

MICROFOUNDATIONS
OF INSTITUTIONS

RESEARCH IN THE SOCIOLOGY OF ORGANIZATIONS

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RESEARCH IN THE SOCIOLOGY OF
ORGANIZATIONS VOLUME 65B

MICROFOUNDATIONS OF INSTITUTIONS

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SECTION 4

COMMUNICATIVE PERSPECTIVE ON MICROFOUNDATIONS

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CHAPTER 1

ARGUMENTS AND INSTITUTIONS

Derek J. Harmon

ABSTRACT

Institutions are built upon language. Although we have a number of linguistic perspectives already in our arsenal, this chapter seeks to convince you of our need for just one more. The primary claim is that because the structure of arguments uniquely maps onto the latent structure of institutions, the use of arguments in institutional analysis may help us gain more traction on three important topics – the nature taken-for-grantedness, the macro-micro divide, and the political dynamics of institutions. This chapter thus offers a starting point for how to use an argumentation perspective when studying institutions.

Keywords: Language; communication; arguments; institutions; methods; viewpoint

INTRODUCTION

Language is a powerful window through which to observe and understand institutions. Since institutional meanings get codified in how actors commonly express their ideas and justify their actions (Meyer & Rowan, 1977; Schutz, 1967; Zucker, 1977), language usage can serve as a proxy for otherwise unobservable institutional dynamics. Moreover, since actions can be strategic and deviate from the norms, values, or beliefs of a broader institutional collective (Garfinkel, 1967; Goffman, 1967), language can also help explain how and why institutional meanings evolve. In this sense, language is useful for institutional analyses because it is both the residue from how institutions think (Douglas, 1986) and the motor for how institutions change (Berger & Luckmann, 1967).

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It is perhaps unsurprising then that the number of linguistic perspectives used to study institutions has proliferated over the last few decades. A large body of research, for instance, draws on discourse (Phillips & Hardy, 2002; Phillips, Lawrence, & Hardy, 2004), rhetoric (Green, 2004; Suddaby & Greenwood, 2005), or vocabularies (Loewenstein, Ocasio, & Jones, 2012; Ocasio & Joseph, 2005) to explore the processes of institutional maintenance and change. Other scholars have leveraged theories on impression management (Elsbach, 1994; Lamin & Zaheer, 2012), framing (Fiss & Zajac, 2006; Rhee & Fiss, 2014), or narratives (Garud, Schildt, & Lant, 2014; Vaara, 2002) to examine how organizational actors justify their actions and manage legitimacy in institutional settings. Given this already crowded set of linguistic perspectives, I can imagine what you might be thinking – do we really need yet another?

The aim of this chapter is to convince you that arguments are related to institutions in such a unique and useful way that the answer is yes, we do need just one more perspective. My primary claim is that the structure of arguments maps directly onto the latent structure of institutions. Arguments are thus unique in that they are structurally equivalent linguistic expressions of our institutions. I propose that this relationship between arguments and institutions gives us more traction, both theoretically and empirically, on three topics of increasing interest to institutional scholars – the nature taken-for-grantedness, the macro–micro divide, and the political dynamics of institutions. This chapter first introduces what arguments are and discusses their key structural characteristics. I then unpack how an argumentation perspective provides insight into these three core topics in institutional theory, followed by a discussion of several methodological considerations. Finally, I close by reflexively examining the argument outlined in this chapter to demonstrate the usefulness of an argumentation perspective not only to studying institutions but also to the very practices scholars employ to describe them.

ARGUMENTATION THEORY

What is an Argument?

Arguments are a way of reasoning with others. They are used when opinions concerning a particular topic differ, or appear to differ, and the individuals involved want to address such differences by either justifying their own standpoint or refuting someone else's. Arguments emphasize the offering and weighing of evidence, supporting one's position against contradictory pieces of evidence, and negotiating with others as to the reasonableness of one's conclusions. Arguments, therefore, enable public deliberation and provide a basis for collaborative engagement between interested parties. In this sense, the use of arguments is fundamentally a social activity that captures the meaning-making activities of institutional life.

Arguments historically have been conceptualized in two distinct ways (van Eemeren, Grootendorst, & Henkemans, 1996). First, from a normative perspective, arguments are a way to persuade others. Since arguments are offered to convince an audience of a position, many scholars study the types of strategies that

are most successful in accomplishing this goal. Considered in this way, normative argumentation theory is a subset of what organization scholars today call rhetorical theory (Green, 2004; Green, Li, & Nohria, 2009; Harmon, 2016). Second, from a descriptive perspective, arguments are examined for how they are presented and executed in everyday practice (Goodnight, 2006; Harmon, Green, & Goodnight, 2015). Thus, while this chapter itself is a normative argument to convince you of specific claims, the content of this chapter focuses on the descriptive perspective and outlines how argument structure in particular might serve as a useful basis to the study of institutions.

