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The concept of institutional logics in the research of the spatial organization of economics

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ABSTRACT

The theory of institutional logics has become one of the most important theories for empirical research. It is represented in a vast number of research topics. The purpose of this papers of theoretical character is description of development in the institutional logic concept and stipulation of vast possibilities for its application in the research on the spatial organization of economy - both for empirical researches and for methodological studies. The analysis here helps to situate the theory of institutional logics in the economic geography context.

Keywords: economic geography, institutional logics, spatial organization of economics

1. INTRODUCTION

In case of many popular terms in particular period among scientists, one tendency can be observed. Namely, the requirement of conceptualization for terms applied in the research, with purpose focused on giving order to the methods of perceiving the reality by author of the research leads to the fact, that the same term can be variously defined, according to the provenience and researcher's experiences, even in the field of the same discipline of science. On the micro-level the conceptualization provides better understanding of conceptual network used in particular work, whereas on macro-level such process makes many terms fuzzy. The example for such activity in the field of (neo)institutional economy can be the "institution"

term.¹ The case of “institutional logic” is similar, because it got many definitions in several dozen years [18].

Despite the concept of institutional logic is presented in this papers as the research perspective applicable in the field of economic geography, it should be pointed out that it is embedded in sociology, whereas it is also successfully used by the representatives of other areas of science.² It can be successfully used in the research on the spatial organization of economy as well, according to many sources.

2. INSTITUTIONAL LOGIC TERM

The concept of institutional logic is a relatively young theory. Originating from the non-institutional logic, it is deeply rooted in 1985 year, when R. R. Alford and R. Friedland noted the contradictive practices and beliefs characteristic for the institutions in contemporary western societies. Three institutional orders are discerned in this papers: capitalism, national bureaucracy and democracy [1].

Such concept was developed in the article on the matters related with neo-institutional analyses of the mechanism and on the isomorphic course of adaptive processes occurring in the organizations. In the work focused on the influence of environment on decisions made in the organization, authors discerned five, instead of initial three, superior orders typical to the western society: state, democracy, market, religion and family. When defining the “institutional logic” term, R. Friedland and R. R. Alford stated that: „each of the most important institutional orders from contemporary Western societies has a central logic – a set of material practices and symbolic constructions – that constitute its principles of organization and which is available to organizations and individuals to elaborate”. In the following part of the work, each one of such logics was shortly characterised with: „The institutional logic of capitalism is accumulation and the commodification of human activity. That of the state is rationalization and the regulation of human activity by legal and bureaucratic hierarchies. That of democracy is participation and the extension of popular control over human activity. That of the family is community and the motivation of human activity by unconditional loyalty to its members and their reproductive needs. That of religion, or science for that matter, is truth, whether mundane or transcendental, and the symbolic construction of reality within which all human activity takes place” [9]. Then, common properties for stipulated logics were pointed out: „These institutional logics are symbolically grounded, organizationally structured, politically defended, and technically and materially constrained,

¹ See i.e. W. H. Riker (1980), *Implications from the Disequilibrium of Majority Rule for the Study of Institutions*, „American Political Science Review”, Vol. 74, p. 432-446; K. Shepsle (1989), *Studying Institutions, Some Lessons from the Rational Choice Approach*, „Journal of Theoretical Politics”, Vol. 1, p. 131-147; D. North (1994), *Economic Performance Through Time*, „The American Economic Review”, Vol. 84, No. 3, p. 359-368; The interesting review of such definition is made by G. M. Hodgson (2006), *What are Institutions?* „Journal of Economic Issues”, Vol. XL, No. 1, p. 1-25.

²According to the logic of applicability, J.G. March and J.P. Olsen (the representatives of political sciences) tried to respond to the question, “how an understanding of the role of rule-driven behavior in life might illuminate thinking about political life, how the codification of experience into rules, institutional memories and information processing is shaped in, and shapes, a democratic political system” [20]. The exemplary application of the institutional logic concept in the field of sociological sciences was published in 2014 by R. Friedland et. al. in the article *The institutional logics of love: measuring intimate life*. „Theory and Society”, Vol. 43, No. 3-4.

and hence have specific historical limits” [9]. When rejecting the thesis forged in 1983 by P.J. DiMaggio and W.W. Powell on the institutional isomorphism [5], R. Friedland and R. R. Alford noted that the characteristic feature of the organization’s surrounding is coexistence of competitive institutional logics, what leads to the changes on the organizational level, organizational territory and society, as a result of conflict between such institutions [9].

