market opportunism at the onset of the industrial revolution in Victorian England to the present situation in which accounting is dominated by a *corporate logic* seeking profit maximization itself in the context of the Big Four firms (Price, Waterhouse, Coopers; KPMG; Ernst & Young; Deloitte & Touche) in a global business world (Zeff, 2003b). In the wake of repeated corporate scandals, self-regulation by the profession and corporate governance has been increasingly supplanted by state regulation and oversight.

According to the *fiduciary logic*, accounting firms' identity is that of a profession similar to educators, priests, lawyers, and physicians with responsibilities to the broader community (Jones, 1995). Logics of the professions dictate that accountants focus their attention on verifying the legitimacy of client's financial statements. In the late 1890s, the legitimacy of accountants to perform this role was a consequence of their reputation, standardization, and conservatism in an otherwise unscrupulous and unstandardized business environment. Their mission is to build the legitimacy of the public corporation and the prestige of the partnership. The authority of the profession is solidified through professional associations supported by government regulation (Dennis, 2000; Zeff, 2003a) and a strategy of standardizing audit procedures, accounting practices, and report presentation to authenticate client's financial statements (Jones, 1995; Zeff, 2003a). Governance of the accounting firm and adherence to professional values is maintained by restricting partnership/ownership to fellow CPAs (Zeff, 2003b).

The professional integrity of the fiduciary logic was initially influenced by the audit practices of Price Waterhouse and its partner Edwin Waterhouse, with his Quaker background and sense of integrity (Jones, 1995). Following this Quaker ethos, early professional associations worked to establish rules of conduct such as a ban on self-promotion (Zeff, 2003a). "In the historical case of the 'gentleman's Profession' of accounting, sales people were once unheard of and thought to be antithetical to preserving the mission and authority of the profession as the conscience of capitalism" (Dugan, 2002). Regulators recognizing the importance of reputation and expertise to profession building supported the development of audit procedures and accounting standards (Zeff, 2003a). In 1924, the Board of Tax Appeals certified that lawyers and CPAs were the only professionals qualified to practice before the board (Dennis, 2000).

In contrast, according to the *corporate logic*, accountants' identities are grounded in the belief that accounting is an industry in which attention should be focused on selling services and generating profits (Zeff, 2003b). Accountants' legitimacy is derived from the size of the firm and the scope of services offered (Previts, 1985). Moreover, their mission is to remedy the problem of seasonal stability (Previts, 1985) and to build the status of the firm through growth (Jones, 1995). Managing partners, management committees, and government regulation (Zeff, 2003b) are the authorities guiding this mission according to two strategies: (a) growth through mergers and acquisitions (Jones, 1995; Dennis, 2000) and (b) increasing differentiation on client services (Zeff, 2003b).

The accounting firm governed by a corporate logic resembles the private corporation with majority ownership concentrated in the hands of CPAs.

The corporate logic was vividly portrayed in the 1980 address given by Wm. R. Gregory, outgoing chairman of the American Institute of Certified Public Accountants' (AICPA) Public Oversight Board,

> It seems that the effects of the phenomenal growth in the profession and competitive pressures have created in some CPAs attitudes that are intensely commercial and nearly devoid of the high-principled conduct that we have come to expect of a true professional. It is sad that we seem to have become a breed of highly skilled technicians and businessmen, but have subordinated courtesy, mutual respect, self-restraint, and fairness for a quest for firm growth and a preoccupation with the bottom line. (quoted in Zeff, 2003b, p. 267)

Under this logic, firms began negotiating accounting treatments with their clients rather than dictating the standards, all to serve clients and protect their revenue base (Zeff, 2003b). In 1979, the chairman and chief executive of Arthur Anderson was forced into early retirement for suggesting that the company be split into two companies, audit and consulting. (Zeff, 2003b). Table 1 summarizes these ideal-type attributes as the fiduciary and corporate institutional *logics*.

The transformation of accounting in the United States from the fiduciary logic to the corporate logic, and a failure of both, which led to increasing state regulation has been driven, to a significant extent, by the historical sequencing of market and corporate scandals. We examine the transformation of these institutional logics and highlight the institutional entrepreneurs, structural overlap, and historical events that promoted this transformation in logics. The American public-accounting profession arose against the backdrop of an unregulated, unscrupulous business environment seen in the numerous bankruptcies associated with the South Seas speculative bubble (Jones, 1995). While England's Parliament pursued state regulation in the form of an audit requirement as early as 1856, the American public-accounting profession pursued professional control guided by a *fiduciary logic* to protect the public against unscrupulous investor behavior.

The Big Four accounting firms' formations can be traced back to Victorian London (Previts, 1985) and institutional entrepreneurs: Edwin Waterhouse (Jones, 1995), Arthur Young, and John B. Niven from Britain and Arthur Andersen, Charles Waldo Haskins, and Elijah Watt Sells in America (Zeff, 2003a) – all having founded firms and associations, and acting to institutionalize the profession with the fiduciary logic. For example, Edwin Waterhouse, in the name of the firm Price Waterhouse, entered the business-advisory practice of auditing in 1866. Waterhouse, a member of

Table 1. Ideal Types of Institutional Logics in Public Accounting.

Characteristic	Fiduciary Logic	Corporate Logic
Economic system	Personal capitalism	Managerial capitalism
Sources of identity	Accounting as a profession	Accounting as an industry
Sources of legitimacy	Reputation of CPAs Standardization and conservatism	Scale and scope of firm
Sources of authority	Professional association Government regulation	Management committee Managing partners Government regulation
Basis of mission	Build legitimacy of public corporation Build prestige of partnership	Build seasonal stability of firm Build status position of firm through growth
Basis of attention	Selling legitimacy	Selling services Generating profits
Basis of strategy	Standardize and authenticate client financial statements	Growth through mergers and acquisitions Differentiate on client service
Logic of investment	Build legitimacy of profession	Build wealth and career of partners
Governance mechanism	CPA partnership CPA ownership	Private corporation Majority CPA ownership
Institutional entrepreneurs	British: Waterhouse, Young, Niven American: Haskels, Sells, Andersen	Big Eight accounting firms
Event sequencing	1896–1921 State CPA legislation; 1933 & 1934 Securities acts 1938 SEC accounting series release no. 4	World War II 1965–1975 Consolidation to Big Eight Corporate merger wave 1970s–1980s FTC ruling on open competition 1980s–1990s Consolidation to Big Five 2001 Enron collapse 2001 Andersen bankruptcy
Structural overlap	Intentional reduction of overlap CPA – lawyers in tax practice	CPA – consulting CPA – lawyers in tax practice

the Society of Friends, conceptually framed auditing from the standpoint of ethics and hence set the tone for the fledgling profession. As railways expanded, their audit shareholders adopted the practice of an outside accounting adviser to legitimize the companies' accounting statements. The practice spread to banking and financial institutions, further solidifying the professional practice of audits (Jones, 1995). While at this time the insolvency business made-up the majority of revenues of accounting firms, the practice of audits continued to gain in popularity, and Price Waterhouse saw the opportunity to develop its nascent firm around this new market (Jones, 1995). As innovators and institutional entrepreneurs in the audit business, Price Waterhouse drew on their Quaker ethos to help shape the accounting profession – with honesty, ethical behavior, independence, and objectivity as the corner stones.

This fiduciary logic was institutionalized through the professionalization of public accounting from the late 1800s through 1930s. In 1887, 31 accountants formed the American Association of Public Accountants (AAPA). Although this organization lacked any statutory power and was limited in its influence (Dennis, 2000), it eventually evolved into the American Institute of Certified Public Accountants (AICPA), which has had power and influence over the profession since the middle of the 20th century. In 1896, the New York state legislature passed the first CPA accreditation law (Dennis, 2000) paving the way for other states to follow and establishing the present system in accounting of certification by each state rather than by a federal body. In 1902, the Industrial Commission called for annual audits of trusts (Dennis, 2000), which due to the lack of auditing and reporting standards, had little impact on practice but did set the precedent to give CPAs the jurisdictional claim over professional auditing services. In 1905, accountants gained a collective voice, when the Illinois national association took over publication of the *Auditor*, rechristening it the *Journal of Accountancy* (Dennis, 2000) and providing CPAs with a trade magazine to discuss the profession and its future direction, In 1913, the Sixteenth Amendment to the US Constitution ratified a levy of federal income tax, providing another service venue for accountants. By 1921 all 48 states had passed CPA legislation, in essence creating a legal franchise (Previts, 1985) and in 1924, the profession's role in tax work was solidified when the Board of Tax Appeals certified that lawyers and CPAs were the only professionals qualified to practice before the board (Dennis, 2000). Thus CPAs benefited from another legal franchise. Professional control of accounting was justified by a fiduciary logic and legally established within the American market by the mid-1920s.

