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## Microfoundations of Institutions: A Matter of Structure Versus Agency or Level of Analysis?

In his January 2018 article, Cardinale seeks to advance new microfoundations for institutional theory by reformulating two assumptions underlying the structure versus agency debate—that structure constrains and enables action and that agency is mostly associated with reflexivity—which, he argues, have hindered the field's ability to make substantive theoretical progress. While an intriguing proposition, we argue that equating the microfoundations of institutions with the structure versus agency dichotomy produces two problems that limit our advancement of this stream of work. First, it leads to the

mistaken assumption that the best way to advance our theorizing is to provide another solution to the paradox of embedded agency. Second, it also leads to the mistaken assumption that by "micro" in microfoundations, we are focusing on the role of individuals in institutional processes. We outline the strengths of Cardinale's argument and then argue that a focus on levels of analysis, which is backgrounded in Cardinale's theorizing, would serve as a more promising platform upon which to advance our understanding of the microfoundations of institutions.

## STARTING WITH STRUCTURE VERSUS AGENCY

Cardinale's two major reformulations to the structure-agency debate are to claim (1) that structure not only constrains and enables action but also "orients" action toward certain possibilities and (2) that agency is not only reflective but can also be pre-reflective in nature. To make these claims, Cardinale draws on a practice perspective lens (Smets, Aristidou, & Whittington, 2017) so that he can conceptualize social structure as social positions and habitus. Conceptualizing social structure in this manner, instead of as more macro constructs (e.g., logics, fields, complexity, etc.), is an important theoretical move for Cardinale. In particular, it allows him to explain that social structure does not influence individual behavior in an automatic or mindless fashion—which more macro structural concepts are often accused of doing—but, rather, in an orienting and pre-reflective fashion that is guided by our historical positioning and habitus. We find this point insightful insofar as it provides one reasonable solution to the paradox of embedded agency (Battilana & D'Aunno, 2009; Garud, Hardy, & Maguire, 2007). By defining social structure as social positions or habitus, Cardinale is able to critique the oversimplified parallel sometimes made between structure only producing mindless individual behavior and individuals shaping structure only in a deliberate fashion. Yet does it move us toward new microfoundations for institutional theory?

## WHAT ARE MICROFOUNDATIONS?

From our point of view, a microfoundational approach to institutions seeks to explain the

recursive relationships between macrolevel phenomena through some lower level of analysis. This is often referred to as the “bathtub model” of Coleman (1986), which outlines the basic principles of a methodological individualist approach to social action (Felin, Foss, & Ployhart, 2015). According to the more stringent forms of this approach, all macro phenomena are really just aggregated forms of individual-level behavior. However, our view is less stringent and is consistent with more sympathetic forms of methodological individualism (Udehn, 2002) that acknowledge two important complexities overlooked by the traditional bathtub model. The first is that there are more than two levels of analysis beyond the social system and the individual (e.g., organization, group, etc.). The second, by extension of the first, is that the lower levels of analysis do not require us to mean individuals *per se*. In our view, it follows from this that the basis for a microfoundations of institutions should start, first and foremost, with a focus on levels of analysis.

Note, however, that this statement is not antithetical to the structure-agency debate. In fact, the traditional mapping of macro structure and micro agency, which has pervaded the institutional discussions on microfoundations for some time now (Emirbayer & Mische, 1998), often directly links the two traditional levels of analysis with the structure-agency dichotomy. However, to take this mapping and conclude that examining how macro levels of analysis shape micro levels of analysis (and vice versa) is identical to examining how structure shapes agency (and vice versa) overlooks the fact that this traditional one-to-one mapping often does not hold. For instance, there are more microlevel instantiations of social structure (e.g., social positions, habitus, routines, etc.) that are clearly embedded within social structures at a higher level of analysis. Similarly, there are also macrolevel instantiations of agency (e.g., collective action, social movements, crowdsourcing, etc.) that some contend are not simply the aggregation of individual-level behavior (Jepperson & Meyer, 2011). As a result, actors can “pull down” structural elements for their actions, and local practices can “build up” into structure (Powell & Rerup, 2017). The notion of macro and micro, thus, is distinct from structure and agency.

Yet while this traditional mapping of macro structure and micro agency does not always hold,

we want to be clear that both distinctions seem to always be present simultaneously in our institutional analyses, and both require serious consideration. However, we suggest that the key question is which to prioritize in our theorizing. Since they do not perfectly map onto one another and, therefore, highlight important yet nevertheless different considerations, we contend that prioritizing one over the other may lead to very different assumptions of what matters when developing the microfoundations of institutions. For instance, to foreground structure versus agency means that we implicitly prioritize the puzzle of embedded agency, which, by extension, leads us to conceptualize the “micro” in microfoundations as individuals. What would foregrounding levels of analysis instead mean?

### STARTING WITH LEVELS OF ANALYSIS

Foregrounding levels of analysis shifts the focus away from the problem of embedded agency and back toward the core aim of microfoundational research—that is, explaining the causal and recursive relationships between macrolevel phenomena through phenomena at lower levels of analysis. A number of institutional scholars have already contributed to this line of reasoning, implicitly prioritizing levels of analysis over the structure-agency dichotomy. For example, some have focused on how macrolevel meanings, like institutional logics, make their way into microlevel thinking (Glaser, Fast, Harmon, & Green, 2016) and decision making (McPherson & Sauder, 2013). Others have looked at how microlevel behaviors and interactions can build up to change or further maintain mesolevel and macrolevel meanings (Cornelissen, Durand, Fiss, Lammers, & Vaara, 2015; Zucker, 1977). By focusing on the complexities and interrelationships across multiple levels of analysis, we believe this provides a more direct explanation for how macrolevel institutional meanings persist or change over time.

