

# Institutions and Economic Inequality <sup>1</sup>

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## Introduction

The global rise of economic inequality has become an increasingly prevalent theme in the economics and sociology literatures. Much of the focus of this work has been on the uncovering of statistical evidence that economic inequality exists, and is increasing. A growing body of research including Jencks et al. (1979), Stiglitz (2013), Dorling (2010, 2014) and Piketty (2014) overwhelmingly suggests that overall improvements in aggregate wealth are in fact associated with increases in inequality. For example, the share of wealth in the United States enjoyed by the top 0.1% grew from 7% in 1979 to 22% in 2012 (Saez & Zucman, 2014). In 1965, CEOs of major American companies earned 10 or 18 times more than the typical worker, depending on the compensation measure; by 2012, it had increased to 202-to-1 or 273-to-1 respectively (Mishel & Sabadish, 2013). These figures become even more extreme in the financial sector. In 2004, for example, the combined income of the top 25 hedge fund managers was greater than the combined income of all CEOs of S&P 500 firms (Kaplan & Rauh, 2010). Further, of the top 0.1 percent of income earners, 18.4% worked in finance or were executives, managers and supervisors of financial firms (Bakija, Cole & Heim, 2012).

The extreme levels of inequality are starkly borne out in the anti-poverty charity Oxfam's (2016) report that the proportion of the world's wealth owned by the top 1% has continued to dramatically increase. In fact, Oxfam reports that the 62 wealthiest people in the world own the same amount as the least well off 3.5 billion, or 50% of the world's population. Further, the wealth of these 62 people increased by 44% between 2010 and 2015 while that of the bottom 3.5 billion fell by 41% over the same period.

If the recent rise in inequality is now well established, what is also increasingly recognized is that it appears to have hugely detrimental consequences. Wilkinson and Pickett (2010) have demonstrated that higher levels of inequality are correlated with a wide variety of undesirable consequences including lower life expectancies, greater levels of community dysfunction, greater levels of drug use, more mental health problems, poorer physical health, greater obesity rates, increased levels of violence, lower levels of educational performance, higher rates of imprisonment, and lower levels of social mobility.

Such patterns of inequality seem to perpetuate themselves not just in society in general but within organizations too. The "working poor," while "seemingly indispensable to the value creation model for firms in developed economies" (Leana et al., 2012: 901) appear to have little chance of advancing beyond their current circumstances (see also Mair et al., 2012 for a similar argument in developing economies). Further, despite decades of awareness, women remain discriminated against in many organizations, leading to a perpetuation of unequal pay and severe under-representation in senior management positions (Belliveau, 2012; Ryan & Haslam, 2007). Racial disparities (Carton & Rosette, 2011; Cortina, 2008), sexual harassment (Berdahl, 2007; Raver & Gelfand, 2005), discrimination against stigmatized and marginalized individuals and groups (Martí & Fernández, 2013; Soule, 2012) and exploitation that leads to "body breakdowns" (Michel, 2011) have also been reported as outcomes of formal and informal policies of exploitation and inequality.

These patterns of inequality are engendered by deeply entrenched power structures that are manifest in institutionalized beliefs and rules that dominate social and economic life. These include economic and political ideologies, the class system, gender roles, social structures, discourses, and subject positions that have themselves reified societal inequalities. Mair et al. (2012: 820), for example, provide an evocative analysis of the ways in which social inequalities in developing countries are reinforced as market access and opportunities are governed by local institutional arrangements that “consist of complex interlocks of formal institutions, such as constitutions, laws, property rights, and governmental regulations, and informal institutions, such as customs, traditions, and religious beliefs.” To date, however, the institutional arrangements underpinning, and dynamics of, inequality have been largely overlooked.

It is this agenda that we take up in our chapter. In doing so, we are responding to recent polemics, prescriptions and calls to engage more with substantive societal problems (e.g., Bapuji, 2015; Dover & Lawrence, 2010; George, McGahan & Prahbu, 2012; Gulati, 2007; Hinings & Greenwood, 2002; Lorsch, 2009; Mair & Martí, 2006; Munir, 2011, 2015; Riaz, 2015; Seelos & Mair, 2007; Starkey & Madan, 2001; Von Glinow, 2005). We believe that the potential for institutional scholars to inform understanding of the mechanisms that exacerbate or reduce inequality is significant; similarly, the study of inequality poses fundamental questions for institutional theory.

The problem of increasing inequality appears to stem, at least in part, from the growing disparity between stagnating wages of lower-level employees on the one hand and rapid wealth accumulation by the rich on the other (e.g., Lansley 2012; Piketty, 2014; Stiglitz, 2013). This in turn has been causally linked to two related phenomena, the first of which is the influence of corporations. Barley (2007) argued that many corporations wield inordinate influence over policy-making, hamper the performance of institutions created to protect the public from corporate excesses and, together with various multilateral institutions, push for increased privatization of public services. One example of a firm that is arguably intent on increasing its influence on public policy in the US and Europe is Google, with concerns raised about the firm’s strategy of recruiting former government insiders, and in turn seeing several former employees appointed to political positions (Doward, 2016). While Barley (2007) particularly emphasizes the effects of large corporations, Davis (2016) argues that in fact an economy dominated by a number of large corporations has been replaced by what he calls a “gig economy” with an emphasis on flexible work. However, these organizations designed to be more responsive to environmental changes also have the potential to increase disparities between those in professional occupations or senior leadership positions, and those reliant on short-term, temporary, and non-guaranteed contracts. Thus, whether large and traditional, technology-intensive, and/or more flexible, corporations, in varied ways, are employing strategies that are apparently increasing levels of inequality.

The second antecedent for the increasing prevalence of inequality has been the financialization of the economy (Davis, 2009; Lansley, 2012; Stiglitz, 2013). Precipitated most notably by the emphasis on deregulation of the financial industry in the 1980s by the governments of Margaret Thatcher in the UK and Ronald Reagan in the USA, financial institutions became characterized by the aggressive pursuit of short-term policies aimed at increasing wealth maximization. Such an approach, inevitably, spilled over into other

industries such that shareholder return has become, in many cases, the sole driver of corporate strategies. As Burgin (2012: 214) documented, “the rise of deregulation in the 1970s and the subsequent election of Ronald Reagan had ushered in nearly thirty years during which the primacy of free markets was largely assumed.” Chang (2011) is among those who have pointed to the ways in which such a philosophy is explicitly oriented to have a positive impact on minority shareholders and senior managers at the expense of lower-level employees and long-term corporate well-being. Imperatives such as employment conditions, economic mobility, and employee benefits have, by contrast, been consistently overlooked (Stout, 2012).