The market crash of 1929 tested the professional control and public's trust of public accounts. With the crash came a public outcry over the breach of public trust and a greater reliance on public accounting to protect the public interest in the marketplace. The Securities Acts of 1933 and 1934, written in response to the 1929 collapse, changed the foundations of American business by requiring an audit by an independent public or certified accountant (Dennis, 2000), further solidifying a legal franchise to the public accounting profession. Professional self-rule received further support in 1938 when the SEC issued SEC accounting series release no. 4, recognizing the standards used by private-sector accountants. In essence, the SEC delegated its standard setting authority to the national association, now named the American Institute of Accountants (Dennis, 2000).

After World War II, accounting began to drift away from the fiduciary logic and move toward a corporate logic, driven by a focus on the selling of services and the government's reconceptualization of public accounting firms as corporations rather than protectors of the public trust. We see this shift toward a focus on services in Donald Perry, a Cooper & Lybrand partner, essay in *Accounting Review*, April 1944:

> Prior to the war the average accounting practice was largely composed of audit work and preparation of tax returns sweetened on occasion by nonrecurring system engagements or cases dealing with new financing. The scope of services rendered by accountants has been considerably extended in war time.
>
> (Previts, 1985, p. 73)

The new focus of selling services solved another problem for the accounting profession, slack resources. In 1945, Paul Grady (Andersen partner 1923–1942, executive assistant to the office of the Secretary of Navy, 1942–1943; Price Waterhouse partner, 1944–1960) wrote:

> The curse of public accounting in the past has been the tremendous stress and strain on all personnel during the first quarter of the year, accompanied by the large numbers of temporary workers … the basic causes of the old peak season are still with us and they must be conquered as a condition precedent to satisfactory progress by the profession.
>
> (Previts, 1985, p. 89)

From such addresses, it became increasingly clear that consulting engagements were not only a solution to the seasonal instability of the business because such engagements could be scheduled in times other than the peak season of the first quarter (Previts, 1985), but also now included in the very definition of the profession itself.

Shortly after this address, the profession started to focus in earnest on how to sell services. For example, in 1953, the AICPA started its first committee on management services to encourage smaller firms into the practice that the big boys, acting as institutional entrepreneurs, had already begun. For instance, Touche Ross had already been testing the waters since 1947 (Previts, 1985). The AICPA published information on advisory services in 1953 and 1957, outlining the scope of services and the ins and outs of the practice. In 1954, the AICPA stated that advisory services were becoming "the third dimension of accounting" (Previts, 1985).

Once more a market scandal punctuated the American accounting profession. The accounting profession this time both reasserted its importance and significantly decoupled itself from its protector role. In 1970, Penn Central Railroad went bankrupt (Dennis, 2000). The controversy regarding financial reporting and auditing came to light and the AICPA moved into action to maintain its legitimacy. The result, in 1973, was the Financial Accounting Standards Board (FASB), a board independent of the AICPA. Members of the board are or have been either CPAs or financial officers of corporations, ensuring an understanding of accounting. However, to maintain the appearance of independence, members must resign their positions during their term on the board. Thus, audit standards continued to remain in the hands of the AICPA and also became decoupled from the profession by the creation of an "independent" FASB board, supposedly distinct from the profession and its guardian role.

This decoupling process perhaps reflects a shift in the conceptual tone of the accounting profession from ethical institutional entrepreneurs like Edwin Waterhouse and Arthur Anderson to the influential role of The Big Eight accounting firms, who focused on service and reflected the market rationalization of their services. The Big Eight accounting firms resulted not only from mergers of accounting firms, but more importantly from the mergers of their corporate clients. Corporations began acquiring smaller companies as well as bringing subsidiaries closer in house, when this occurred, audits were conducted by the parent company's auditor. For example, Price Waterhouse Coopers (PWC) began auditing English Ford Motor Co. and its subsidiary in 1911 and continued until 1960 when the parent company, Ford, took it over and transferred the audit to its accountants, Coopers & Lybrand (Jones, 1995). In other instances, mid-size firms who were auditing smaller companies were absorbed into the Big Eight when their clients merged with corporations.

> Price Waterhouse was, therefore, active in the movement which led to the polarization of the profession. In order to serve existing audit clients adequately and compete effectively with its major competitors it was forced to merge with medium-sized practices in various locations. This process, repeated elsewhere, was responsible for the virtual disappearance of the medium-sized accountancy firm.
>
> (Jones, 1995, p. 276)

With the consolidation of the industry, accounting firms began to look more and more like the companies they were auditing.

The consolidation of public accounting and the shift from fiduciary to corporate logics is reflected in the Federal Trade Commission (FTC) actions that forced the profession to alter its code of conduct to allow for competitive bidding, direct and uninvited solicitation of clients, and to allow commissions from non-attest clients during the 1970s and 1980s (Zeff, 2003a). The FTC actions treated accounting firms as it would a corporation attempting to increase the saliency of the corporate logic within the profession. "Competition among firms came to be signified more in the idiom of commerce – the aggressive pursuit of profit – thus, creating conflicts with the previous organizing conception of professional values" (Zeff, 2003a, p. 202). This competition among accounting firms had the effect of driving down auditing prices (Zeff, 2003a). As a result income targets were set by upper management, underperforming partners were replaced, and non-CPA partners were increasingly included in management (Zeff, 2003b). These competitive pressures were central forces in consolidating the Big Eight to the Big Five. Soon accounting firms began to offer partner incentive packages similar to those offered by their clients, clients increased the pressure on auditors to "negotiate" accounting stances in response to their own incentive packages, and consulting services were seen as reducing the independence of the audit firm (Zeff, 2003b). The structural overlap of these previously distinct functions that had been adamantly restricted under the fiduciary logic was now not only embraced under the corporate logic, but was increasingly propelled by the marriage of accounting and consulting services to clients.

Market scandals once again punctuated the accounting profession and dominated the public discourse. In 2001 and 2002, Enron, WorldCom, Adelphia, and Global Crossing are just a few of the high-profile corporate scandals grounded in accounting malfeasance to rock the investment world that have been complicated by this structural overlap of auditing and consulting. The Big Five accounting firms have been reduced to the Big Four with the bankruptcy of the Anderson accounting firm in the wake of the Enron collapse. Self-rule of the accounting profession is viewed with skepticism. The Sarbanes-Oxley Act of 2002 created the Public Companies Accounting Oversight Board (PCAOB), a private non-profit corporation charged with protecting investors and ensuring that the financial statements are audited with high standards of quality, independence, and ethics. This independent board will replace the AICPA's Audit Standards Board as the entity responsible for setting audit standards, and will foster further moves away from a reliance on the fiduciary logic as a governance mechanism for accounting. In 2005, the US government publicly accused KPMG, one of the remaining Big Four accounting firms, with selling tax shelters it knew were unacceptable to the Internal Revenue Service, depriving the public of tax income while generating $124 million in fees for the firm. Ironically, the government is reluctant to indict KPMG for fear that there will not be enough large accounting firms to audit America's large corporations (Nocera, 2005).

Throughout the history of the accounting profession, transformation has been predicated, externally, by financial scandal and followed by regulation. Auditing began in England in response to insolvencies (Jones, 1995). The market crash of 1929 led to the creation of the Securities and Exchange Commission as well as the early development of standardized accounting principles. Penn Central's bankruptcy predicated the move to the FASB as an independent authority of financial reporting. The FTC expanded the structural overlap and competitiveness of the profession by forcing the AICPA to liberalize its professional standards (Zeff, 2003b). And finally, Enron sparked the transformation to an independent board (the PCAOB) to oversee audit procedures (Dennis, 2000). These external incidents have all contributed to move the profession from a fiduciary logic to a corporate logic, which is increasingly regulated by the state.

