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**Fall 2019  
SEMINAR  
LAW B592/POLS Y673/SPEA P710**

**Institutional Theory**

**Mondays, 2:00-4:10pm  
Ostrom Workshop, 513 N. Park Ave. Tocqueville Room, 1<sup>st</sup> Floor**

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**COURSE DESCRIPTION**

Formal institutions (e.g., laws) and organizations (e.g., courts, firms) and informal institutions (e.g., norms) are important determinants of individual and group decisions and behaviors. Individual and group decisions and behaviors, in turn, create and change formal and informal institutions and organizations. In this seminar, we will review, discuss, and compare some important analytical approaches to understanding these interrelationships between institutions and behaviors. One of those approaches has been named the Institutional and Organizational Analysis (IOA) framework and is associated with a body of theory and research known as New Institutional Economics. The other is the Institutional Analysis and Development (IAD) framework associated with the Ostrom Workshop at IU and what is sometimes called the “Bloomington School.” Each of these frameworks has been developed for the purpose of aiding theory and research on how organizations and institutions (including laws, rights, and other rule-governed relationships) develop and change, and how organizations and institutions shape individuals’ choices and actions at the micro scale and the paths of social and economic development at the macro scale.

**COURSE DESIGN AND BASIC WORKPLAN**

The central idea of the course is to understand the two frameworks mentioned in the course description above by reading, discussing, comparing, and using them. We will read about the IOA and IAD frameworks and discuss them during Monday seminar meetings. Each student will use the frameworks to write about and present a topic of the student’s interest and choosing.

Each of the two frameworks has been the subject of a book published in the last 20 years, and those two books will be our main texts and form the core of our reading this semester. Each framework draws upon various influences – in fact, they share several influences – and we will incorporate some of those influences through additional readings. Also, there are several readings that bridge the two frameworks by presenting comparisons, contrasts, or by treating some topic the frameworks may have in common without necessarily having addressed it

directly. Finally, many publications criticize and/or attempt to build upon the two frameworks, or introduce us to other literatures where scholars are puzzling over the same or similar issues, and we will incorporate several of those.

The two main texts are what we all will read in common, plus two articles (listed as “aids”) that have been published about the IAD framework. (The IAD framework has been around longer than the IOA, so there are several published commentaries on the IAD.)

We will divide up the additional readings – 30 articles or chapters listed below under the headings Influences, Bridges, and Extensions. Each of those reading will be assigned to one or two students, whose task will be to read that selection and present a brief (5-10 minute) summary of it during a Monday seminar meeting. During seminar meetings, students will summarize the readings they were assigned, and we will all discuss those as well as the selections from the main texts that were assigned for that Monday.

Students will go beyond reading and discussion of the two frameworks by applying them to a subject of the student’s interest and choosing, subject to my approval. This will be done in the form of a research paper. The paper should combine relevant readings from this seminar with whatever outside sources are pertinent to the student’s chosen topic.

Early in the semester, students will identify a paper topic and share it with everyone in the seminar. Students may then proceed to work on their papers throughout the semester as long as I have approved their topics. In the next-to-last week that we meet, students will make brief presentations about their papers to one another.

On Monday, December 16<sup>th</sup>, all students’ papers will be presented and discussed at the annual Ostrom Workshop Mini-Conference. You do not present your own paper at the Mini-Conference. Your paper will be presented and discussed by someone else; this format provides a beneficial incentive to make sure you have presented your ideas and research clearly.

Final papers are due on or before December 16<sup>th</sup>.

## **THE READING LIST**

*[Note: all readings other than the two main texts are posted on Canvas.]*

### *To be read by everyone*

#### Main texts

Alston, Eric, Lee J. Alston, Bernardo Mueller, and Tomas Nonnenmacher (2018) Institutional and Organizational Analysis: Concepts and Applications. New York, NY: Cambridge University Press

Ostrom, Elinor (2005) Understanding Institutional Diversity. Princeton, NJ: Princeton University Press

#### Aids

Cole, Daniel H. (2017) “Laws, Norms, and the Institutional Analysis and Development Framework.” Journal of Institutional Economics. Volume 13, Number 4 (December), pp. 829-847

