



Institutions and Inequality

John Amis
University of Edinburgh Business School
(john.amis@ed.ac.uk)

Systems Thinking: Reimagining Public Services to Tackle Inequality
Edinburgh, 20th June 2016



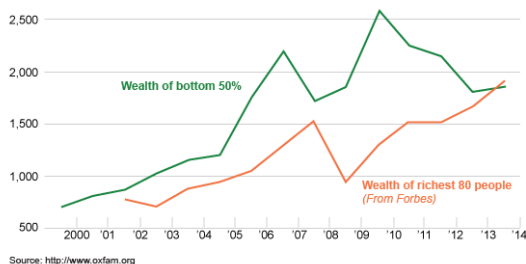
Objectives

- ❖ Understand the rise and persistence of inequality
- ❖ Four mutually constitutive overarching theoretical considerations that are implicated in the reification of inequality:
 - ❖ Institutional logics
 - ❖ Institutional microfoundations
 - ❖ Identity
 - ❖ Discourse



Rising Inequality

Wealth of the 80 richest people in the world compared to the wealth of the bottom 50%, 2000 – 2014
in billions USD



Source: <http://www.oxfam.org>



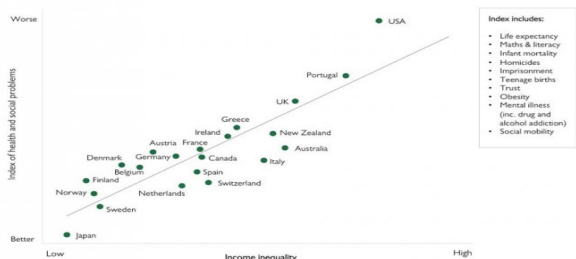
Inequality and organizations

- ❖ Research on institutional processes allows us to understand how inequality is created and reproduced in and because of organizations
- ❖ Working poor (Leana et al., 2012; Mair et al., 2012)
- ❖ Virtual workers (Bartel et al., 2012)
- ❖ Gender discrimination (Belliveau, 2012)
- ❖ Racial disparities (Carton & Rosette, 2011)
- ❖ Sexual harassment (Berdahl, 2007)
- ❖ Marginalization/stigmatization (Martí & Hernandez, 2013)
- ❖ “Body breakdowns” (Michel, 2011)



Impacts of Inequality

Health and social problems are more prevalent in more unequal countries



Source: Wilkinson & Pickett (2010)



Institutional Logics

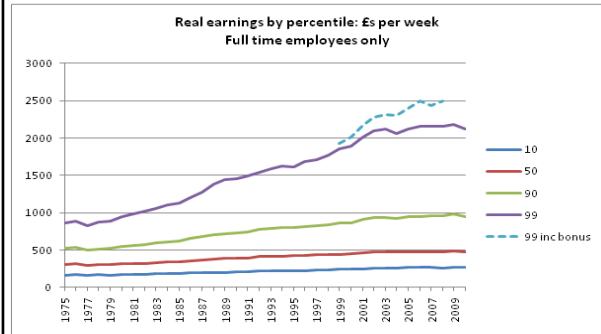
- ❖ “a set of material practices and symbolic constructions – which constitutes its organizing principles and which is available to organizations and individuals to elaborate” (Friedland & Alford, 1991: 248)
- ❖ Logics constrain and enable action
- ❖ Complexity (Greenwood et al., 2011) – multiple sets of values, beliefs and assumptions assume influence from different parts of, and beyond, the field
- ❖ Logics can allow us to examine inflection points and shifts in inequality

Policies as Carriers of Logics

- ❖ Macro- to micro-policies in public, private and non-profit sectors
- ❖ Thatcherism and Reaganomics – favoring of free markets and reduction of government intervention
- ❖ ‘Big bang’ in 1986 (UK) and financialization of the economy (e.g., Davis, 2009; Stiglitz, 2013)
- ❖ Increasing corporate power (e.g., Barley, 2007)
- ❖ Shifting institutional logics story: “from one that placed markets within society to a view that understands society in terms of markets” (Munir, 2011: 115)