Internal to the profession, efficiencies and growth have fueled change. World War II exposed the profession to additional markets and services, opening the opportunity to utilize slack resources through the reduction of the seasonality of work processes (Previts, 1985). The widespread growth and consolidation of accounting firms fostered the need for alternative control structures and organization within the firm (Zeff, 2003b). In response to competitive pressures brought on by the liberalization of professional standards and structural overlap, accounting firms created incentive pay packages and escalated non-CPA ownership as a means to motivate and retain productive personnel (Zeff, 2003b). In essence, the accounting firm had transformed from a professional firm to a corporation. The American accounting firms led this transformation from fiduciary to corporate logic with their emphasis on selling services. For example, Canadian accounting firms experienced this transformation much later during the late 1980s and early 1990s (see Greenwood, Suddaby, & Hinings, 2002).

Ironically, accounting originally became a profession and adopted the fiduciary logic because of the failure of the market to protect the public investor from unscrupulous firms. However, market rationalization by accounting firms and public scandals leading to increasing regulation by the state highlight how the accounting profession in embracing a corporate logic abandoned its original mission to uphold the fiduciary professional logic. In this process, large public accounting firms became accused of accomplices of unscrupulous behavior. This shift in logics was seen as the cause of accounting malfeasance – the inability of the accounting firms to proctor the oversight of corporate ledgers – resulted in greater state regulation.

Architecture

The origin of the architectural profession dates to Vitruvius, a 1st century Roman writer, who described an architect as one who ''combined firmness and utility with beauty'' (Boyer & Mitgang, 1996), providing the seeds for multiple interpretations of architecture as beauty, utility, and safety. The American architectural profession has focused on beauty with designers as the ideal professional (Brain, 1989; Cuff, 1995; Fisher, 2000), whereas a concern for safety and utility is most oft associated with engineering ideals and has been used by architects who were also trained as engineers (e.g., Guillén, 1999; Woods, 1999). Thus, the American architectural profession is comprised of a pair of often-competing logics: an artistic concern for the beauty of the built environment, emphasizing design skills, and a concern for safety and utility of buildings, emphasizing technology. These logics combined with corporate and market logics to create two hybrid logics, an *aesthetic logic* and an *efficiency logic*. Although the AIA and scholars of the architectural profession (e.g., Blau, 1984; Brain, 1989; Cuff, 1995, Gutman, 1988) recognize only the aesthetic logic, scholars who discuss critical American buildings (cf. see Jordy, 1986 and Pierson's, 1978 series on American buildings) reveal the key role of architect–engineer and how the architectural profession has been oscillating between these two logics for over a century.

The logic of aesthetics marries the profession's artistic concerns with the marketplace. According to this logic, the identity of the architect is that of the artist–entrepreneur, who as a solo practitioner uses the design skills of his or her small boutique firm to enhance the beauty of the built environment. Their legitimacy stems from their reputations as artists and the visibility of their buildings within communities and throughout history. For example, the first ''celebrity'' architect was H. H. Richardson, who helped to establish architecture as an American profession in the 1850s (Woods, 1999, p. 110). Authority resides in the artist–entrepreneur in their *atelier* – an apprenticeship and mentoring system that teaches and focuses attention on design. The aesthetic logic also exerts control on practices through university programs, registration exams, and design competitions. Their mission is to build their firm's prestige and reputation, primarily through design competitions juried by fellow professionals. Because buildings are a very expensive art form, architects' strategy depends on connections with prestigious and wealthy patrons and, more recently, public agencies for commissions (Gutman, 1988; Larson, 1993). Attention is focused not only on design in resolving building problems, but also on business skills in establishing the practice (Blau, 1984; Blau & McKinley, 1979; Draper, 1977; Mintzberg, Otis, Shamsie, & Waters, 1988; Jones & Lichtenstien, 2000). This hybridized mix of profession and market logics stems from a lack of state and federal funding for arts and buildings during the formative early years of the profession and the nation. Thus, American architects relied more on the marketplace than their European counterparts. As Woods (1999, p. 168) points out, "French, German and Italian architects aspired to public positions, state appointments that on the Continent conferred honor and authority… . British architects…although independent practitioners…shared the upper-class aversion to 'trade'." For American artist–entrepreneurs, the central challenge is "to somehow stand apart from commercial pressures but still compete within the market" (Woods, 1999, p. 31).

One of our interviewees described the aesthetic logic with "We love architecture and we do it out of a love for the profession. I like to start out with a blank sheet of paper and a year later have a building that is a great building or start out with an old run down historic building and a year or year and a half later end up with something wonderful… . Leaving the world with good architecture is a value of ours." This aesthetic logic is the ideal that dominates the profession, both historically (Brain, 1989; Draper, 1977; Blau & McKinley, 1979; Woods, 1999) and more recently. A comprehensive survey of over 35,000 students in 103 accredited architectural programs during 1994–1995 by the Carnegie Institute showed the top two priorities for students entering architecture: 44% wanted to use their creative abilities and 39% wanted to improve the quality of the built environment (Boyer & Mitgang, 1996).

In contrast, the logic of efficiency marries the profession's safety and utility concerns with the corporation. Within this logic, an architect is often a managing partner in a large architectural–engineering (A–E) firm whose identity is based on their ability to resolve technological challenges and enhance the utility of a clients' buildings. Their legitimacy derives from using science and technology to resolve building problems, generally in regard to efficient and economical usage. They tend to practice in large multidisciplinary, and increasingly global firms and are organized by specialization. Authority and governance is hierarchically based—a principle in charge oversees the work of many staff and project architects, engineers, and other specialists. The mission for architect–engineers is to gain building commissions for large corporate clients, which provides technological challenges and also supports the staff of their large, multidisciplinary firms. Their attention is focused on technology and how new innovations can enhance a building's safety and utility and create more efficient and economical construction processes.

The logic of efficiency was articulated by William Le Baron Jenney in an 1889 lecture to young architects:

> Engineering is the science of building well and economically, and architecture is the application of art to engineering… . The practical is at the bottom of the whole, and underlies all that makes claim to architecture. The plan and the entire construction…is purely practical science, leaving but a small and superficial area for the application of art.
>
> (quoted in Jordy, 1986, p. 40)

Although the efficiency logic represents only 2% of architectural firms (e.g., firms that have more than 100 employees), these firms have historically cornered a larger portion of billings in the building market (Blau, 1984; Boyer & Mitgang, 1996; Boyle, 1977) and continue to do so (AIA, 2003).

Although the efficiency logic is acknowledged neither by AIA rhetoric nor scholars of the architectural profession, these two hybrid logics have long coexisted in dialectic tension and represent a partitioning of the building market in the United States. The small boutique firms make up almost two-thirds of all architectural firms and are more likely to garner design awards. In contrast, the less numerous but larger multidisciplinary firms (e.g., only 2% of firms have 100+ employees) corner the larger share of building revenues (AIA, 2003). The remaining almost one-third of architectural firms involve solo practitioners; they plod along, making a living but unlikely to either garner design awards or build the corporate offices and facilities that generate large building revenues. Thus, two distinct and viable niches – design awards or volume dollar sales – coexist in the architectural profession. Table 2 presents the ideal type attributes of the aesthetic and efficiency institutional logics.

In the United States, the profession of architecture has cycled between the aesthetic and efficiency logics as seen in the dominant building styles: Beaux-Arts, Commercial school, Art Nouveau/Arts and Crafts, Modernism, Postmodernism, and the current confusion. These cycles between the aesthetic and efficiency logics within the architectural profession reflect the historic rivalry between architects and engineers based on a guiding logic of design aesthetics versus technology. These cycles in dominant styles and

Table 2. Ideal Types of Institutional Logics in Architecture.