In the context of these observations, our purpose in this chapter is to open up possibilities for developing institutional explanations for the persistence of inequality. We believe this will lead to a more holistic understanding of the causes of inequality, and in turn a more robust conceptualization of possible prescriptions. To this end, we draw upon four different streams of work within institutional theory to provide a conceptual framework for an institutional understanding of inequality. Our intent is not to provide detailed theoretical expositions of each stream – these are carried out in detail elsewhere in this book – but rather to uncover the ways in which an institutional infrastructure has emerged to create a society in which inequality is widely seen as inevitable. The four perspectives are selected, and ordered, to cumulatively build a detailed understanding of how institutions and inequality are inextricably interlinked. We begin by examining the institutional microfoundations of inequality. Our focus here is on uncovering the ways in which inequality becomes reified in everyday actions and interactions by and among individuals. We build out from a focus on individuals to consider how the discourse that people produce structures social life and in so doing creates a context in which systems of inequality can flourish but can also be potentially challenged. The third section focuses upon institutional logics, the material and symbolic constructions underpinned by a shared set of values, norms, and assumptions that help determine what are considered to be appropriate, and inappropriate, courses of action. In so doing, the taken-for-granted social structures that have resulted in inequality are investigated. This allows us, in our final section, to examine the role of identity in the creation and maintenance of inequality. Implicated here are the ways in which social constructions such as gender, class, race, disability and status create expectations of how we and others should behave in particular situations. In adopting this structure, we show how four of the most dominant perspectives in institutional theory are mutually interlinked to create an environment in which inequality has become a taken-for-granted feature of everyday life, and how those institutions that underpin inequality might be reframed.

### **The Microfoundations of Inequality**

*“The ideas of economists and political philosophers, both when they are right and when they are wrong are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually slaves of some defunct economist”* (Keynes, 1936: 383).

An important consideration for those interested in the perpetuation of inequality is how the dynamics of everyday life in organizational and field settings can reify and institutionalize particular social structures. Resonating with efforts to attend to the microfoundations of institutions and institutional processes (e.g., see Barley, this volume; Powell & Rerup, this volume), this is a broader theoretical concern at the forefront of institutional scholarship and one that we consider here. In particular, we first investigate the ways in which inequality is experienced and reinforced from repeated, often mundane, everyday organizational practices. Second, we assess the ways in which practices that lead to, and accentuate, inequality spread within and across institutional fields.

### *Reproducing practices of inequality*

Understanding how practices become institutionalized has long been at the heart of institutional theory. However, as Martí and Mair (2009: 98) explained in their discussion of the perpetuation of poverty, “there is a need to unpack the institutional forces that make policies so persistent and to understand how to act upon them.... Studying how the wide array of legacy institutions, traditions, myths and customary practices that underlie policy are reproduced and maintained, and by whom, is of utmost importance.” Understanding how such “institutions, traditions, myths, and customary practices” are constructed and reproduced will, we contend, provide insight into the escalation and perpetuation of inequality.

Institutions are produced, and reproduced, through the situated, everyday activities of individuals. Members of organizations ascribe meaning to actions and, in so doing develop taken-for-granted understandings (Powell & Rerup, this volume). Thus, when becoming institutionalized, practices that would otherwise be considered quite banal and unremarkable are imbued with a meaning informed by broader cultural beliefs (Lounsbury & Crumley, 2007; Thornton et al., 2012). Powell and Covylas (2008) suggested that insights from ethnomethodology, sensemaking, interaction rituals, performativity, and status expectations can help us understand how this process takes place. In each case, they argue, we gain exposure to the sequences of individual actions and decisions that constitute the building blocks of microfoundations of institutions and institutional processes. We argue that the unveiling of the microfoundations underpinning inequality would have great utility in helping us understand the ways in which inequality becomes established and subsequently reproduced, and how they might also be unpicked. For example, in contrast to the popular image of processes underpinning institutional change as muscular, radical or triggered by external jolts, Mair and Hehenberger (2014) provide insight into the mundane and gradual processes that became rationalized and taken-for-granted as strategies to alleviate poverty and fight inequality. In particular, they show the importance of collective action by dissimilar actors in bringing about change, but also demonstrate how such action is only possible by reframing constituents’ practices in such a way that neutralizes opposition from groups with disparate interests.

Further insight into the microfoundations of inequality can be gained by examining the ways in which changes to the socio-economic environment in which firms operate has led to a change in the structure of workforces in many firms. At the operational level, firms have engaged in strategies that have led to the outsourcing of manufacturing, the employment of staff on temporary rather than full-time contracts, and the general stagnation of wages. By

contrast, senior and chief executives have seen their wages and bonuses climb, particularly in the US (Stiglitz, 2013). On the one hand, such steps can be seen as straightforward responses to competitive pressures. However, as such practices are repeated within and across organizations, are permeated by interlocking boards, become reinforced by complementary practices, are reported on by the media, become topics of conversation inside and outside organizations, and so on, they become constituted within a broader cultural understanding of what is considered normal, and become *meaningful*. In other words, practices take on a symbolic value of being representative of good management practice. In fact, not following such practices is seen as unusual, even bizarre. A good illustration of the way in which new micropractices became institutionalized and had a major impact on inequality is provided by the recent financial crisis. Ray Perman's (2013) book on the rise and fall of the Bank of Scotland in the UK is beautifully illustrative in this regard.

### *The Bank of Scotland*

Perman (2013) starts out by pointing out how banks have traditionally been highly conservative organisations that ascribed to the maxim "lend short and borrow long." In other words, capital to be borrowed by a bank should be on terms that allow repayment over a relatively long period, while money should be lent only over short timeframes. The principle underlying this was that any bank that fails to maintain its liquidity is extremely vulnerable. Of course, such a value proposition mitigates against practices such as mortgage lending in which lent capital is typically tied up for periods of up to, and beyond, 25 years. Following the deregulation of financial services in 1986, the UK financial industry fundamentally changed. Among other things, building societies, the traditional mortgage lenders, saw opportunities to engage in the provision of other financial services that had been the preserve of banks. By contrast, leaders of banks began to look at how they might also expand their services, and began to view mortgages and other forms of lending as potentially lucrative. In 1995, the Bank of Scotland celebrated its tercentenary, an occasion marked by the *Financial Times* calling it "the most boring bank in Scotland", something that it noted had allowed it to enjoy 300 years of consistent profitability and to "outperform the sector by nearly 100 per cent since 1980" (quoted in Perman, 2013: 50). A series of decisions illustrates how the bank's operating values changed.

In 2001 the Bank of Scotland merged with the Halifax Building Society to create HBOS. Rather than slow, organic "boring" growth, this marked a strategy of aggressive expansion in an attempt to compete with the "big four" banks in the UK: HSBC, Lloyds, Barclays, and the Royal Bank of Scotland. James Crosby, the new CEO, instructed his staff to pursue rapid growth in each of their main market areas. To achieve this, the previous conservatism was replaced by a much greater tolerance for risk. Lending standards were relaxed, with decisions taken to offer unsecured personal loans, increased credit card lending, and high-risk 'specialist' mortgages – including self-certified, buy-to-let and 125 per cent mortgages. In fact, to achieve sales targets, it was common practice – at HBOS and elsewhere – for bank staff to help potential mortgage customers lie on their applications about their income levels in order to secure bigger loans.