The institutional logic term occurs for the first time in the R. Jackall’s work, who made assumption for the purposes of researches on the ethical conflicts in corporations, namely that institutional logic should be comprehended as “the complicated, experientially constructed, and thereby contingent set of rules, premiums and sanctions that men and women in particular contexts create and recreate in such a way that their behaviour and accompanying perspective are to some extent regularized and predictable. Put succinctly, an institutional logic is the way a particular social world works” [17]. In other words, it can be stated that, according to R. Jackall, institutional logic is the regulator of social order, through which the behaviour of particular units is predictable in some extent [22].

One of the most often cited definitions of institutional logic was elaborated by P. H. Thornton and W. Ocasio, who placed the concept of R. Jackall on the first place, in which a unit played the leading role in the broader historical context, describing it as „the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” [33].

Institutional logics are recognized by M. B. Dunn and C. Jones in similar way, who define them as „cultural beliefs and rules that shape the cognitions and behaviours of actors. Logics are socially shared, deeply held assumptions and values that form a framework for reasoning, provide criteria for legitimacy, and help organize time and space [6]. For the purpose of conceptualization for such term, S. E. Green, M. Babb and C. M. Alpaslan referred to the method of its formulation with means of social skills ³(in such case - the language), and then defined it when seen according to its function: „Institutional entrepreneurs use social skills such as language to shape the institutional logics that legitimate a given field. Institutional logics are the belief systems that guide actions in an organizational field. Institutional logics also provide the criteria of legitimacy for the formation and reproduction of specific identities, practices, and social relationships within a given field” [13].

According to the presented above institutional logic definitions, it comprises of three components: normative (stipulated by ideal types of rules), symbolic and cognitive (shaped by the pattern of interpretation) and structural (constituted with means of material practice). In other words, in case of institutional logic it all goes for some kind of *sui generis* reality, that is constituted with means of specific practices. In bigger picture we can state, that such phenomena as arts and love can be interpreted as institutional logics. They do not exist independently, but they are constituted with correlated activities (it can be “kissing” in case of love), expressed verbally (“I love you”), in material aspects (i.e. “heart”) and with identity (“husband/wife”) [27].

More than 20 years after publishing the first work on the institutional logics, R. Friedland declared in the article in 2013, that Max Weber can be acknowledged for being the precursor of discussed concept [10]. When referring to the Weber’s nomenclature, R. Friedland explained that: „What Weber calls the “gods” of the value spheres I have termed

See also: N. Fligstein (1997), *Social Skill and Institutional Theory*, „American Behavioral Scientist” 40(4), p. 397-405.

institutional “substances,” the unobservable, but essential, “value” anchoring an institutional logic. An institutional logic is a trinitarian order of production. In the institutional logics framework, which counter-intuitively has had most impact in that domain where instrumentally rational understandings of social action have primacy, namely business and management schools, I posit socially regionalized orders of practice which are simultaneously orders of subjectification and objectification, that is, orders of practice that depend on the particular identities of subjects and ontologies of objects, which in turn depend on these same orders of practice. A substance is the metaphysical foundation of an institutional logic, as a telos of the subject, the basis of her identity and the ontology of objects deployed in her practice. Institutional logics join subjects, practices and objects into bundled sets that have an inner referentiality-orders in which the central object, the substance, is unobservable, while being endlessly invoked by name and enacted in practice. Substances create resources, they are the ground of powers, not as exterior legitimations, but as interior constitutions” [10].