Characteristic	Aesthetic Logic	Efficiency Logic
Economic system	Personal capitalism	Managerial capitalism
Sources of identity	Architect as artist–entrepreneur	Architect as engineer–manager
Sources of legitimacy	Reputation of architect Aesthetics of design	Scale and scope of firm Efficiency and economics of design
Sources of authority	Design prowess	Managing partner or supervisor
Basis of mission	Build personal reputation Build prestige of firm	Build multidisciplinary firm Build market position of firm
Basis of attention	Resolve design problems and entrepreneurial challenges	Resolve technological and organizational challenges
Basis of strategy	Increase prestige of patron or government sponsor Win design competitions	Increase number of corporate clients and engagement frequency Increase markets for services
Logic of investment	Build wealth and prestige of entrepreneurs	Build wealth of partners
Governance mechanism	Entrepreneurial firm (atelier) Profession	Partnership ownership Private global multidisciplinary corporation
Institutional entrepreneurs	H. H. Richardson, R. M. Hunt, R. R. Ware, Robert Venturi	Louis Sullivan, Wm Le Baron Jenney, Walter Gropius, Mies Van der Rohe
Event sequencing	1857 Founding of architecture profession 1893 Chicago Fair reinforces aesthetic of Beaux art tradition 1967 Postmodernism treatise rejects aesthetic of minimalism	Increased immigration and industrialization 1871 Chicago fire provides commercial building opportunities World War I provides building opportunities and implementation of new aesthetic, which rejects history World War II immigration of modernist architects to US
Structural overlap	Professions – architects, engineers, and contractors Clients – government and wealthy individuals as patrons	Professions – architects, engineers, and contractors Clients – real estate speculators and corporations

partitioning of the building market are sparked by the structural overlap among architects, engineers, contractors, builders, and other specialists who vie for control of building projects. This competition hybridizes the logics seen throughout architectural history such as those of the artist–entrepreneur and the architect–engineer. Because buildings are expensive, a focus on one type of client – government, wealthy patron, or large corporation – shifts architects from focusing on buildings as statements of beauty to buildings as investment tools. It is enlightening to review the historical sequence of events and the institutional entrepreneurs who triggered cycles in these hybrid logics.

Beaux-Arts, which emphasized the traditional and historical foundations of beauty, was revealed through design competitions (Draper, 1977). This aesthetic logic was imported from France and institutionalized into to the US by several institutional entrepreneurs: R. M. Hunt, H. H. Richardson, William Robert Ware, and the architectural partners McKim, Mead, and White. R. M. Hunt and H. H. Richardson were trained in Paris at the Ecole des Beaux-Arts and founded the American Institute of Architects in 1857. H. H. Richardson was one of the most influential and prolific American architects of the 19th century, whose influence is seen in the "Richardsonian" style based on Romanesque traditions (Burden, 2002). The Beaux-Arts approach was institutionalized into architectural education by William Robert Ware, who hired Beaux-Arts faculty when he founded both MIT's (1868) and Columbia's (1871) architectural programs (Woods, 1999). Finally, the Beaux-Arts approach was institutionalized into architectural practice by the firm of McKim, Mead, and White, which was one of largest architectural firms but also emphasized design. The firm's partners trained apprentices in an atelier style (mentoring and oversight of apprentices by a master). Over 500 architects who were trained by McKim, Mead, and White founded their own architectural practice (Woods, 1999, p. 146).

The hybrid logic of the architect–engineer and the market niche of Commercial architecture arose when increased immigration and industrialization put pressure on land use in major cities. The Commercial school is most associated with Chicago, where an 1871 fire razed 61,000 (or one-third) of the city's dwellings (Jordy, 1986) and allowed Chicago to dramatically revise its building landscape. In addition, its population doubled and its real estate value went up over 600% between 1880 and 1890, "from $130,000 per quarter acre to $900,000" (Dupré, 1996). Such institutional entrepreneurs as Louis Sullivan and William Le Baron Jenney of the Commercial school were engineers who had become architects, allowing them to solve the technological challenges of tall buildings. The first true skyscraper, which used a metal framework rather than walls to support the building, was the Home Insurance building by William Le Baron Jenney in 1895. Another institutional entrepreneur, Burnham, an architect–engineer in a leading Chicago firm at the turn of the 19th century, stated: "you can't do big things unless you have big organization" (Boyle, 1977, p. 315). For example, a large commercial project in the late 1800s required between 3,500 and 5,500 drawings and copies, all of which were done by draftsmen (Woods, 1999, p. 121). Financed by the Brooks brothers, real estate speculators from Boston, the Chicago Commercial school promulgated the purpose of buildings as an investment tool. The Commercial school minimized building ornamentation because it was costly. The public did not react favorably to this new style. Architect–Engineer William Le Baron Jenney's Leiter store in 1879 was criticized by neighboring landlords who protested against its "meanness of appearance" (Jordy, 1986, p. 13). These negative reactions signified Americans' concern about the onslaught of industrialization and technology and a desire by many to reaffirm traditional and historical conceptions of buildings and beauty.

The Chicago Fair of 1893 reflected these social strains and reactions against industrialization and commercialization. During the Fair, the buildings that reaffirmed the Beaux-Arts ideals of ornamentation and classical style were popular and influential (Brain, 1989). In addition, the Arts and Crafts movement, which started in Britain and moved to the US in the late 1800s and early 1900s, called for a return to handcrafted furniture, textiles, houses, and other objects, rejecting mass-produced items (Clark, 1972; Cumming & Kaplan, 1991). Thus, we see at the end of the 1800s, a conflict between the aesthetic and efficiency logics, reflecting the social transitions of the era. As Brady (2000) noted "The underlying issue was whether creativity or technology should be the stronger design determinant." The aesthetic logic reacted against industrialization, valorized classical aesthetic, and historical traditions, and saw the practitioner as an artist–entrepreneur. In contrast, the efficiency logic drew upon such new technologies as metal frames and elevators to solve building problems of urbanization, cultivated a new aesthetic of "modernism" based on new materials and mass-produced products, and required large, multidisciplinary practices of architects, engineers, and contractors to design and erect tall, complex buildings.

In the US, Frank Lloyd Wright was an institutional entrepreneur who transposed the modern aesthetic from commercial buildings for corporate clients in urban centers to residences for wealthy patrons in suburban areas. In 1887, Wright began working for Louis Sullivan, one of the premier institutional entrepreneurs of the Chicago Commercial school (Blake, 1996;

Jordy, 1986). By 1902, Wright had his own practice and designed residential homes and churches in a modernist aesthetic. The modern aesthetic was characterized by minimal ornamentation and a refusal to imitate historical traditions, embraced new technologies and materials, and heralded a "democratic" architecture. The modernist esthetic of structural minimalism is captured by Mies van der Rohe's famous dictum: *less is more*. Between 1925 and 1928, modernism was an international movement; European architects, dismayed by the ravages of World War I, rejected historical precedence and looked to technology to transform society (Larson, 1993). The modernist aesthetic, however, did not become a dominant style in American architecture until the 1930s, when European modernist architects – trained in countries with high rates of engineers in their populations (Guillén, 1999) – fled Hitler and accepted positions in key US educational institutions. For example, Mies van der Rohe fled to the Illinois Institute of Technology in 1939 and Walter Gropius to Harvard's Graduate School of Design, heading the school from 1937 to 1953. Modernism, which began with a focus on technology, engineering, and commercial buildings, was transformed from an efficiency to an aesthetic logic through the house designs of Frank Lloyd Wright and Walter Gropius.

Postmodernism arose in reaction against the unintended consequences of modernism. For example, Wright's ideals of individual houses spread outside the city created urban sprawl and Mies van der Rohe's "rational cities" created "monotonous, curtain-walled office parks along beltways and elsewhere" (Blake, 1996, p. viii). As Blake (1996, p. ix) noted: these modern masters scaled cities and the built environment to the automobile rather than the pedestrian, removing the "human scale" that attracted people to cities. Postmodernism also arose in reaction against the cooptation of modernist architects by large corporate clients and against sterile landscapes described as white, glass boxes. Robert Venturi, who taught at the University of Pennsylvania, published his treatise against modernism in 1967, heralding the postmodern movement. Venturi was famous for his dictum, "Less is a bore!" in playful opposition to Mies van der Rohe. Scholars vary in their perceptions of when postmodernism began and declined, ranging from 1965–1988 (Larson, 1993) to 1970–1995 (Blake, 1996). Postmodernists drew upon ideals similar to those of Beaux-Arts – ornamentation and historical traditions – but differed with the use of multiple styles in one building. Ironically, postmodernism initially rejected architects' reliance on corporate clients but became influential only after large multidisciplinary firms such as Skidmore, Owings, and Merrill used postmodernist aesthetics to build corporate offices.

Since 1996, architecture has been in a "state of crisis." Leading scholars and Deans of architectural schools argue that postmodernism is the culprit because postmodernists rejected both pure historical art traditions, seen in revival movements, and technology as their basis for legitimacy and a means for developing a dominant aesthetic. This wholesale rejection left the profession without clear legitimating claims against competitors such as contractors, engineers, and project managers (Boyer & Mitgang, 1996; Fisher, 2000). Since the mid-1980s, architecture is increasingly dominated by design–build, organized by contractors who hire architects and focus on cost reductions through streamlining the construction process. Design–Build integrates the design and construction phases, placing them both under the control of the contractor. One of our architects explained, "You have to design to a budget instead of to the need… . And you design differently." Design–Build values and rewards the shortest construction time, which saves the investor money. The rise of a logic of efficiency during the mid- to late 1980s corresponds roughly with a shift to the right in the US seen in the election of Reagan from 1981 to 1989, which emphasizes market forces and reduced spending on social goods such as public buildings. In addition, industry consolidation reduced the number of corporate clients and correspondingly the variety of potential approaches to buildings, reinforcing the primacy of efficiency over the aesthetic logic.