McGinnis, Michael D. (2011) “An Introduction to IAD and the Language of the Ostrom Workshop: A Simple Guide to a Complex Framework.” Policy Studies Journal. Volume 39, Number 1 (February), pp. 169-182

*Additional Readings (to be divided up and assigned)*

Influences

Commons, John R. (1924a [1957]) “Mechanism, Scarcity, Working Rules.” Chapter 1 in Legal Foundations of Capitalism. Madison, WI: University of Wisconsin Press

Commons, John R. (1924b [1957]) “Transactions.” Chapter 5 in Legal Foundations of Capitalism. Madison, WI: University of Wisconsin Press

Commons, John R. (1931) “Institutional Economics.” American Economic Review. Volume 21, pp. 649-657

Demsetz, Harold (1967) “Toward a Theory of Property Rights.” American Economic Association Papers and Proceedings. Volume 57, Number 2 (May), pp. 347-359

Hayek, F.A. (1945) “The Use of Knowledge in Society.” The American Economic Review. Volume 35, Number 4 (September), pp. 519-530

Hodgson, Geoffrey M. (2009) “On the Institutional Foundations of Law: The Insufficiency of Custom and Private Ordering.” Journal of Economic Issues. Volume 43, Number 1 (March), pp. 143-166

Kirzner, Israel M. (1997) “Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach.” Journal of Economic Literature. Volume 35, Number 1 (March), pp. 60-85

North, Douglass C. (1991) “Institutions.” Journal of Economic Perspectives. Volume 5, Number 1 (Winter), pp. 97-112

North, Douglass C. (1994) “Economic Performance through Time.” American Economic Review. Volume 84, Number 3 (June), pp. 359-368

Ostrom, Vincent and Elinor Ostrom (1971) “Public Choice: A Different Approach to the Study of Public Administration.” Public Administration Review. Volume 31, Number 2 (April), pp. 203-216

Ostrom, Vincent (1980) “Artisanship and Artifact.” Public Administration Review. Volume 40, Number 4 (July/August), pp. 309-317

Searle, John R. (2005) "What Is an Institution?" Journal of Institutional Economics. Volume 1, Number 1, pp. 1-22

Simon, Herbert A. (1956) "Rational Choice and the Structure of the Environment." Psychological Review. Volume 63, Number 2, pp. 129-138

### Bridges

Alexander, E.R. (2005) "Institutional Transformation and Planning: From Institutionalization Theory to Institutional Design." Planning Theory. Volume 4, Number 3 (November), pp. 209-223

Child, John (1972) "Organizational Structure, Environment and Performance: The Role of Strategic Choice." Sociology. Volume 6, Number 1 (January), pp. 1-22

Cole, Daniel H. and Peter Z. Grossman (2002) "The Meaning of Property Rights: Law versus Economics?" Land Economics. Volume 78, Number 3 (August), pp. 317-330

Elster, Jon (1989) "Social Norms and Economic Theory." Journal of Economic Perspectives. Volume 3, Number 4 (Autumn), pp. 99-117

Hodgson, Geoffrey M. (2006) "What Are Institutions?" Journal of Economic Issues. Volume 40, Number 1 (March), pp. 1-25

Slaev, Aleksandar D. (2017) "Coasean versus Pigouvian Solutions to the Problem of Social Cost: The Role of Common Entitlements." International Journal of the Commons. Volume 11, Number 2, pp. 950-968

### Extensions, Critiques, and Links to Other Literatures

Battilana, Julie and Thomas D'Aunno (2009) "Institutional Work and the Paradox of Embedded Agency." In Institutional Work: Actors and Agency in Institutional Studies of Organizations. Thomas B. Lawrence, Roy Suddaby, and Bernard Leca, eds. Cambridge, UK: Cambridge University Press, pp. 31-58

Bennett, Abigail, Leslie Acton, Graham Epstein, Rebecca L. Gruby, and Mateja Nenadovic (2018) "Embracing Conceptual Diversity to Integrate Power and Institutional Analysis: Introducing a Relational Typology." International Journal of the Commons. Volume 12, Number 2, pp. 330-357

Brisbois, Marie Claire, Michelle Morris, and Rob C. de Loe (2019) "Augmenting the IAD Framework to Reveal Power in Collaborative Governance – An Illustrative Application to Resource Industry Dominated Processes." World Development. Volume 120 (August), pp. 159-168