Another action that further entrenched the new way of banking was the appointment in June 2005 of a new Chief Operating Officer (COO). Rather than banking stalwart George

Mitchell, the bank appointed Andy Hornby, a 38 year old with limited banking experience, as COO and heir apparent to Crosby. Hornby had brought with him to HBOS the sales approach he had developed during his retailing experience with grocery chain Asda. Among other things, he was (in)famous for his monthly staff newsletter, which always ended with the instruction to “Keep smiling, keep selling.” To further improve market share, prices on new products were cut (unsustainably) wafer thin as the bank pursued market share at any price. Those staff at the bank who tried to instill a more cautious approach were fired, actions that were as much symbolic as instrumental in the further reification of the new values. Despite the looming recession, and increasing numbers of bank customers suffering financial hardships, bank employees were still expected to hit their sales targets primarily by selling new products to existing customers; in some cases, the already difficult-to-hit targets were increased for retail staff.

In retrospect, the constellation of actions described above served as microfoundations for institutional change in the banking industry. While at one level, each of the changes in practice could be considered a response to competitive market forces, we can see clear institutional drivers and effects. There were pronounced changes to the values that had guided banking practices, from a conservative attitude to lending allied with careful organic growth, to a very aggressive pursuit of profits and desire for rapid growth in market share. This value change – unsurprisingly – was accompanied with shifts in norms of behavior and assumptions about how a modern bank should act. Further, these changes went almost entirely unchallenged. Chang (2011: 4) explains that the “free market” is anything but free. Rather practices are underpinned by expectations, understandings, and rules of engagement that are established and reified. “We accept the legitimacy of certain regulations so totally that we don’t see them. More carefully examined, markets are revealed to be propped up by rules – and many of them.” While some of these “rules” were codified in legislative changes, others emerged from the day-to-day practices that become accepted and taken-for-granted as appropriate ways of acting.

If HBOS had been the only bank to embrace this new ideology of capital accumulation, then its impact on the economy might have been relatively minor. However, the new approach to banking had spread like a contagion across the industry. The upshot was a failure in the banking system from Iceland to Ireland, the USA to the UK, eventually leading to a worldwide financial collapse.

This collective outcome was not a direct result of market liberalization policies. It was mediated and made possible by rituals, subcultures and identities that emerged to make it all intelligible and indeed desirable to the participants. Those in the financial industries were lauded, particularly investment bankers who regarded themselves as Masters of the Universe, occupying the commanding heights of the economy. Their identities were reinforced by their military like intense socialization in a “white collar sweatshop” convincing them that they were the smartest, and hardest working, young people in society and deserved every ounce of success that came their way (Ho, 2009). In her brilliant ethnography of Wall Street, Ho (2009:152) described how the concept of shareholder value became “decontextualized, naturalized and globalized” by institutional actors, particularly economists. “Reckless expediency” and shifting risk on to other people became an institutionalized practice on Wall

Street. Any talk of “redistribution” of the massive amounts of wealth being generated was openly derided and derogatively labeled as being socialist.

As the financial crisis played out, the effects of decisions made in banks such as HBOS became apparent. In a very sobering manner, the financial crisis illustrated how seemingly isolated decisions made in response to a perceived business pressure or opportunity can become exponentially magnified as new practices become institutionalized. The emergence of these new practices, of course, did not take place in a vacuum, but in a culture in which, particularly in the UK and USA, people had been encouraged from 1980 on to buy shares, borrow money to purchase houses that were almost unaffordable, and pursue wealth generating opportunities. This was a socio-economic environment in which greed was not seen as problematic, and in which the financial industry was lauded as traditional industries, such as manufacturing and mining, declined (Collins, 2007; Dobbin & Zorn, 2005; Thompson, 2007). The shifts in banking practice ultimately resulted in hundreds of thousands of people losing their jobs as banks struggled to survive, loans were called in, and lines of credit for business closed; thousands more defaulted on their mortgages and lost their homes. Many of those remaining lower-level employees who did retain their jobs in the banking industry were given pay cuts. At the top end, executive pay quickly rebounded and reached pre-crisis levels in most sectors, including banking; share prices also recovered to exceed their pre-2008 highs (Dorling, 2014). Thus, those with senior positions, who could afford to retain their shares, regained most if not all of their losses; those at the lower end who lost jobs, homes, and earning power over an extended period, will likely never recover in the same way (Stiglitz, 2013). Thus, the financial gap has been extended by changes at both ends of the spectrum.

#### *The institutionalization of new practices*

As the types of new practices and processes that we lay out above become repeated and gradually adopted across a field, there is a “typification of habitualized action” (Berger & Luckmann, 1967: 54) that leads to practices gaining legitimacy and becoming institutionalized. There are several, mutually reinforcing, mechanisms through which this happens, and generally distinguishes between those actions that are repeated but not institutionalized, and those that are. First, those in positions of power usually feel that it is in their best interest to maintain the inequity and thus utilize their bases of power to ensure that systems are established to protect their position. Thus, some practices are encouraged and reinforced, while others are condemned and curtailed. While work on power in the establishment and development of institutionalized practices is relatively limited (Munir, 2015; Willmott, 2015), Lawrence (2008; see also Lawrence & Buchanan, this volume) is among the few who has theorized how episodic and systemic forms of power are utilized to establish particular institutional practices.

Second, while those in power can take decisions of the type we saw at HBOS that can create what become microfoundations of new institutionalized practices, institutions rely on the wider repetition of actions for their reproduction (Barley, this volume; Berger & Luckmann, 1967; Powell & Rerup, this volume). Thus, it becomes apparent that institutionalization is dependent on the situated actions of those at all levels of society. Lawrence and Suddaby (2006: 215) termed this, “institutional work – the purposive action of individuals and



organizations aimed at creating, maintaining and disrupting institutions.” For example, Dacin, Munir and Tracey (2010: 1406) described how social class structures are perpetuated, at least in part, by ritualized formal dining practices at Cambridge University. These practices are maintained in part by the institutional work carried out by staff “performing a role akin to that of servants during England’s Victorian era.” A student in the study recalled an example of this: “At our first formal [dinner], a couple of people got up to go out and have a cigarette in between the courses and the sort of the head waiter came up to them and said loudly, ‘You are not peasants! Getting up and smoking in between meals is for peasants!’ That incident has just stuck in my mind.” Such repeated micro-activity helps to maintain a system of inequality that, in societal terms at least, often disadvantages those who are reinforcing it. As Willmott (2015) pointed out, even relatively mundane forms of oppression can become institutionalized in ordinary work situations.

The role of day-to-day practices in organizations in maintaining particular courses of action leads to our third point that the ways in which organizations are structured can ensure that hierarchical divisions are reinforced and taken-for-granted. In this way, not only do organizational practices that promote inequality become reified through the establishment of ritual and repetition, but those who are disadvantaged often see no way to challenge the accepted orthodoxy and, as we see above, often actively participate in the practice reproduction. Gray and Kish-Gephart (2013) described the processes that lead to this as a particular form of institutional work that they term “class work.” Drawing on Goffman (1967), they define class work as the interpretive processes and interaction rituals that organization members individually and collectively engage in to conform to “class rules” and reinforce class distinctions. As they explain, “one’s social class and attendant behavior is not simply a function of one’s self-constructed social class but is also constructed and reinforced (often unconsciously) through routines and practices that perpetuate inequality.... Class work constructs and legitimates organizational norms and routines as appropriate and expected behavior.... In this way, inequities become institutionalized and maintained over time” (Gray & Kish-Gephart, 2013: 672). A significant component of this reinforcement of unequal status comes from those who self-ascribe to a lower social class feeling threatened, and even stigmatized. According to Eitzen and Smith (2003), this in turn can lead to feelings of shame, humiliation, and self-blame for their position, and “a constant fear of never having ‘got it right’” (Skeggs, 1997: 6). In sum, many of those in the upper and lower classes see their positions as inevitable outcomes of inherent characteristics: the upper class have no desire to alter the *status quo*, the lower class lack the means to do so. This underpins Wilkinson and Pickett’s (2010) analysis of why inequality is so pernicious in its societal outcomes.