Architecture in the US has been guided by the logics of the profession hybridized in two variants: profession-market seen in an aesthetic logic and profession-corporate seen in an efficiency logic. In the early years, architects were forced to operate within the market since little government support was provided. As a professional, the architect enhanced the beauty of the built environment with their design skills. As an entrepreneur, the architect competed in the building market. This founding hybrid logic is still seen in boutique design firms and the large number of solo practitioners and small firms that populate the profession. An alternative hybrid logic, profession-corporation, arose with industrialization and was made possible by new technologies such as metal frames and elevators. Architects were also engineers, and they created new kinds of buildings – skyscrapers – that used space economically. These new buildings required large architectural firms due to the need for many draftsmen and specialists. These firms arose in response to the corporate demand for buildings and continue to capture this important and profitable niche (Blau, 1984; AIA, 2003). Thus, architecture in the US has specialized niches with two distinct hybrid logics: the artist–entrepreneur who runs a small, boutique design firm guided by the logics of the profession and the market, and the managing partner who runs a large, multidisciplinary practice guided by the logics of the profession and the corporation. The ideals underlying these logics – design versus technology – are reflected in the cycles of aesthetic versus efficiency logics that have permeated and driven the practice of architecture.

Publishing

The origin of the publishing industry dates back to the distribution of bibles shortly after the invention of the printing press in the 15th century. Since then publishing has segmented into specific markets – religious, trade, school, higher education, professional, and children's books. With the rise of compulsory education in the early 1900s, large hierarchical school textbook companies developed. As educational institutions continued to develop, the higher-education market increased in size and stability relative to other publishing markets. As a result, publishers who had previously specialized in other markets such as trade and schoolbooks began to diversify into the higher-education market in search of more predictable revenues.

Since the 1950s, the higher-education publishing marketplace has changed from a culture of independent domestic publishers organized according to relational network structures (Coser, Kadushin, & Powell, 1982; Powell, 1990) to one currently exemplified by international corporate hierarchies (Epstein, 2001; Dreazen, Ip, & Kulish, 2002). The acquisition of many independent, old-line publishing houses by major corporate and foreign buyers has galvanized a new business culture (Tebbel, 1987; Greco, 1997). We examine the economic conditions in the marketplace and the management culture of the late 1950s and trace their development as the seeds of institutional change, progressing through the 1960s, 1970s, 1980s, and into the 1990s. Historian John Tebbel (1981) called this transformation the great change from the gentleman publisher, focused on establishing personal imprints and author–editor relationships, to the corporate manager, focused on building market channels and the market position of the firm.

The historical sources and publishers in the interviews characterized higher-education publishing in the 1950s and 1960s as dominated by small houses that were privately owned by families and individuals who engaged in publishing as a lifestyle and a profession. The dominant authority was the founder–editor, whose legitimacy stemmed from their personal reputation in the field, their position in the organizational hierarchy, their relational networks with authors, and the stature of their books (Coser et al., 1982). The founder–editor's expertise was embodied in the individual person, and because of the uncertainty in the precise ingredients of a best seller, these leaders were accorded professional status (Hirsch, 1972).

During this era, publishers viewed their mission as building the prestige and the sales of their publishing houses. To do so, they focused their attention on strategies of organic growth, hiring and developing editors with the best reputations to build personal imprints, develop new titles, refine backlists of existing titles, and nurture relationships with authors (Asser, 1989). Editors were rewarded for their success with prestige in publisher and academic circles and in some cases by the establishment of their own personal imprints. Personal imprint publishing is an organizational form that recognizes the importance of personal and relational networks in developing new authors and manuscripts. It emphasizes the editor's professional autonomy and freedom from the influences of management and hierarchy (Powell, 1985). Governance was by family ownership and independent publishers' participation in trade associations (Chandler, 1992). Both of these practices emphasize committing capital to one's firm as a logic of investment (not necessarily seeking the highest market return on the capital). Table 3 summarizes the first set of ideal-type attributes as the *editorial logic*.

The editorial logic during this time was exemplified by comments from the executive in charge of strategic planning for a major higher-education publisher.

> In the 1960s, publishing was a different world. Most of the companies were small and private. Nobody talked about profits; sales, yes, but not profits… . Nobody cared that much about making a lot of money. You went into publishing because you liked books and authors… . A lot of the publishing companies in those days were still run by the grand old men of publishing. I used to see Mr. Knopf come in every day with his white hair and his cane and walk into his dark blue velvet office with a great mahogany desk. These were truly devoted editors, who were really into literature… . And so, this world was really not about business, you went into publishing because you liked authors and books.

The historical research and publishers in the interviews described a change that occurred in the identity and organization of publishers during the 1970s: a shift from the view of publishing as a profession to that of publishing as a business. With the change to publishing as a business, the dominant form of leadership and authority became the CEO, whose legitimacy stemmed from the firm's market position and performance rank, the corporate parent firm, and public shareholders. The mission was to build the competitive position of the firm and increase profit margins. To do so, executives changed their focus of attention to counteracting problems of

Table 3. Ideal Types of Institutional Logics in Higher-Education Publishing.

Characteristic	Editorial Logic	Market Logic
Economic system	Personal capitalism	Market capitalism
Sources of identity	Publishing as a profession	Publishing as a business
Sources of legitimacy	Personal reputation Education value	Market position of firm Share value
Sources of authority	Founder–Editor Personal networks Private ownership	CEO Corporate hierarchy Public ownership
Basis of mission	Build prestige of house Increase sales	Build competitive position of corporation Increase profits
Basis of attention	Author–Editor networks	Resource competition
Basis of strategy	Organic growth Build personal imprints	Acquisition growth Build market channels
Logic of investment	Capital committed to firm	Capital committed to market return
Governance mechanism	Family ownership Trade association	Market for corporate control
Institutional entrepreneurs	Prentice-Hall Richard Prentice Ettinger	Thomson Michael Brown
Event sequencing	Increased public funding to education Increased college enrollments Wall St. announces good investment	Founding of boutique investment bankers Founding of publishing finance newsletters
Structural overlap	1950–1960s Prentice-Hall internal corporate ventures and spin-offs 1960s Acquisitions wave	1980s Acquisitions wave

resource competition using strategies such as acquisition growth and building market channels. This attention to *marketing* books is in sharp contrast with the older editorial logic. Under that logic good books sold themselves by favorable word of mouth (Powell, 1985, p. 10), so there was little point in investing in marketing a good book. Tebbel (1996) reinforced this point by noting that in the 1960s modern marketing methods were rare in publishing, but most publishers were emphasizing the most advanced marketing techniques by the early 1980s. The logic of investment is to commit capital to its highest market return; hence the emphasis on marketing techniques and financial models. Table 3 summarizes this second set of ideal-type attributes as the *market logic*.

The market logic during this time was exemplified by one veteran publisher.

> If you take it back to the 1960s, I remember seeing some things that were odd by publishing standards at the time... . The conglomerate phenomenon was one. It was not only the big companies outside the industry buying publishers, but there were some internal examples... . What sticks in my mind was the guy who put together InText. Buying up all those little companies to make one big important company. We real publishers looked at this and wondered – why was he doing this? This didn't fit publishing as we knew it... . All of a sudden what were really editors were now managers. The outside conglomerates gave up and divested... . They couldn't understand the business...that we don't break even until nine months into the year... . But the conglomerate acquisitions gave publishers a first glance at finance skills and a new business – investment banking... . Maybe that is why we now (1991) have a market for publishing companies.

We now shift our focus from the content to the transformation of institutional logics. With growth in the college and university market, publishers needed new sources of expansion capital beyond those provided by retained earnings and the limited debt financing available to family-owned publishers. The increased state and federal support in the 1950s and 1960s were important policy events, resulting in a building boom for colleges and universities and a growing market for publishers (Coser et al., 1982). The growth of these institutional structures more easily identified the customer, the college professor (Powell, 1985), and also made use of college-supported bookstores to reduce distribution costs, in total making revenue sources more predictable. While these conditions were solutions to key problems plaguing publishing, the problem of expansion capital remained. As the historical events reveal, the problem of expansion capital was remedied by the creativity of institutional entrepreneurs.