Argument Structure

Argument structure refers to how we naturally organize our reasoning when offering arguments to others. Aristotle (1991) developed one of the first approaches to conceptualizing argument structure, suggesting that arguments are naturally arranged into syllogistic forms. Syllogisms traditionally contain three structural components: a *major premise* (e.g., all men are mortal) and a *minor premise* (e.g., Socrates is a man) that necessarily lead to a *conclusion* (e.g., therefore, Socrates is mortal). According to Aristotle, arguments were structured as deductive, logical proofs that necessarily produce a conclusion.

However, with the advent of the linguistic turn in philosophy during the early twentieth century, scholars began viewing these logical deductions with suspicion. Wittgenstein (1953), among others (Habermas, 1973; Heidegger, 1927; Rorty, 1980), turned reason and rationality on its head by inverting Aristotle's core thesis – indeed, the world was not in need of formal proof, but of informal justification. By realizing that we can never stand objectively outside of the social world, they argued that imposing formal proofs upon it to deduce necessary conclusions is presumptuous, if not impossible. This shift in focus – from formal logic to informal justification – also began to resonate with what many saw in daily social life. We, of course, do not walk around providing syllogisms to others, we merely offer justifications if and when they are socially required.

It was around this time that Stephen Toulmin entered the scene. Born in London, Toulmin attended Cambridge University, earning his bachelors in 1943, his masters in 1947, and his PhD in philosophy in 1950. It was during his time at Cambridge that Toulmin came into contact with Wittgenstein, who taught in the philosophy department from 1929 to 1947 and deeply influenced Toulmin's understanding of the relationship between the uses and meanings of language. Toulmin started his career by studying argumentation in the field of law, believing that this was a useful setting in which to study a stable structure of argumentation. He saw the courtroom as a constellation of propositions, where claims were always open to reinterpretation and people were always jockeying for positions. However, he soon realized that this was how argumentation operated everywhere. Eight years after finishing his PhD, Toulmin wrote a book called *The Uses of Argument* (Toulmin, 1958) where he developed what is today known as one of the most authoritative ways of understanding argument structure, commonly known as the Toulmin Model of Argument.

The Toulmin Model of Argument

As shown in Fig. 1, the Toulmin Model of Argument contains four primary components – *claim*, *data*, *warrant*, and *backing* – which serve as the core structure of an argument, and two secondary components – *qualifier* and *rebuttal* – which serve to further reduce the strength of the core argument. According to Toulmin, informal argumentation is structured as follows. People in daily life typically reason with others by first asserting *claims* (i.e., conclusions). To the extent those claims are not credible or are questioned, they will move to justify their claims first with *data* (i.e., evidence), then with *warrants* (i.e., explanations for why this data support this claim), and if the claim is still in question, eventually with the *backing* (i.e., the generally understood assumptions, or “rules of the game,” for why these data and warrants are even appropriate in the first place). Speakers offering this argument can temper their claim by adding a *qualifier*, and audience members can offer different forms of *rebuttals* to further weaken or get others to reject outright such a claim.

To unpack these six components, consider the following example. During a quarterly earnings call, management wants to assure analysts that their decision to acquire a foreign company is a good decision for their investors (*claim*). They may start by justifying this claim by providing metrics from a discounted cash flow (DCF) model (*data*), and then potentially provide some sort of caveat to their level of certainty by saying that such data “appears to” supports their decision (*qualifier*). If pushed to further justify this claim, they might go on to explain in more detail exactly how such DCF metrics justify the acquisition (*warrant*) and maybe even go so far as to point out that acquisition decisions like these are normally based on financial considerations (*backing*). Analysts, in response, could of course ask questions to challenge this argument in all sorts of ways (*rebuttal*). For instance, they might ask what “appears to” really means, question the use of the discount rate in the DCF model, or reject that such metrics actually support this particular acquisition. They might even argue that the decision to make this acquisition should not be based on financial considerations at all and, instead, that this is really a decision concerning environmental or national security concerns.

From this example, we can observe three characteristics about the Toulmin Model that begin to reveal why this perspective might be particularly useful

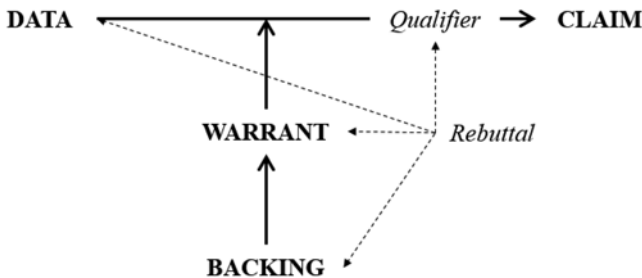


Fig. 1. The Toulmin Model of Argument.

when studying institutions. First, argument structure does not vary across fields. While the content that fills these six different structural buckets can change with the context, the basic structure within which argumentation unfolds does not. Second, this is a theory based on justification, where equally important to what *is said* is what *is not said*. For instance, the fact that a warrant or backing is left implicit in an argument carries with it an implication and meaning that contains as much meaning (albeit different ones) as stating them explicitly. Third, argumentation is always open to debate. Because arguments are no longer formal proofs, believability is based not on logic but on reasonableness and plausibility (Toulmin, 1958; Weick, 1995), validating that matters are never closed and always open to reinterpretation.