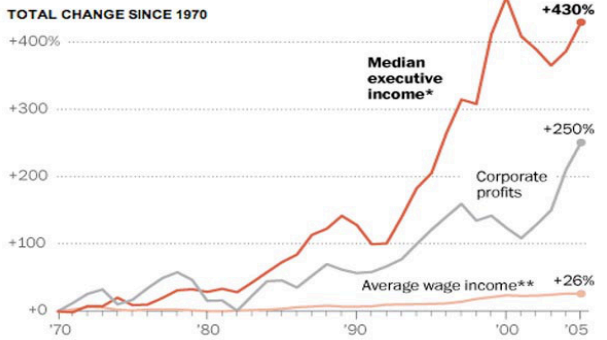
7

Trend over the last 40 years



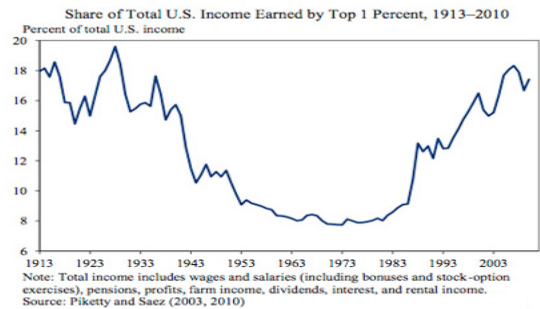
8

Changing logics



9

Changing logics



10

Microfoundations of Inequality

- ❖ Institutions are produced and reproduced through situated, everyday activities of individuals
- ❖ “typification of habitualized action” (Berger & Luckmann, 1967: 54)
- ❖ As they are reproduced, practices become constituted within a broader cultural understanding of what is considered normal - they become meaningful
- ❖ Lack understanding of how this occurs (Barley, 2008; Powell & Colyvas, 2008), yet important implications for our understanding of inequality

11

Reification of Micropractices of Inequality

- ❖ Need to understand why some practices are repeated, gain legitimacy and are institutionalized while others are lost
- ❖ Three mutually reinforcing mechanisms
 - ❖ Those in power manipulate structures, systems and discourse to maintain inequality
 - ❖ Those at lower levels are willing to repeatedly take actions that reinforce supporting rituals and myths
 - ❖ Reinforcement of structures of advantage and disadvantage – class distinctions emphasized

12

Inequality and Identity

- ❖ Persistence of social hierarchies dependent on creation and reinforcement of identities
- ❖ Production and reinforcement of identities is an institutional process (Berger & Luckmann, 1967; DiMaggio & Powell, 1983; Selznick, 1957)
- ❖ Identity, particularly stigmatized identity, influences our performance at work (Akerlof et al., 2010)
- ❖ Identity central to the creation and perpetuation of unequal social structures (e.g., Dacin et al., 2010)
- ❖ Yet, role of identity in producing and maintaining inequality yet to be addressed by institutional theorists

13

Inequality and Identity

- ❖ Class identity is a function of wealth, property, race, heritage, occupation, etc. (Gray & Kish-Gephart, 2013)
- ❖ Elites stress education, experience, and meritocracy while disavowing the “rigged game” (Schwalbe, 2008; see also Gray & Kish-Gephart, 2013)
- ❖ Autobiographical reasoning of elites: “If I can do it, they can too” (Scully & Blake-Beard, 2006: 436)
- ❖ Disproportional representation of women in power affects gender identity at work (Ely, 1995)

14

Inequality and Discourse

- ❖ Hierarchies in society rarely maintained by brute force
- ❖ Range of discourses justifying inequality gone from religion to neoclassical economics to management
- ❖ Religious legitimization of social institutions proffered a sense of rightness
 - ❖ E.g., India – Caste membership prescribed occupation and social rules
- ❖ Economics – free markets are the natural order of things

15

Inequality and Discourse

- ❖ Discourses in and of organisations provide even greater justifications for inequality
 - ❖ Unions distort markets
 - ❖ “Pay for performance”
 - ❖ Incomes best determined by objective markets
 - ❖ Market economies have brought greatest material gains in history
- ❖ Need to justify widening wage gap: job descriptions and organization charts become textual repositories – CEO, SVP, CFO, CIO, etc.

16

Conclusion

- ❖ Inequality has far reaching negative consequences across all aspects of society
- ❖ The existence and persistence of inequality is dependent upon the institutions that govern our society
- ❖ Institutional logics, microfoundations, identity and discourse can provide complementary insights – particularly powerful if considered in concert rather than separately?

17