Fuenfschilling, Lea and Bernhard Truffer (2014) “The Structuration of Socio-Technical Regimes – Conceptual Foundations from Institutional Theory.” Research Policy. Volume 43, Number 4 (May), pp. 772-791

Geels, Frank W. (2004) “From Sectoral Systems of Innovation to Socio-Technical Systems: Insights about Dynamics and Change from Sociology and Institutional Theory.” Research Policy. Volume 33, Numbers 6-7, pp. 897-920

Hotimsky, Samy, Richard Cobb, and Alan Bold (2006) “Contracts or Scripts? A Critical Review of the Application of Institutional Theories to the Study of Environmental Change.” Ecology and Society. Volume 11, Number 1, Article 41

Lawrence, Thomas B., Roy Suddaby, and Bernard Leca (2009) “Introduction: Theorizing and Studying Institutional Work.” In Institutional Work: Actors and Agency in Institutional Studies of Organizations. Thomas B. Lawrence, Roy Suddaby, and Bernard Leca, eds. Cambridge, UK: Cambridge University Press, pp. 1-27

Lubell, Mark (2013) “Governing Institutional Complexity: The Ecology of Games Framework.” Policy Studies Journal. Volume 41, Number 3 (August), pp. 537-559

Lubell, Mark (2015) “Collaborative Partnerships in Complex Institutional Systems.” Current Opinion in Environmental Sustainability. Volume 12 (February), pp. 41-47

Puranam, Phanish and Bart S. Vanneste (2009) “Trust and Governance: Untangling a Tangled Web.” Academy of Management Review. Volume 34, Number 1 (January), pp. 11-31

Whaley, Luke (2018) “The Critical Institutional Analysis and Development (CIAD) Framework.” International Journal of the Commons. Volume 12, Number 2, pp. 137-161

### THE SCHEDULE

[*Note: we will not meet on these four Mondays: Sept. 2<sup>nd</sup>, Sept. 9<sup>th</sup>, Nov. 25<sup>th</sup>, or Dec. 9<sup>th</sup>.*]

<u>Date</u>	<u>Main text selections</u>	<u>Additional readings</u>	<u>Due</u>
August 26 <sup>th</sup>	Introduction to the seminar		
September 16 <sup>th</sup>	Ostrom, Ch. 1 Alston et al., Introduction	McGinnis 2011 ( <i>all read</i> ); Cole 2017 ( <i>all read</i> ); Hayek 1945; Simon 1956	Paper topics
September 23 <sup>rd</sup>	Ostrom, Ch. 2 and 3	Commons 1924a; Commons 1924b; Commons 1931	
September 30 <sup>th</sup>	Alston et al., Ch. 1 and 2	Demsetz 1967; Kirzner 1997; North 1991; North 1994	
October 7 <sup>th</sup>	Ostrom, Ch. 4 Alston et al., Ch. 3 and Intro to Part II	Hodson 2009; Ostrom & Ostrom 1971; V. Ostrom 1980; Searle 1980	

October 14 <sup>th</sup>	Ostrom, Ch. 5	Hodgson 2006; Cole & Grossman 2002; Slaev 2017	
October 21 <sup>st</sup>	Ostrom, Ch. 6 and 7	Alexander 2005; Child 1972; Elster 1989	
October 28 <sup>th</sup>	Ostrom, Ch. 8 and 9	Fuenfschilling & Truffer 2014; Geels 2004	
November 4 <sup>th</sup>	Alston et al., Ch. 8 and 9	Battilana & D'Aunno 2009; Lawrence et al 2009; Lubell 2013; Puranam & Vanneste 2009	
November 11 <sup>th</sup>	Alston et al., Ch. 4 and 5	Bennett et al. 2018; Brisbois et al. 2019; Lubell 2015	
November 18 <sup>th</sup>	Alston et al., Ch. 6 and 7	Hotimsky et al. 2006; Whaley 2018	
December 2 <sup>nd</sup>	Rehearsal – present and discuss draft papers		Draft papers
December 16 <sup>th</sup>	Ostrom Workshop Mini-Conference		Final papers