While these mechanisms remain under-examined in the institutional literature, they are central to our understanding of how inequality becomes established in often seemingly mundane organizational practices. Equally important is how these practices spread from one organization, and field, to another. It is to this that we now turn.

### *Disseminating practices of inequality*

Barley (2007), building on the arguments that he espoused over a decade earlier (Stern & Barley, 1996), contended that while we have attended to the ways in which society influences organizations, we have paid much less attention to how organizations enact the world around

them and shape society. Of course, this entire chapter explores this in one way or another, but it is an observation that is particularly apposite when we think about how particular institutional microfoundations serve as platforms for enacting new mechanisms for the production and perpetuation of inequality. As the financial crisis illustrated, individual actions can quickly spread across institutional fields, and from one field to another. For this to happen, as Zucker (1977: 728) explained, actions must be perceived as being *objective* and *exterior*. “Acts are *objective* when they are potentially repeatable by other actors without changing the common understanding of the act, while acts are *exterior* when the subjective understanding of acts is reconstructed as intersubjective.” A key component to this is the process of theorization whereby a particular practice is seen as being a legitimate solution to a particular organizational failing (Greenwood, Suddaby & Hinings, 2002; Strang & Meyer, 1993). Thus, a decision at the Bank of Scotland to shift from being conservative guardians of people’s money to aggressive purveyors of a range of banking services is constructed as a rational act with moral and pragmatic legitimacy. This is because other banks confronted with similar circumstances are carrying out similar activities, and in so doing establishing perceived economies for their organizations and greater returns for shareholders. In this process, “the objectivity of institutional arrangements ‘hardens’ as individuals internalize these objective social realities, take them for granted and recreate them in their ongoing interactions” (Dolfsma & Verbürg, 2008: 1036).

While earlier institutional accounts failed to problematize the diffusion of practices across a field, with their attendant micro-processes and issues of power and politics (Zilber, 2008), it has since been established that ideas are not passively transmitted from one organization to another. Rather, the concepts of theorization and translation (Czarniawska & Sevón, 1996; Zilber, 2006; Wedlin & Sahlin, this volume) established the idea that practices are adapted to suit local circumstances. In particular, practices established in one context are never fully understood, and thus the gaps in understanding lead to interpretations – translations – based on the meanings that are attributed to particular aspects of the practice and how they might fit in a different organizational context (Sahlin-Andersson, 1996; Sahlin & Wedlin, 2008; Wedlin & Sahlin, this volume). Importantly, this process is *intentional* rather than accidental, and *collective* in that there is broad agreement or acceptance in how the practice is to be adopted (Gondo & Amis, 2013; Searle, 2005). Thus, new practices are not “imprinted literally” into organizations or professions by external parties, such as a government, regulator, or other dominant organization, but are rather interpreted and enacted by those within an organization (Dunn & Jones, 2010). For example, the adoption of more risky banking practices, while broadly accepted, was interpreted and enacted differently in different banks. Thus, some banks emphasized different products, or developed different loan application processes, but were still hit with common catastrophic effects (Martin, 2013; Perman, 2013). The acceptance of particular power structures, large CEO salaries, part-time contracts for lower-skilled workers, and sub-contracting of manufacturing to overseas factories, takes place at the field level where practices are theorized as viable solutions to common problems: local translation takes place within organizations to make the solution contextually-specific. As Powell and Colyvas (2008: 285) explained:

micro-level consensus is generated through a process in which values and beliefs from the larger society are pulled down into local circumstances, creating differential expectations about the performance of individuals in task

groups. These expectations can become taken-for-granted features of organizations, and persist even if they are unjust or unproductive, thus giving them an ‘objective’ quality.

However, as Meyer and Höllerer (2010) have pointed out, selection options are limited by the situation in which the action is to occur. Thus, for our purposes, actions that increase inequality have become in many cases seemingly inevitable outcomes derived from the perceived scarcity of “legitimate” policies of banks, large corporations, and governments. Those who rail for change – the ‘Occupy’ movements, living wage proponents, those who argue for wealth distribution from more progressive taxation regimes – find themselves marginalized: while they may attract sympathy from (some) decision makers, the actions they propose are usually seen as not viable in the construed value frameworks in which they would have to be implemented. In order to be seen as having utility, therefore, problems within the field normally need to be reframed in some way, as we saw, for example, with the Arab Spring; however, such reframing is exceptional.

Our intent in this section has been to show the interplay between activities at the individual, organizational and field levels. While practices rules, norms, and values are transmitted through fields, they are initially constructed, and then subsequently translated, by individuals in organizations. It is at the organizational level that policies and actions that perpetuate inequality are enacted, often resulting in income levels becoming stratified (see, e.g., Cobb, 2015), and wealth accumulating in a small proportion of the population (Chang, 2011; Piketty, 2014; Stiglitz, 2013). We have demonstrated the ways in which everyday activities can become reified, sometimes quite rapidly in the case of the banking industry, and how these can create an interlocking system of structures, systems, values, and norms of behavior in which increased inequality becomes an almost inevitable outcome. Aligned to these activities, of course, are the modes of language and other communicative practices that individuals use that help to coordinate social activities. We assess the influence of such discursive devices in the next section.

### **Discourse and Inequality**

*“In a society such as ours, but basically in any society, there are manifold relations of power which permeate, characterise, and constitute the social body, and these relations of power cannot themselves be established, consolidated, nor implemented without the production, accumulation, circulation, and functioning of a discourse. There can be no possible exercise of power without a certain economy of discourses of truth which operates through and on the basis of this association. We are subjected to the production of truth through power and we cannot exercise power except through the production of truth” (Foucault, 1980: 93-94).*

*“The ideas of the ruling class are in every epoch the ruling ideas: i.e., the class which is the ruling material force of society is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so*

*that thereby, generally speaking, the ideas of those who lack the means of mental production are subject to it” (Marx & Engels, 1965: 61).*

Inequality is different from winning or losing in a race, although that is how it is often portrayed. Rather, inequality is a long-term condition, and its continued existence necessarily means domination of particular groups over others. Given the problematic nature of visible privilege or domination, which can lead to rebellion or resistance by the oppressed, it is not surprising that the continuation of inequality needs continuous legitimation. This is made possible by an interrelated system of discourses that collectively serve to justify a particular social order (Fairclough, 2010; Fallon, 2006; Van Dijk, 1994). Indeed, over centuries, discourse has played a central role in ‘institutionalizing’ inequality. Previously, we mentioned the unprecedented concentration of wealth in the world and the fact that inequality has been increasing rapidly. Why have people not resisted it? How have they come to accept their inferior status?