Foregrounding levels of analysis also removes the requirement that by “micro” in microfoundations, we are referring only to individuals. When considering the nested nature of institutions (Friedland & Alford, 1991), everything is micro to something and macro to something else. An individual’s values are micro to routines, and even more micro to logics, but they are

macro to emerging research on the neuroscience of decision making (Laureiro-Martínez, Brusoni, Canessa, & Zollo, 2015). Removing our presumption that individuals are the only conceptualization of micro, therefore, frees up our theorizing and enables us to consider the deeper complexities of the multilayered nature of institutions. For instance, not every macroinstitutional outcome requires or, for that matter, has an individual-level explanation. Indeed, some macroinstitutional outcomes may be explained by group-level behavior, making it not just unnecessary but theoretically inappropriate to treat the micro level of analysis in such a study as any other than the group (Jepperson & Meyer, 2011) or the organization as an actor sui generis (King, Felin, & Whetten, 2010).

From this point of view, while Cardinale does not directly acknowledge the importance of levels of analysis, what we find intriguing about his study is that he nevertheless introduces social positioning and habitus as crucial “meso” levels of analysis that mediate more macro structures and microlevel behavior. In fact, microfoundational research often skips over these intermediate levels of analysis, conceptualizing social structure only as logics or fields (Thornton, Ocasio, & Lounsbury, 2012). We think that bringing social structure down to a meso level is an insightful and potentially useful observation in that it suggests that social positions and habitus might function as a refracting, intermediate level between more macro meanings and micro behaviors. However, we believe that by not further developing the implications of this insight and, instead, trying to resolve the structure versus agency debate, Cardinale misunderstands the very essence of microfoundational research. Indeed, it is our contention that the most promising platform upon which to advance our understanding of the microfoundations of institutions is an explicit focus on how social action operates across multiple levels of analysis.

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## Microfoundations of Institutions and the Theory of Action

Harmon, Haack, and Roulet (2019) perceptively identify the conceptual core of my January 2018 article (Cardinale, 2018): redefining the agency versus structure problem in a way that does justice to pre-reflective agency and the orienting role of structure. However, they have two concerns with the emphasis on the agency versus structure problem. First, they believe it might distract from what is, in their view, the key aspect of microfoundations: multilevel analysis. Second, they argue that it can lead to mistakenly identifying the “micro” with the individual level. In what follows I address their concerns. I argue that progress with microfoundations in institutional theory requires a suitable theory of individual action—that is, one that overcomes the shortcomings of how agency and structure are typically conceived of. My article provides such a theory. However, the fact that it is a theory of individual action does not imply that the individual level is always the most explanatorily relevant. Rather, the theory provides insights on individual action that are useful—in different ways—no matter the level of analysis. I will show that far from distracting from multilevel analysis, this theory can contribute to it.

### WE NEED A (SUITABLE) THEORY OF ACTION . . .

From the beginning, the quest for microfoundations in institutional theory has relied on the formulation of an appropriate “theory of practical action” (DiMaggio & Powell, 1991: 22). A key task of this theory has been to reconcile actors’ purposiveness with the taken-for-grantedness

deriving from embeddedness in structure (Cardinale, 2018: 136–139). More recent calls for developing microfoundations (Powell & Colyvas, 2008; Powell & Rerup, 2017) have reiterated the need for this reconciliation, in order to avoid caricaturing actors as either “heroic change agents” or “cultural dopes.”

A theory of action with such features may also be useful in the debate on microfoundations beyond institutional theory, including parts of organizational and social theory that define microfoundations differently. In institutional theory, in fact, the call for developing the “micro-level component of institutional analysis” (Powell & Colyvas, 2008: 276) or, equivalently, the “accompanying argument at the micro level” (Powell & Rerup, 2017: 311) does not typically require “formulating arguments exclusively in terms of micro-processes” (Jepperson & Meyer, 2011: 66). In other parts of organizational theory, in contrast, microfoundations are often understood in a stronger sense, such as explaining “how individual-level factors aggregate to the collective level” (Barney & Felin, 2013: 145). A theory of action that reconciles purposiveness with taken-for-grantedness may be relevant in these debates as well, since it is recognized that structural influences on action play a role (Barney & Felin, 2013: 144).

The view that action is constrained and enabled by structure, which is widely influential in institutional and organizational theory more broadly, has shortcomings that prevent it from encompassing agency and structure in a satisfactory way. The first shortcoming is that it reduces agency to reflective agency (the visualization of means and ends), thus neglecting pre-reflective agency (the pre-reflective transposition of schemes formed in previous positions to address unfolding situations). The second shortcoming follows from the first: that view accounts for how structure makes some actions possible (enables) and others impossible (constrains) but is largely silent on whether actors are more inclined to pursue some actions out of those that are possible. So it remains unclear if, within the spaces of possible actions, actors are still influenced by structure, and how. This is important for microfoundations. For example, take the idea that institutions are “sustained, altered and extinguished as they are enacted by collections of individuals in everyday situations . . . [who] go about their daily practices, discover puzzles or anomalies in their work, problematize these questions, posit theories, and