ARGUMENTS AND INSTITUTIONS

Argument structure, as captured in the Toulmin Model, lays the theoretical groundwork for making additional headway on the three important institutional theory topics – the nature of taken-for-grantedness, the macro-micro divide, and the political dynamics of institutions. This section offers a preliminary outline of how an argumentation perspective might begin to shed light on these topics and related research areas.

Topic #1: Arguments and the Nature of Taken-for-Grantedness

Taken-for-grantedness is arguably the most essential characteristic of an institution (Phillips & Malhotra, 2017, p. 201). Typically associated with the concept of cognitive legitimacy, taken-for-grantedness is the process or state of viewing institutional meanings as fact-like, natural, or objective (Berger & Luckmann, 1967). When meanings become taken-for-granted, their origins become detached “from the presumed control of the very actors who initially created them” (Suchman, 1995, p. 583), which obscures their social origins (Douglas, 1986; Schutz, 1967) and makes alternatives to the current conditions “literally unthinkable” (Zucker, 1983, p. 25). While this end state of being completely taken-for-granted is rarely, if ever, attainable, the basic notion of increasing or decreasing levels of taken-for-grantedness undergirds questions related to the maintenance or change of institutions as well as the processes of institutionalization and deinstitutionalization.

Despite the importance and centrality of taken-for-grantedness, we rarely theorize about it or directly test it empirically. Most studies that emphasize legitimacy focus on substantive forms of legitimacy (e.g., pragmatic or moral), which are positive or negative social evaluations of an organization, practice, or idea (Bitektine, 2011; Bitektine & Haack, 2015; Deephouse, Bundy, Tost, & Suchman, 2017; Tost, 2011). In contrast, cognitive legitimacy, and more specifically taken-for-grantedness, instead reflects the increasing absence of these substantive evaluations. The very nature of taken-for-grantedness thus presents a problem when trying to study it – how can one study something if it is the absence of an evaluation, and when drawing attention to it will change the very nature of the concept

itself? As Green, Li, and Nohria (2009) accurately point out, this has left institutional theorists to simply infer the role of taken-for-grantedness in their studies (e.g., that taken-for-grantedness is likely increasing when institutionalization is occurring) without being able to examine it directly. A way to directly theorize about and empirically examine the nature of taken-for-grantedness, therefore, would be useful for further developing our understanding of institutions.

The first and most important claim of this chapter is that the structure of arguments map onto the taken-for-granted structure of institutions. Taken-for-grantedness is the degree to which institutional actors assume certain meanings to be fact-like, natural, or objective (Berger & Luckmann, 1967) and, thus, simply go without saying (Suchman, 1995; Zucker, 1983). Evidence of low levels of taken-for-grantedness should be able to indicate that these meanings do not go without saying and need to be discussed, while evidence of high levels of taken-for-grantedness should be able to indicate that these meanings need not be stated explicitly. Arguments operate in a parallel fashion. People offer claims, then data, then warrants, and finally backings, but only do so to the extent such justifications are needed. If these justifications are not needed, these structural components of the argument literally go without saying. Thus, I propose that the presence and absence of these components of argument structure in daily discourse can serve as a theoretical and empirical proxy for the level of taken-for-grantedness (see Fig. 2).

Let us return to the example where management is justifying their acquisition decision to analysts. Consider several counterfactual situations that would indicate decreasing levels of taken-for-grantedness within the institutional context. First, consider the baseline – if analysts knew that the organization had a successful track record of foreign acquisitions, then perhaps management offering only the claim that they were going to acquire one more would have been entirely sufficient (i.e., no additional justification would be requested). But imagine if analysts instead demanded justification for this acquisition (i.e., data requested), and then followed it up by probing the appropriateness of certain discount rates used in management’s DCF models and how this supported an acquisition (i.e., warrant

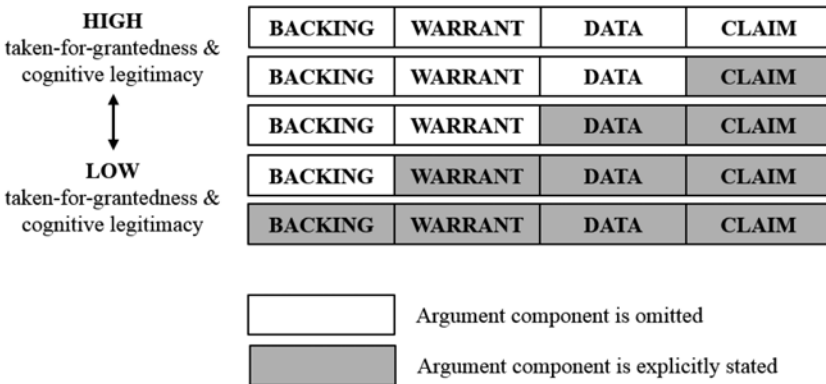


Fig. 2. Argument Structure and the Structure of Taken-for-Grantedness.