Other definition of institutional logic was proposed by S. Kirchner who stated that it comprises a tool used for determination of elements in the selected institution. Such term was investigated on two layers: the first one pertains to the application of term with regard to the territory, the second one is focused on the layer of individual institution. The first perspective is related with term proposed by R. Friedland and R. R. Alford - it pertains to the institutional orders, such as capitalism or family, that influence on the functioning of the society as institutional configurations. Many various institutions functioning in particular society originate from such logics. According to such meaning, the institutional logics are used for description of configuration for various general institutional principles in the institutions in particular social area - i.e. in the frame of particular field. According to the results of researches, three situations can be found in such case:

- dominating logic will emerge in the frame of particular field⁴,
- diverse logics will coexist inside particular field⁵,
- logics will endure the permanent conflict, lasting in mutual contradiction⁶.

The second perspective is described by Kirchner and pertains to the institutional logics on the institutional layer. When recognizing the institutional logic in such a way, it is particular configuration of elements in the specific institution that covers the order of all cognitive and normative aspects in such institution [18]. Summing up the deliberations of S. Kirchner it can be stated that the first specified perspective enables distinction of particular

⁴ R. A. Bettis, C. K. Prahalad (1995), *The dominant logic: Retrospective and extension*. „Strategic Management Journal”, Vol. 16, No. 1, p. 5-14; M. Brännback, P. Wiklund (2001), *A new dominant logic and its implications for knowledge management: a study of the Finnish food industry*. „Knowledge and Process Management”, Vol. 8, Issue 4, s. 197-206; T. Franke, D. zu Knyphausen-Aufsess (2013), *On dominant logic: review and synthesis*. „Journal of Business Economics”, Vol. 84, No. 1, p. 27-70.

⁵ See i.e.; N. Phillips et. al. (2000), *Inter-organizational collaboration and the dynamics of institutional fields*. „Journal of Management Studies”, 37/1, p. 23-43; T. Reay, C. R. Hinings (2009), *Managing the Rivalry of Competing Institutional Logics*. „Organization Studies”, 30(06), p. 629-652; M. B. Dunn, C. Jones (2010), *Institutional Logics and Institutional Pluralism: The Contestation of Care and Science Logics in Medical Education. 1967-2005*. „Administrative Science Quarterly”, Vol. 55, No. 1, p. 114-149.

⁶ See i.e.: M. A. Glynn, M. Lounsbury (2005), *From the Critic's Corner: Logic Blending, Discursive Change and Authenticity in a Cultural Production System*. „Journal of Management”, 42/5, p. 1031-1055; N. Hayes, R. Rajão (2011), *Competing institutional logics and sustainable development: the case of geographic information systems in Brazil's Amazon region*. „Information Technology of Development”, Vol. 17, No. 1, p. 4-23.

institutions in the frame of particular institutional logic, whereas the second one enables description of particular institution’s features.

According to the above, the concept of institutional logic in the institutional economy contributed to the researchers shifted areas of interest. Formerly, the matters of equality and isomorphism were the area of concern, but younger works get insight into the matters of institutional change and institutional diversity. The observed diversity of existing institutional logics enabled another glance on the players, who not only act in the frame of such logics, but also actively shape them with means of own autonomy in action. Contradictions occur following the conflict between various institutional logics, that provide cultural resources to units, groups and organizations enabling transformation of individual identities, organizations or society. This is why contemporary papers pursue the analysis of the institutional logics functioning in order to make response to one question, namely how units in the organizations make the selection among logics, combine them, import, support and adapt [27]. It should be emphasised, that the significant element in the process of institutional change is construction of new identity. New logic type can be institutionalized only when the effects of the change are integrated with the created identity [27].

In the source literature several general types of ideal institutional logics can be discerned. General description is presented in table below:

Table 1. Properties of ideal institutional logic types.