Our hierarchical societies are not maintained by brute force. Although physical force is often necessary in establishing a social structure, the everyday maintenance of the institutional order is carried out principally through the establishment of a belief system that bestows moral and pragmatic legitimacy upon it. In other words, those in inferior positions must somehow be made to accept their fate. Thus, surveys show that while American class mobility has diminished greatly over the years, especially in comparison to Western Europe, faith in the American Dream continues to exist. As Wilkinson and Pickett (2010) suggest, if one wants to live the American dream, one should move to Denmark or Finland. Still, discourses based on rags-to-riches stories of billionaires and celebrities, who through their vision or never-say-die attitude attain heights that are supposedly within the grasp of everyone if only they tried hard enough, go a long way towards sustaining and perpetuating this myth.

The same discourses serve to legitimize the exponential growth in CEO salaries reported at the opening of the chapter. The myth of meritocracy, springing once again from a willingness to work hard, intelligence, and the courage to take risks, provides crucial support to our acceptance of stark inequality in income. Similarly, gender inequality manifest in differing pay for men and women is able to continue because we believe that men are clearly able to do things women cannot, and that if the ‘value-neutral’ institution of the market pays men more, they must deserve it. Before we describe how the production and dominance of various discourses has been instrumental in the creation and perpetuation of inequality, we briefly examine the rise in attention paid to discourse analysis within institutional theory.

### *Institutionalism and Discourse*

With discourse central to the creation and persistence of particular social orders, the use of discourse analysis has increased among institutional theorists (Phillips, Lawrence & Hardy, 2004; Munir & Phillips, 2005; Hardy & Maguire, 2010; Phillips & Oswick, 2012; Phillips & Nam, this volume). This is of course unsurprising given that the roots of institutionalism lie

in social constructivism (Berger & Luckmann, 1967), a perspective that privileges discourses as building blocks of social life and suggests that perhaps the best method to deconstruct institutional formation is discourse analysis. In fact, Phillips et al. (2004) claim that institutions are constructed primarily through the production of texts. Texts include written documents, speech acts, pictures, and symbols (Grant, Keenoy & Oswick, 1998; Taylor & Van Every, 2000) and combine symbolic and material elements.

For example, the institutional process of theorization, referred to in the previous section, could be seen as a process in which texts are produced that collectively form discourses which in turn render particular institutional arrangements sensible, meaningful, and legitimate. The HBOS example above provides a good example of this as the new approach to creating, promoting, and selling financial products was imbricated in an array of electronic, printed, audio, and video materials that were circulated to staff and customers. Similarly, in their study of popular photography, Munir and Phillips (2005) described how institutional entrepreneurship was in fact a discursive process rooted in the production of texts, which constituted new objects, concepts and subject positions that changed the dynamics of the institutional field. More recently, Khaire and Wadhvani (2010) used organizational discourse analysis to investigate the production of a new category in the global market for art. Discourse analysis thus provides an epistemological foundation and a methodological approach for exploring the processes of social construction that privilege certain discourses and social groups over others, thereby continuously legitimizing particular institutionalized practices. We now briefly describe how various discourses are produced and go on to examine their role in institutionalizing inequality.

### *Discursive Legitimization of Inequality*

As mentioned above, sustained domination requires continuous legitimation for which the production and acceptance of texts is essential. An interesting example is that of British rule in India, which was underpinned by discourses that privileged everything that the colonial masters stood for and convinced the natives of their inferiority (Said, 1978). One example of such a text is the English Education Act of 1835. The Act took away support from indigenous curricula and educational institutions and reallocated it to Western curriculum, with English as the medium of instruction. As Cutts (1953) has pointed out, this Act was the result of long discussions, which are most famous for the memorandum produced by Thomas Macaulay, a historian and high ranking member of the British government, in February 1835. The memorandum, known as Macaulay's Minute, laid the basis for an educational policy whose effects can be seen even today. Cutts (1953) reported that, in his Minute, Macaulay stated, "I have conversed both here and at home with men distinguished by their proficiency in the Eastern tongues. .... I have never found one among them who could deny that a single shelf of a good European library was worth the whole native literature of India and Arabia."

Macaulay argued that the need of the hour was to produce in India, "a class of persons, Indian in blood and color, but English in taste, in opinions, in morals and in intellect." Such arguments were decisive in the adoption of this policy in India and in completely

transforming the educational system of the vast country to one that affirmed Western supremacy and established the useless nature of locally produced knowledge.

The dismantling of the traditional schooling system and the privileged position of the English language and Western knowledge provided the bedrock on which a new stratification of India took place, helping to ensure continuous deference by Indians to their western rulers. The durability of such structures depends on the success with which imperialist discourses are diffused and internalized (Bhabha, 2004; Said, 1978). The effect of such discourses is to sustain a “regime of truth” such that a particular “object of discourses”, or social objectivity, is effectively institutionalized (Foucault, 1977).

Religious discourses have also played a significant role in justifying sustained inequalities and the legitimization of particular social orders (Berger 1967). While various religious movements have, over the years, undoubtedly led to more egalitarian social orders, they have also been used to legitimize highly unequal relations and institutions by “bestowing upon them an ultimately valid ontological status, that is, by locating them within a sacred and cosmic frame of reference” (Berger 1967: 33).

To take another example from India, a religious stratification was juxtaposed on society pinning down each individual’s place in the social order depending on their social category, or caste. Conveniently, this social stratification placed the powerful on top, and precluded the weak from ever rising to the higher castes. Moreover, the concept of karma justified one’s plight in terms of deeds in a past life. Good karma could only be accumulated through obedience and acceptance of the existing social order. This process is not confined to India of course. A similar process took place in the West where, when Catholicism was seen to provide inadequate justification for capitalism, Protestantism, much friendlier towards private property and the social divides that markets created, was ushered in (Wisman & Smith, 2011). Such forms of analysis have been taken on by Mair, Wolf and Seelos (2015) who highlight the importance of religious texts in explaining the difficulty in overcoming deeply entrenched social practices such as open defecation that reify patterns of inequality in rural India.

We can also trace the role of discourse in the perpetuation of racial and gender-based inequality. The legacy left behind by the institution of slavery and historical power relations between racial groups, racial inequality, is pervasive and persistent in the United States. Compared to whites, African Americans have significantly lower incomes and less wealth, have higher mortality and incarceration rates and lower educational attainment, and experience poorer health (Bobo & Smith, 1998). For a long time, this inequality was justified by dominant scientific and other discourses that suggested that African Americans were somehow biologically inferior. Thanks to the Civil Rights movement in America and other struggles, explicit racism has become illegal. Few, other than far right extremists, admit to being racist in public. However, while greatly diminished, the practice of racism continues, with many whites still preferring to maintain social distance from African Americans – though they would not admit it is because of racism. While overtly racist discourses have now been marginalized, other essentialist and culturally deterministic ones have taken their place arguing that much of these individuals’ social and economic condition is not due to race but simply because of lack of hard work or attitude problems. For many, affirmative action is

seen to only exacerbate this laziness and dependence (Bobo & Smith, 1998). As van Dijk (1992) shows, reporting in the media often reinforces such beliefs, constructing and then playing to stereotypes.