The best-known institutional entrepreneur is the cofounder of Prentice Hall (PH), Richard Prentice Ettinger, a New York University professor of corporate finance who successfully self-published his first book in finance. More than any other publisher, Ettinger and PH brought the practices of financial, editorial, and marketing entrepreneurship to the craft of publishing and in so doing created a standardized and multiplicative model of organization (Tebbel, 1981).

Rather than relying on external bankers, PH diversified and used its cash-rich subscription-services businesses, such as its loose-leaf tax services, financial services, and incorporation services of the New York Institute of Finance, to fund a major investment in book publishing in the 1950s. Tebbel, the publishing historian, described how PH emerged as more individual and independent than other publishers. In comparison to a few competitors, most notably McGraw-Hill, PH had an unusual profit-sharing plan, a paternalistic attitude toward its employees, and organized and operated its business along the more or less standard corporate lines that characterize non-book businesses (Tebbel, 1981, pp. 247–248). These founding principles motivated expansion by both organic and acquisition growth. By 1962, PH had become the largest publisher of college books in the world with 22 divisions and subsidiaries (Tebbel, 1981, p. 250). Moreover, PH had spun off more companies that successfully established themselves as players in the industry than any other publisher. How did such institutional change take place?

One former president of PH stated,

> When John Powers was president of PH in the 1960s he admired the job ''Tex'' Thornton was doing in building the conglomerate Litton Industries. Powers was enamored of the idea of separate and independent profit centers and transposed this corporate logic to PH to motivate entrepreneurial publishing. (Interviews with the former CEO of an international higher-education publisher 1991, 1999)

Another former president added, ''PH also was the first college publisher to formally train its editors and sales reps to sell and think about markets. Until then, college travelers were old fashioned bards and anachronistic public relations arms carrying gossip from one professor to another. When Paul Andrews became head of the college division, he really pushed the concept of selling – it changed the industry'' (Interviews with a former president and CEO of a major higher-education publisher 1994, 1999).

The PH sales training programs were the seed garden for the editorial talent needed to propel newly founded and acquired divisions. Even executives in competing companies proudly stated that they were initially trained by the PH method, including past presidents of Addison-Wesley and Holt, Rinehart & Winston (Interview with a former executive of a major higher-education publisher and director of a university press 1991). And while competing companies such as Macmillan and Harper worried about employee unions, PH motivated its employees through an innovative combination of public-stock offerings and employee profit-sharing arrangements. As Ettinger envisioned, founders and rejuvenators were paired to stimulate ''group management'' and break down the traditional model of management by a dominant individual editor characteristic of 19th century publishing. First-generation editors initially trained at PH went on to train publishers who founded second-generation companies such as Brooks/Cole and Prindle, Weber & Schmidt.

These sibling companies were not only related by common sales and editorial training experiences, they were also linked by sophisticated financing and employee incentive policies. For example, when Wadsworth and Merrill were spun off from PH in 1964, PH shareholders received a share of Wadsworth and Merrill stock for every 10 shares of PH stock they owned. This was a dividend to PH stockholders in recognition of reduced earnings from funding the start-up and acquisition costs of Wadsworth and Merrill. Moreover, the employee profit-sharing plans were partially invested in the stock of these companies, thus linking owners, managers, workers, and other stockholders of the PH family of companies.

While the institutional entrepreneurs of PH transposed a combination of institutional logics from the family, the market, and the corporate societal sectors and set in motion a cultural transformation of the publishing business, at its core PH remained true to an editorial logic. It built its business solely among publishers who knew better than any 19th century publisher the value of book contracts that are made successful by the richness of author–editor networks. However, as the PH model spread through its family genealogy of companies, a sequence of historical events and conditions aligned to erode the dominance of the editorial logic.

Demand for textbooks continued to increase in the 1960s, fueled not only by state and federal funding, but also by continued demographic expansion of post-war baby boomers (Brint & Karabel, 1991). This led Wall Street analysts to tout higher-education publishing as a growth industry to Fortune 500 firms in the US, making publishing firms attractive targets for acquisition (Coser et al., 1982, p. 25). While Richard Prentice Ettinger was the pioneer in bringing corporate finance to the PH family of companies, this corporate- and market-finance model was becoming established with the acquisition of many traditional publishers as a part of the general conglomerate acquisition wave of the late 1960s.

However, the mid-1970s began to witness a decline in the rate of increase in college enrollments and new entrants. Additionally, non-traditional competitors who specialized in course packs and the efficient computerized distribution of used books began to enter the market (Baker & Hileman, 1987; Bernstein Research, 1994). With the lower revenues brought on by these changes, smaller publishers needed new sources of capital (Smith, 1995) and larger publishers were beginning to supplement organic-growth strategies with acquisitions. Family publishers faced the choices of going public to obtain access to public-capital markets or securing corporate capital by being acquired.

Publishing companies that sought acquisition became divisions and subsidiaries of corporate parent firms. Parent corporations imposed new performance expectations for yearly increases in profits and market share. This in turn refocused publishers' logics of investment on market processes. One publisher stated,

> Instead of being able to manage your business for the value of future cash flow, you had to manage it for yearly profits transferred to the parent company... . Every year had to be better than the previous year. The only way to get bigger rapidly is to go outside and acquire others. Then you set up a new kind of industry competitiveness, which is: I want to buy this other company because if I don't our competitors will get it. So executives' attention shifts from publishing to what it is we can buy.

Publishers explained that acquisitions could increase market share and short-term profits more quickly than organic growth. They provide an instant increase to the sales line that can be structured to have immediate, positive results on the bottom-line profit, thus achieving year-end executive bonuses and the goals of the corporate parent. One executive in charge of strategic planning for a large New York publisher stated,

> There was this idea that in order to be competitive, you had to be big and do megadeals. That way you would be large enough to buy market share. So, when people started doing deals, other people felt they had to.

By the late 1970s and early 1980s, other trends and events led to further institutional change, including new sources of buy-out capital from Europe (Graham, 1994; Levin, 1996), institutional entrepreneurs founding newsletters emphasizing corporate finance and strategy, and boutique-investment banking firms specialized to publishing. A review of the *Literary Marketplace* (*LMP*) from 1940 to 1996 shows that foreign-owned higher-education publishers did not have a presence in the American marketplace until the 1980s. Beginning in 1946, just after World War II, "agents" of foreign publishers were listed in the *LMP*. By the mid-1970s, the international presence in US publishing began to shift in kind, from the presence of foreign agents (individuals) to foreign ownership and global offices (organizations). However, the attractiveness of the American marketplace with its huge college and university system and single-language market presented irresistible commercial opportunities with no parallel anywhere else in the world. As a result, foreign publishers with US offices began to surface in the *LMP* for the first time in 1978.

In 1969 and 1974, two newsletters were founded, *Educational Marketer* and *BP Report on the Business of Book Publishing*. Both were influential newsletters targeted at the executive suite and a different kind of publishing. Rather than the typical *Publishers Weekly* features about new books, authors, and imprints, these newsletters focused on reporting competitive position, ranking publishers by their control of market share, and providing information on increasing market share through acquisitions. *Acquiring parent, target company,* and *deal price* were terms used for the first time in the publishing trade literature. Zucker (1983, p. 33) and Hirsch (1986) argued that language is one of the most basic indices of cultural centrality. The linguistic framing in these newsletters imprinted new finance and marketing concepts on publishing executives' minds.

However, the efforts of foreign publishers to found divisions organically in the US market were not successful. Therefore in 1978, the European conglomerate publishers decided to acquire American publishing firms to establish a beachhead for further investment to come in the 1980s and 1990s. Michael Brown, a young accountant with Thomson in the UK, was perhaps the most notable institutional entrepreneur, making the first move on the acquisition of Wadsworth – a company originally founded by PH – and its prodigy Brooks/Cole; Prindle, Weber & Schmidt; Duxbury; and others. Throughout the 1980s, Thomson continued its campaign with the acquisitions of Southwestern, Delmar, and Boyd & Fraser, among others. Maxwell (British) acquired Macmillan, Murdock (Australian) acquired Harper & Row, Pearson Longman (British) acquired Addison-Wesley, and Von Holtzbrink (German) acquired Freeman, Worth, and St. Martins Press. Paramount eventually acquired the venerable PH in 1985, and Paramount itself was acquired in a tumultuous battle between QVC Network and Viacom in 1994. Viacom subsequently divested PH and its remodeled sibling Allyn & Bacon to Pearson Longman in 1998.