Type of logic	Source of legitimization	Source of knowledge	Source of norms	Purpose
Market	Company’s value (share price)	Market position	Own interest, rising the efficiency and profit	Coordination of the majority of relations in the society
Professional	Professional knowledge	Affiliation to the professional associations	Organizations and associations	Rising the reputation of expert
Corporation	Company’s position on the market	Management staff	Employment in particular company	Rising the company’s size and its diversification
State	Participation in democratic processes	Bureaucratic dominance	Source of observed norms: affiliation to nation	Increase in the common welfare
Religion	Transcendental dimension in the human life	Charisma of clergy	Affiliation to particular union	Increased presence of symbolism and religious interpretation in daily life

Family	Loyalty to family members, trust and belief in mutual relation	Patriarchal dominance	Affiliation to family	Rising the family status and keeping up for its good name
Community	United will of community members, as well as trust and belief in mutual relation	Adherence to community values and ideology	Affiliation to group	Rising the group's status and practices promoted by groups
Entrepreneurship	Requirement of handling with new reality	New phenomena requiring the identification of forming reality	Norms are settled, new phenomena get the meaning	Establishing new conditions of activity

Source: Own elaboration following M. Skrzek-Lubasińska, *Konkurencyjność samozatrudnionych w świetle koncepcji logik instytucjonalnych* [29]

Such ideal types comprise only the examples of institutional logics giving sense and meaning for various institutions. Despite such logics, many other possible institutional logics can also exist, that are modifications for ideal types. Theirs identification is extremely interesting and tends to be cognitively promising with regard to the spatial organization of economy.

3. INSTITUTIONAL LOGICS AS A RESEARCH TOOL

Among the works of Polish economists, the concept of institutional logics tends to be the attempt of special interest when it comes to methodology. The empirical works in the field of economy, where the institutional logic concept is used, can be counted on the fingers of one hand. M. Ławrynowicz simplified “the diversification of the comprehended categories of safety with means of various social worlds, including directors and employees of co-operative banks, supervisors and controllers of banking market, finally the experts” [19]. P. Hensel used the concept of competing institutional logics when analysing the process of culture management [15].

In the field of sciences on the company, one such work has been developed until now (according to knowledge of author of this papers), in which author researched the competitiveness of self-employed people in the context of their typology [29].

Meanwhile, numerous foreign works based on the concept of institutional logics demonstrated that such perspective made the fresh insight into the explored area of science feasible. According to the explanations of P. H. Thornton, institutional logics play the significant role in company's operation. On the organizational level, they help in solving the problem with means of attention focused on particular number of cases and solutions, that are compliant with dominating logic.

Moreover, they enable the recognition of the most urgent tasks, with means of which the managerial staff can be focused on things that are important from the institutional logic point of view. Third, institutional logics decide on the matters, what solutions will be implemented [32].

Regarding the fact that many elements of spatial economy (i.e. the city or Special Economic Zones) can be treated as analogy to the company, the concept of institutional logics can be also useful with regard to the research on such elements of spatial organization of economy and management.

For the purposes of researches held in the field of economic geography we can assume, that institutional logics comprise the system of beliefs, that is condition for activity in the area of organization. Logic has particular provenience, determined both by external and internal factors. External factors pertain to i.e. legal, political and economic conditions, whereas internal factors are cultural and social ones, wherein the last one can be also of external character. Institutional logic changes in time, because such conditions are changing and the sole entity is developing, what also influences on the ways of thinking about own goals and how they will be pursued in particular circumstances.

Following the above, there is one question, namely what should be researched and in what manner in the field of spatial economy, with means of institutional logics concept. Empirical researches on the spatial organization of economy exploiting the discussed concept of logics can be oriented on i.e.:

- identification and description of institutions existing in the frame of particular logics in similar business units differing in the localisation and place of business operation;
- identification of institutional logics influencing on the spatial diversification of economic events;
- researching the influence on logics existing in the companies with business activities at the same territory on the effectiveness of activities in such companies;
- description and analysis of process of institutional logics formulation, depending on the place of forming;
- comparative analysis for institutional logics existing in the companies with similar activity in various places;
- the influence of institutional logics on the shape of spatial structure of business units;
- spatial analysis of institutional logics in the field of regional development.

From the methodological point of view, studies on tools enabling the identification of institution and used for stipulation of new types of logics occurred to be particularly useful.

4. SUMMARY

The concept of institutional logics forms new area of research activities and enables insight into the existing research concerns from another point of view. Its application can support not only the original research questions, but it also fills the existing cognitive gaps in the research on the spatial organization of economy. Such concept can comprise both the methodological background for planned empirical researches and can be the source of inspiration for theoretical elaborations in the field of methodology of economic sciences.

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