Research on gender shows similar patterns. Several scholars have shown organizations to be profoundly gendered places to work (Acker, 1990; Gherardi, 1995). Calás and Smircich (1993), for example, explain how the management literature constructs a masculine image of the leader. Ogbor (2000) and Ahl (2006) show how entrepreneurship discourse is similarly gendered. The gendering of the workplace continues at least partially due to the texts that describe the workplace and women's role in it. In most of these, women are represented as the only gendered subjects, disturbing the smooth running of otherwise gender-free organisations, a problem to be fixed (Calás & Smircich, 1993). Similarly, the debate is confined to the capitalist paradigm in which a firm must function in particular ways, and our job is simply to make it possible for women to play the roles that are available. Sheryl Sandberg's bestselling *Lean In* (2013) is a case in point. Sandberg's feminism essentially rests on the notion that if women get the same rights as men, the problem is solved. She does not see that the gender 'problem' is inextricably linked with other issues such as capitalism which create certain corporate dynamics and organizational forms, and even if privileged white men choose to share the benefits of corporate capitalism with privileged white women who 'lean in', the systemic inequality does not go away (see also Dobbin & Kaley, this volume).

These discourses matter because they are instrumental in constructing reality (Fairclough, 1992). Management texts, popular books, media reports, and television programs, all shape perceptions of reality (Calás & Smircich, 1993; Hardy, Palmer & Phillips, 2000; Phillips & Hardy, 1997) and the gendered language, concepts, and tropes that are used (e.g., from competitive sports) act as powerful transmitters of meaning about how an ideal workplace should function and who is appropriate for a job.

### *The Discourse of Markets and Inequality*

Perhaps the most powerful discourse justifying inequality now is that of the supremacy of markets. As we have seen above, even institutionalized practices of gender or race-based discrimination are increasingly supported by resorting to the fundamental 'truth' of the market. Gray (2001) similarly suggests that the types of religious doctrines that were pervasive more than a hundred years ago have now been replaced for many people by those of a more 'scientific' persuasion – neoclassical economics. This notion served to entrench the myth of 'free' markets and justified the consequent concentration of wealth. The wealth accumulated by the elites was seen to be legitimately acquired and fundamental to the progress of the entire society. Indeed, so powerful was the discourse that promoted a neoliberal agenda that any country, or individual, who professed anything other than a belief in the primacy of free markets was derided and marginalized (Chang, 2011). Discourses portraying the elite as superior in ability and fortitude and as producers of livelihoods for the less fortunate members of society were similarly created.

Inequality is justified by this discourse as being essential to motivating investments in human and material capital, rewarding effort, and to getting talented individuals to fully use their abilities. Thus, in a recent issue of *The Economist*, a magazine known for articulating free market arguments, raising the minimum wage was presented as a dangerous thing to do for it might end in job losses for the very workers that it purported to help. The argument goes back to the productivity incentives logic enshrined in neoclassical economics discourse.

A similarly dominant discourse that informs our understanding of corporate governance is agency theory (Jensen & Meckling, 1976; Fama & Jensen, 1983; Shleifer & Vishny, 1997). This discourse developed not only to explain the longevity of corporations despite the self-interested proclivities of managers, but also to justify it. This has led to sustained redistribution of profits to shareholders and corporate managers leading to concentration of wealth not only across organizations but also across geographical locations. The pressure that this system exerts has also led to the erosion of labor laws that circumscribed minimum employment conditions, and marked increases in inequality (Chang, 2011).

Corporate devices to further entrench top management and enrich shareholders, often at the expense of other stakeholders, have been institutionalized by new discourses. For example, Hirsch's (1986) landmark study of golden parachutes and ambushes showed convincingly how discursive strategies aimed at glamourizing financial instruments and portraying firms as assets contributed to a transformation of practices on Wall Street (see also Collins, 2007). The enrichment of CEOs and shareholders over workers is further sustained by discourses of meritocracy and exceptionalism which provide justifications for the elite's position at the top. Over the past three decades, discourses celebrating successful CEOs have led to the legitimization of their pay, which according to some, has now reached 'Marie Antoinette proportions' (Lublin, 1996).

An important manifestation of the centrality of language to such issues is seen in the debate on welfare. From an ideal, a social contract and an aspiration in the 1960s, by the 1990s, the term 'welfare' had become associated with one of the most unpopular social programs in America (Jacoby 1994), with welfare recipients one of the least respected groups (Fiske, Xu, Cuddy, & Glick 1999). This transformation was underpinned by discourses that categorized the poor as undeserving (Katz 1993; Piven & Cloward 1993).

The powerful free market discourse is so pervasive that it is constantly evoked in discussions of gender or race based inequality too. Serbian tennis champion Novak Djokovic's remarks about women tennis players' lower wages being a fair reflection of their market demand is a good illustration of the intersection of gender and market discourses ('Novak Djokovic', 2016). Djokovic suggested that men should get paid more because men's television ratings are higher than women's. In other words, whoever is able to attract more coverage should get paid more. What he overlooked was that other factors are often at work other than popularity. The U.S. women's soccer team's World Cup victory against Japan in 2015 was the most-watched soccer match in American history. Yet on average, American women soccer players earn far less than the male players. The salary cap in the National Women's Soccer League is \$265,000, over 13 times less than the cap in men's Major League Soccer.



Thanks to powerful, deeply entrenched discourses that color reality, empirical evidence and impressions are often at odds, be it CEO salaries, proportion of women on boards, or the proportion of white males in executive positions. If inequality is to be challenged the discourses underpinning these social orders and their taken-for-grantedness need to be dismantled.

Understanding how power operates and how discourses assume hegemony is a challenge for institutional theorists. While power is always implicit in these analyses, with institutional entrepreneurs producing and leveraging discourses to achieve their ends (Hirsch, 1986; Munir & Phillips, 2005) the lack of explicit attention to power constitutes a noteworthy lacuna (see Lawrence, 2008, for a review). As Willmott (2015) suggested, power may occasionally be invoked as a relevant focus or concept of analysis (e.g., Lawrence & Buchanan, this volume; Zald & Lounsbury 2010), but its operation and significance is disassociated from structures of domination and oppression. Understanding how discourses perpetuate social inequality provides fertile ground for understanding the location and operation of power in an institutional setting and is a subject to which institutional theorists can thus make an important contribution.

### **Institutional Logics and Inequality**

*“new instruments are needed to regain control over a financial capitalism that has run amok”* (Piketty, 2014: 474).