In addition, a new breed of investment banker emerged, specializing in publishing and evangelizing the market logic. John Suhler cofounded Veronis Suhler in 1981 and Joe Berkery founded Berkery Noyes in 1983. These institutional entrepreneurs were originally publishers – Suhler with CRM and CBS publishing and Berkery with former positions with Baker and Taylor and McGraw-Hill, and as president of a publishing division of Litton Industries – giving them the ability to speak the language on both sides of the street. They served as coaches, interpreters, and go-betweens to publishing executives, teaching them the ways of Wall Street. These institutional entrepreneurs suggested that during the first acquisition wave in the late 1960s, *deal makers* came from Wall Street, not from publishing, and the acquiring firms were located in industries outside of publishing.

One investment banker said,

> One of the things that will come out in your interviews is that most publishers in the 1960s didn't know what mergers and acquisitions were, much less the word investment banking.

However, in the market period, as one CEO stated, "Investment bankers are now wired into the process." The activities of these in-house investment bankers further legitimatized acquisition growth as a strategy to accomplish a firm's mission of building competitive position. Investment bankers now conduct training for publishers in how to ''stay ahead of the game'' using acquisitions as a business strategy (Fulcrum Information Services, 1998, p. 2). This training strengthens publisher's relations with the financial community and erodes publishers' networks to the academic community.

DISCUSSION AND CONCLUSION

Accounting Narrative Sequence

In accounting, goal conflict occurred when firms attempted to use corporate logics to dampen the seasonality of audit revenues by ''selling'' an expanded set of product offerings to their clients, thus becoming increasingly reliant on the satisfaction of their clients. This shift in accountants' attention from professional to corporate logics was further institutionalized during the US merger wave of the 1960s and 1970s, which created structural overlap through growth strategies of consolidation among accounting firms. Accounting firms that chose not to grow suffered the consequences; as their clients grew, they were less able to serve the growing clients' needs and who then looked elsewhere for services. Hence, the smaller firms lost access to recurring, indeed increasing, sources of revenue (Han, 1994, p. 656). Thus, if an accounting firm wanted to keep its client base, it grew along with its clients, which were publicly held firms driven by corporate logics of capitalism. A change to a corporate logic in accounting firms empowered the influences of management and disempowered those of the profession. In sum, the relational aspects of accounting changed – from relations in the profession to relations with clients – displacing the original source of professional legitimacy – the fiduciary duty to verify shareholders' investments in public corporations.

Scandals created public crises resulting in incremental changes in the fiduciary logic that were increasingly punctuated by regulatory oversight. In the aftermath of World War II, scandals such as Penn Central challenged the legitimacy of the fiduciary logic, creating avenues for an alternative view of accounting as a business, not a profession. The increasing consolidation of accounting firms continued to shift attention away from the original organizing principles of the profession and increasingly on strategies that were client centered. This shift resulted in accountants' temptation to ''bend the books'' to appeal to clients' pressures for positive stock-market performance. Continuing scandals such as Enron and WorldCom ushered in increasing regulatory oversight by the State, further eroding the governing power of the accounting profession. The evolutionary trend of growing with one's clients and fellow subsidiaries of the parent firm was interrupted by state intervention to protect the public good – culminating in the disempowerment of professional means of governance. The state intervened through regulatory oversight (PCAOB), reducing the role and importance of the profession in oversight of corporate financial affairs.

Overall, the shifts in institutional logics followed the pattern of moving from dominant influences of the market to the professions to the corporation to the state depending on what governance mechanisms were perceived by public opinion to be a failure in protecting the interests of corporate investors. This implies that:

H1. Industries with higher public policy implications and higher displacement of professional control by that of the corporation are more likely to lose professional and corporate jurisdiction to the state and are more likely to exhibit a punctuated equilibrium pattern of institutional change in organization governance.

Architecture Narrative Sequence

In architecture, the dialectic tension between the logics of the architect as artist–entrepreneur and architect as engineer–manager created niches for both small networks of boutique firms and large multidisciplinary firms. The triggers for the development of these hybrid niches include increased immigration to cities, which increased demand for large housing and office complexes and increased land prices. Thus, real estate developers and corporations sought to use space efficiently. New technologies such as elevators and steel frames allowed architects to erect large buildings, which used land efficiently and provided economic returns to developers and corporate clients. The backlash against urban sprawl and the decimation of historic city neighborhoods to erect corporate buildings triggered the rise of postmodernism and the shift back to an aesthetic logic. For the case of architecture, the higher degree of professionalization compared to accounting and publishing sheds light on why architecture exhibited a cyclical pattern of institutional change in which the dialectic between architecture as art and architecture as engineering remains unresolved. The profession led architects to play a key role in defining building standards and codes, much like the earlier era of accounting. This facilitated their control over public policy. Although there has been structural overlap, the institutional entrepreneurs – Ware, Richardson, Sullivan, Wright, and Venturi – have always come from within the architectural profession. In addition, the hybrid logics contain an element of the professions – either architectural or engineering. Overall, the shifts in institutional logics followed the pattern of cycling between the hybrid logics of artist–entrepreneur and engineer–manager. This implies that:

> **H2.** Industries that actively co-opt public policy implications under professional control, with lower displacement of professional control by that of the corporation and the market, and with conflicting factions of the profession, are more likely to exhibit a cyclical pattern of institutional change in organizational governance.

Publishing Narrative Sequence

In publishing, the higher-education marketplace changed from a culture of independent domestic publishers in the 1950s, organized around personal imprints and author–editor relational networks, to one currently exemplified by international corporate hierarchies and corporate managers focused on building market channels and the market position of the firm. The rising market demand of the 1960s could no longer be met by an economic system of retained earnings under family capitalism. Searching for new sources of capital in a risky business, in which assets are difficult to value, made corporate capital the most attractive option. R. P. Ettinger, both professor of finance and cofounder of PH was the institutional entrepreneur who introduced corporate finance and corporate restructuring to 19th century publishing. Subsequently, the structural overlap brought about by acquisition of many independent, old-line publishing houses during the two great merger waves, by US corporations in the 1960s and foreign buyers in the 1980s galvanized a new business culture. During the heyday of the editorial logic, Ettinger's dual background in the logics of both finance and publishing allowed him to visualize new hybrid combinations of strategies that created the entrepreneurial editor who in novel ways remodeled traditional and founded independent and internal corporate publishing ventures. Structural overlap also occurred later, albeit, not at the role level, but at the company level, with the consolidating acquisitions in the 1980s with the market logic in full swing. When personal capitalism and the editorial logic were dominant, attention was focused on the markets for books that were created from relational networks. When market capitalism was dominant, attention was focused on the markets for companies that were created from hierarchies in which managers used the firm to increase financial returns. For the case of publishing, the evolutionary process of market rationalization was largely uninterrupted by the influences of the state, the family, and the professions. Overall, the shifts in institutional logics followed the pattern of family to the quasi-professions to the corporation to the market. This implies that:

H3. Industries with lower public policy implications, but with lower degrees of professionalization and higher displacement of professional control by that of the market, are more likely to exhibit an evolutionary pattern of institutional change in organizational governance.

Synthesis

Table 4 compares the mechanisms for institutional and organizational stability and change across the three industries, summarizing several dimensions to distinguish the different patterns of change: changes in mission, governance forms, triggers, shifts in institutional logics, theoretical models, meta-theoretical models, statistical models, and historical-event sequencing.

Examining the mechanisms of institutional change in organizational governance – institutional entrepreneurs, structural overlap, and historical-event sequencing – brings to light larger questions on the underlying metatheory to explain institutional stability and change. Our broad-brush analyses suggest that accounting followed a punctuated equilibrium model (Schumpeter, 1942), architecture a cyclical model (Peterson & Berger, 1975), and publishing an evolutionary model of change (Weber, 1922/1978).[3] However, below we briefly discuss countervailing observations and caveats to our broad-brush categorizations.