*“To what extent do we wish to make ours a market-centered world?”* (Burgin, 2012: 226)

The dominant theme in institutional theory in recent years has been the turn to institutional logics. An institutional logic refers to “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). As Friedland and Alford (1991) explained, and Thornton, Ocasio and Lounsbury (2012; see also Thornton, 2004) later elaborated, each society contains an interinstitutional system that is composed of several institutional orders – family, community, religion, state, market, profession, and corporation<sup>2</sup> – that vary in scope and prominence across societies. Central to these orders are institutional logics. “These logics are symbolically grounded, organizationally structured, politically defended, and technically and materially constrained, and hence have specific historical limits” (Friedland & Alford, 1991: 249). A logics perspective recognizes that institutions cannot be analyzed in isolation from each other but rather that they must be understood in their mutually interdependent relationships, even if this implies dealing with contradiction and conflict. Extending neo-institutional theorizing (e.g., DiMaggio & Powell, 1983, 1991; Meyer & Rowan, 1977) that emphasized structure over agency, the institutional logics perspective seeks to understand how institutions both constrain and enable action. More recently, this has been used to show how the socially constructed patterns of cultural symbols, beliefs and values shape the dynamics, actions and decision outcomes in

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<sup>2</sup> From Thornton et al. (2012).

organizations and across organizational fields (Lounsbury, 2007; Ocasio, Thornton & Lounsbury, this volume).

While, as a theoretical perspective, the turn to logics has generated significant insights on a range of social phenomena, as with other streams within institutional theory it has hardly been used to engage with some of the major social issues of our time, including the financial crisis, exploitation of workers, corporate power, and inequality (e.g., Munir, 2012, 2015; Willmott, 2015). In this section, we explain why and how institutional logics can offer a potentially revelatory route to uncovering why systems of inequality have become entrenched in our society, and in so doing offer useful avenues that interested scholars might profitably pursue.

Martí and Mair (2009: 100) argued that, “poverty is multidimensional and its causes are rooted in a set of practices, rules, and technologies institutionalized in a determinate context.” We suggest that the same is true of inequality. Primarily, this is because logics shape what issues are considered problematic, what should be attended to, and thus what should be considered during decision-making (Thornton et al., 2012). Recent work on institutional logics has pointed to the ways in which institutional fields are subject not to simple struggles whereby proponents of one logic are pitted against those of another until one group is able to assert its dominance. Rather, decision-makers in social settings are subject to more complex arrangements of logic “constellations” (Goodrick & Reay, 2011) in which multiple sets of values, beliefs and assumptions assume influence from different parts of, and beyond, the field. This has reaffirmed a characteristic of “old” institutionalism that emphasized the plural nature of institutions (e.g., Kraatz & Block, 2008; Selznick, 1949), something that was often lost as attempts focused on the exposition of a struggle for dominance among competing logics. Kraatz and Block (2008) developed the idea of institutional pluralism (see also Kraatz & Block, this volume), a theoretical understanding that was elaborated by Greenwood, Raynard, Kodeih, Micelotta and Lounsbury (2011), who contended that the degree of “institutional complexity” in a particular field is dependent upon the number of salient logics and their degree of incompatibility. This point was taken up by Uzo and Mair (2014) who found that organizations in institutionally complex settings, including developing countries such as Nigeria, are often born at the interstices of formal and informal institutions. In these settings, organizational life and outcomes are critically shaped by the incongruence between “what the law prescribes as legal and what informal systems of beliefs foresee as socially acceptable” (Uzo & Mair, 2014: 57). The impact of this institutional pluralism becomes apparent when we consider the working conditions in many developing countries that results in factory owners and senior brand managers garnering large sums while those doing the physical work frequently operate in dangerous conditions for low rates of pay (e.g., Chamberlain, 2012; Chan, 2013; Khan et al., 2007; Pattison, 2015).

Recent work suggests that while societies in many parts of the world are characterized by a constellation of competing logics, the dominant logic is often an extreme form of capitalism that values the maximization of self-interest and accompanying wealth accumulation above anything else. Piketty’s (2014) treatise *Capital*, Danny Dorling’s (2011, 2014) critiques of a society that permits the wealthiest 1% to continue to accumulate wealth at an increasing rate, and other similar pieces (e.g., Chang, 2011; Lansley, 2012; Stiglitz, 2013) make a compelling case for this. Indeed, the change in practices at HBOS were reflective of a dominant

institutional logic in which the maximization of profits, rather than more conservative accrual of capital, became taken-for-granted. It also clearly demonstrates the reciprocal interaction between microprocesses and field-level logics. While we certainly acknowledge that the case for the dominance of such a market logic is undeniable, we contend that an examination of the institutional dynamics that have produced such an outcome provides useful insights for theorists and policy-makers alike. As Munir (2011) suggests, institutional theorists could add great value by exploring how logics shifted from one that placed markets within society to one that understands society in terms of markets.

Society has not always been dominated by a market logic (Biggart & Castanias, 2001). Pre-capitalist economic thought in the West was deeply influenced by a strong sense of the social and even the religious. Prices did not only have to be ‘right’ but also ‘just’ and the economy was often envisioned as a moral order. Even when later liberal thought, exemplified in the writings of David Hume and Adam Smith, went about creating a new moral order from the perspective of the public rather than the monarch, institutional relations still had to be ‘correct’ in terms of morality. Further, as Chang (2011) contends, if we look historically, those countries that currently are biggest proponents for free market systems, such as the USA and UK, benefitted from strongly protectionist regimes that they now tout as anathema to modern economies. How we moved from systems predicated on government intervention to an institutional order where it has become accepted that whatever social order results from market forces is ‘just’ (see Burgin, 2012, for an historical exposition of this) is thus an extremely important and significant challenge for institutional theorists.

Despite our point about the apparent predominance of the market logic, it is certainly not some form of monolithic hegemony. Even countries that emphasize free market economies, such as the USA, Sweden, Germany, Japan or South Korea, have variations in the degree and location of government intervention. Further, there are of course conflicting logics enacted in countries with different ideological regimes – for example, China, Russia, Cuba, North Korea, Greece, Iran and Saudi Arabia. The rise of Jeremy Corbyn in the UK and Bernie Sanders in the USA as populist socialist figureheads also points to the problematizing of market logics. There was also, of course, a questioning of market logics in the aftermath of the 2007-2008 global financial crisis, even if it has not immediately resulted in any large-scale ideological shifts in government philosophies in most major economies around the world.

Again, it is important to understand the complexity of institutional logics when it comes to understanding the persistence of inequality and the (in)effectiveness of measures designed to address it. For example, Martí and Mair (2009: 112) described how attempts to engage women in rural Bangladesh in commercial activities involved not only,

“juggling financial and business logics.... it also requires the entrepreneurial actor to navigate subtly between a range of other logics since the provision of loans for productive purposes challenges existing cultural and religious norms that sanction the seclusion of these women in their houses, the patriarchal system, or the gendered division of labor that restricts the involvement of women to a very limited range of public activities.”

Building on this line of thought, Venkataraman et al. (2016) showed how logics can be deployed as strategic resources to alter institutional arrangements that underpin deeply

entrenched inequality. Studying a development project targeting women in rural India, they showed how the simultaneous enactment of both community and market logics was critical in the development of new social structures – Self-Help Groups – to break existing patterns of dominance and economic exclusion. Thus, while we can see the prominence of a market logic, we also need to account for the ways in which constellations of logics interact in messy, often unanticipated ways.