With respect to a punctuated equilibrium model, recent events in accounting argue for a resurgence of governance by the professions and of network organizational forms. The effect of the Sarbanes-Oxley Act will disaggregate the functions of auditing and accounting from those of consulting, eliminating the distribution channel for consulting firms, making scale, the "source of legitimacy" under a corporate logic, no longer possible. Hence, we may observe a reversal of the growth of hierarchy in the accounting industry. For example, one could argue that (a) the increasing complexity of client problems will lead to increased demand for specialization of knowledge and customization of product, (b) the loss of distribution channels for entry into clients will reduce the function of scale and the vertical integration of the required number of specialists, (c) the anticipated increase in competition will

Table 4. Mechanisms of Institutional and Organizational Change and Stability.

Dimension	Accounting	Architecture	Publishing
Mission conflicts	Audit as fiduciary responsibility versus audit as case finding for consulting services	Building as enhancing beauty of society versus building as efficient resolution of problems	Books as sources of imprint status versus books as sources of corporate profit
Governance forms	Profession to state Peer review by CPA to regulation by state	Profession-market and profession-corporation Peer review by design competition versus management by multidisciplinary firm	Family-profession to corporation-market Peer review by status of house to shareholder review by market position of firm
Triggers	Changes in demand for investment venues, periodic scandals	Societal trends of industrialization, urbanization, immigration, technology, urban sprawl, and urban "renewal"	Changes in demand for books and sources of expansion capital
Changes in dominant institutional logics	Market → Professions → Corporation → State	Professions-market ← → Professions-corporation	Family → Professions → Corporation → Market
Theoretical model	State regulation	Professional duality	Market rationalization
Meta-theoretical model	Punctuated equilibrium	Telelogical dialectic	Evolution
Statistical model	Step function	Cyclical	Linear
Event sequencing	Market crash 1929 → SEC; Penn central bankruptcy → FASB; Enron → PCAOB	AIA founded 1859 on Beaux-Arts aesthetic → Commercial school efficiency arises from Chicago fire 1871 and technological inventions → classical aesthetics in Chicago Fair 1893 → Modern efficiency with WWI → Postmodern aesthetic → Current crisis	Publishing Federal-State funds → universities; Post war baby boomers → college; Wall street analysts-expansion capital needs → 1960s merger wave; Industry financial newsletters-European buy-out capital → 1980s merger wave

reduce profitability and the market power of the incumbents. These arguments suggest the rise of resource partitioning (Carroll, 1985) and hence the need for multiform alliances and the resurgence of network forms of organization associated with governance by the professions.

With respect to a cyclical model, there is evidence in publishing of the classic industrial organization market cycle. While the publishing case focused on the period of the transition from an editorial to a market logic, it is also true that in the mid-1800s there were smaller school textbook firms that were consolidated into the large hierarchical American book company by the early part of the 20th century – illustrating a resource partitioning or earlier cyclical model of smaller companies, later hierarchical concentration, and again new firm foundings (Carroll, 1985).

With respect to an evolutionary model, there is evidence in accounting and architecture that one way firms addressed seasonal instability due to the cyclical natures of the tax season and building was to rationalize scale by obtaining clients, such as the McDonalds restaurant chain, who were themselves in the evolutionary process of national and international corporate expansion. Similarly, diversification by trade publishers into the higher-education market was seen by some as a way to hedge the risks of signing a best-selling manuscript and hence to stabilize profit margins. Thus, the desire for survival and reduced uncertainty, seen in seeking to stabilize revenues, lead all of these industries to displace or hybridize their original mission and hence to some extent their governance forms. While architecture has continued to develop corporate hierarchies, it is the case that large firms have existed since the turn of the century and to this day still do not dominate the markets for architectural services in actual number of firms.

We have examined three mechanisms of institutional change in organizations. Institutional entrepreneurs introduce institutional change and mediate the influences of structural overlap and historical events when they transpose the organizing principles of different societal sectors. Thus, a shift in institutional logics is more likely to occur when institutional entrepreneurs and structural overlap expose the discontinuities in the meaning and opportunities of institutional logics of different societal sectors. These discontinuities are amplified by the sequencing of historical events when institutional entrepreneurs pick up and use these discontinuities to frame their actions and alter cognitive perceptions in the process. More research is needed to understand the micro-processes of how these three meso-level mechanisms work. For example, how the three mechanisms may affect the probabilities of variation, selection, and retention of cognitive schema or memes in theories of the origin of institutions (Weeks & Galunic, 2005).

Institutional stability and change in organizational governance is a topic of increasing scrutiny and economic and sociological importance in the global economy. We have extended the analysis of institutional change in organizations by integrating the work on institutional logics and historical-event sequencing to develop a theory and method of analysis to study organizational governance. We applied this dual perspective to examine how societal-level culture affects the governance and strategic behavior of organizations in three distinct industries. The role of societal-level culture has typically been associated with explaining institutional stability, not change (Swidler, 1986). The spread of market capitalism has typically been associated with linear and evolutionary models of institutional change. Our comparative findings across three industries show that this is not necessarily the case. While institutional logics provide the theory to understand the content of culture and the consequences for the governance of organizations, historical sequencing of events reveals the metatheory underlying the pattern of cultural transformation.

NOTES

1. However, the elements of culture that are transposed to new contexts by any entrepreneur have different probabilities of traction depending on the strength of their metaphoric association with natural and symbolic analogies (Douglas, 1986) and their ability to compete for the scarce resource of human attention (Weeks & Galunic, 2005).
2. The concepts within columns are descriptive of the six societal sectors; combined they specify theories of organization and action for each sector. For example, for the religion sector, we draw on Weber's theories of authority because legal–rational aligns with Protestant Reformation, traditional aligns with Catholic, and charismatic authority aligns with current evangelical (Nelson, 1993).
3. It is difficult to precisely know the underlying metatheory without information on the starting point (Hannan & Carroll, 1992). The cases of accounting and architecture began in the mid-1800s, the beginning of professionalism in these industries. The study of publishing started with the 1950s even though publishing's origins are found in the medieval craft of printing.

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APPENDIX

Table A.1. Institutional Logics of Societal Sectors.

Key Characteristics	Markets	Corporations	Professions	States	Families	Religions
Economic system	Investor capitalism	Managerial capitalism	Personal capitalism	Welfare capitalism	Personal capitalism	Occidental capitalism
Theories	Agency	Managerial	Neo-institutional	Resource dependence	Power-elite	Authority
Natural effect of symbolic analogy	Market as transaction	Hierarchy as corporation	Profession as relational network	State as redistribution mechanism	Family as firm	Temple as bank
Sources of identity	Faceless	Bureaucratic roles quantity of production	Personal reputation quality of innovation	Social class political ideology	Family reputation Father–Son relations	Occupational and vocational association with deities
Sources of legitimacy	Share price	Market position of firm	Personal expertise	Democratic participation	Unconditional loyalty	Importance of magic in economy
Sources of authority	Shareholder activism	Board of directors management	Professional association	Bureaucratic domination political parties	Patriarchal domination	Personal charisma of prophet power and status of priesthood

Basis of norms	Self interest	Employment in firm	Membership in guild	Citizenship in nation	Membership in household	Membership in congregation
Basis of attention	Status position in market	Status position in industry	Status position in network	Status position of interest group	Communism of household	Relation of individual to supernatural forces
Basis of strategy	Increase efficiency of transactions	Increase size and diversification of firm	Increase personal reputation and quality of craft	Increase community good	Increase family honor, security and solidarity	Increase magical symbolism of natural events
Learning mechanisms	Competition prices	Competition training and routines subunit of firm	Cooperation apprenticing relational network	Popular opinion leadership	Sponsorship	Analogy and parable formulae of prayer routinization of preaching
Informal control mechanisms	Industry analysts	Organization culture	Celebrity professional	Backroom politics	Family politics	Worship of calling
Formal control mechanisms	Enforcement of regulation	Board and management authority	Internal and external peer review	Enforcement of legislation	Rules of inheritance and succession	Rationalization of usury and norms of taboos
Forms of ownership	Public	Public	Private	Public	Private	Private
Organization form	Marketplace	M-Form organization	Network organization	Legal bureaucracy	Family partnership	Religious congregation office hierarchy

Table A.1. *(Continued)*

Key Characteristics	Markets	Corporations	Professions	States	Families	Religions
Logic of exchange	Immediate best bargain	Personal career advancement	Indebtedness and reciprocity	Political power	Family power	As sign of God's grace
Logic of investment	Capital committed to capital markets	Capital committed to the corporation	Capital committed to nexus of relationships	Capital committed to public policy	Capital committed to household	Capital committed to enterprise of salvation