There are, of course, other situations in which conflicting logics should draw attention from institutional theorists. For example, in the field of Islamic Banking, while practices may vary, the system is premised on fairness rather than simply an efficiency of capital. Work must be done to accrue profits: simply lending money to someone who needs it does not count as work as, under the Islamic banking logic, money must not be allowed to simply create more money. Thus, instead of traditional accounts with set interest rates, Islamic banks offer accounts in which the bank uses deposits to purchase assets that in turn can generate profits or losses. Similarly, market speculation is disallowed. Islamic finance prohibits the selling of something one does not own, since that introduces the risk of its unavailability later on. Finally, Islamic finance requires that investments are restricted to ethical causes or projects. Anything unethical or socially irresponsible, from weapons to gambling to adult entertainment, is considered inappropriate for investment. The continued presence of such principles in societies dominated by a market logic raises questions such as how and why traditional logics based on fairness and principles of justice are resisted and suppressed.

Below, we discuss two mutually constitutive societal characteristics that have resulted in the current dominance of the market logic. The first is the development of values and norms that have rendered capital accumulation not only legitimate but unquestionably appropriate for a functioning member of society. The second is the creation of policies and laws that render any other form of functioning appear irrational and difficult to comprehend. We take each of these in turn.

### *Inequality, Logics and Society*

Barley (2008, see also this volume) provides compelling encouragement for institutionalists to “study social organization in action.” Drawing in particular on the Chicago School sociology of Everett Hughes, Barley argued that, “institutions are tied to ideologies championed by specific segments of society that lend the institution legitimacy. As ideologies change, legitimacy will change and, hence, so will the institution” (2008: 497). Scott et al. (2000) similarly argued that changes in institutional logics are accompanied by changes in the structures of field governance. It is our contention that such societal changes in what constitutes legitimate courses of action, has led, over time, to an increase in levels of inequality. For example, as has been widely reported, many if not most developed economies have been characterized by a shift from, among other things, a strong manufacturing base to a reliance on service sector jobs. One outcome of this has been, drawing on Barley, a new societal ideology with an accepted bifurcation. Leana et al. (2012: 888), building on Craypo and Cormier (2000), similarly argued that, as a consequence, “many firms are structured like an hourglass, characterized by large wage disparities. At the top is a set of highly skilled professionals (e.g., doctors, chefs), and at the bottom is a far larger group of frontline support staff with fewer qualifications (e.g., nurse aides, waiters) and nowhere to move up.” This has

created an accepted reality in which “poverty, like culture, provides a context with systematic and persistent influences that are substantial to the individuals living in it” (Leana et al., 2012: 891). This points to the revived interest in cultural perspectives of inequality (see, for example, Cohen, 2010; Small, Marding & Lamont, 2010). This increasingly polarized societal structure is sustained and perpetuated by a shared understanding and acceptance of inequality based on a set of widely held beliefs, material practices and symbolic constructions. The pervasiveness of inequality is reinforced by a strong emphasis on the role of professions and professional workers in our society. This runs across the financial industries, including banks, financial traders, accounting firms, and so on, with an emphasis on the maximization of financial returns for clients, shareholders and senior employees.

Stinchcombe (1997: 8) argued that the influence of institutions stems from the fact that they “embody a value that the people also accept.” Lok (2010) goes further, stating that institutional logics not only direct what individuals want or how they should act, but indeed who or what they are. In this respect, the pervasiveness of logics becomes apparent. Importantly, while we have argued that there is often a dominant market logic, we must be attuned to the fact that inequality creates, and rests upon, different lived experiences, and different corresponding logics that are experienced in multiple ways. Thus, inequality will condition understanding and action in particular ways that are nonsensical to those from different socio-economic strata. For example, according to Gray and Kish-Gephart (2013: 678),

“Members of upper social classes adopt a privileged subject position that allows them to assume that, as successful people, they possess ‘the right stuff’ and deserve more than others. To hold this view they must develop a rationale that justifiably differentiates them from others.”

As Dorling (2014) and other social commentators, such as *The Guardian*’s Polly Toynbee, have described, this allows those in positions of advantage to pursue courses of action that reinforce and extend that advantage, irrespective of the outcomes on others be they Nepalese construction workers in Qatar (Gibson, 2014), factory workers manufacturing Apple products in China (Agence France-Presse, 2014; Chan, 2013) or the working poor in the UK (Butler, 2015). In this respect, outcomes are not only the result of one group being more powerful than another and thus able to exert its will, but also of socially constructed and broadly accepted meanings that are attached to groups and actions. This, in turn, accounts for opportunity “hoard and exclusion” practices that result in enduring patterns of inequality (Tilly, 1998). Thus, those in different societal positions will operate according to different institutional logics. That said, those in some groups will not be unaware of the logics that govern others. Indeed, the litany of social ills that have been correlated with inequality stem from the realization among those who have little that others adhere to a different set of rules and values (Wilkinson & Pickett, 2010).

Given that institutional logics are social constructions that place a heavy emphasis on broadly understood meanings (Berger & Luckmann, 1967; Zilber, this volume), and that the degree to which these meanings are accepted determines their level of institutionalization, we can see that established understandings of what is appropriate – including assumptions that inequality is inevitable and that people are wealthy or poor as of right – have an extreme durability. Mutually understood schemas, frames, and rules structure the sensemaking of individuals:

“the shared nature of these cognitive frames makes it difficult to stray far from them in either thought or deed” (Garud, Hardy & Maguire, 2007: 959).

### *Logics and Policy-Making*

In addition to the centrality of institutional logics in our understandings of inequality being located within, and a product of, societal norms and expectations, logics also come to be embodied in prevailing political and legal structures. These can be at the macro governmental level or those that attend to more micro, situation-specific contextual imperatives. Not only do they exert a prescriptive effect on what is and is not legally acceptable (cf. Scott’s (1995) regulative pillar), they also have a powerful symbolic impact on conveying what is legitimate in a particular societal setting. In this respect, as institutional scholars have explained, we can see mutually constitutive effects across levels, from the individual to the organizational to the field.

For example, as we have noted earlier, the predominance of the market logic can be attributed to the rise of Thatcherism in the UK and Reaganomics in the US (see, among others, Lansley, 2012; Levy & Temin, 2007; Stiglitz, 2013; Thompson, 2007). Accompanied by the withering away of the Soviet Union and fall of the Berlin Wall, a political ideology took root in the West that favored free-market principles above all else. This led to a number of policies that reduced government intervention in corporate activities, and brought in “private sector discipline” to what were viewed as profligate public sector agencies. While the effects of these were manifold, one particularly important outcome was the so-called big bang in the UK in 1986 that allowed much greater operative freedom to financial institutions. Similar shifts in the financial services industry also occurred in the US in particular with the repeal of the Glass-Steagall Act in 1999 that had separated commercial and investment banking.

Economic and social theorists have traced the relaxing of these regulative structures to the beginning of an increase in inequality (Chang, 2011; Dorling, 2011; Piketty, 2014; Stiglitz, 2013). To this point, the disparities of the early years of the twentieth century had been successively overcome by forced redistribution of wealth and controls on top wage earners, primarily through taxation. This had seen levels of inequality decrease throughout the twentieth century. However, from 1980 on, the Republicans in the US and the Conservatives in the UK began a policy shift that reflected the prevailing institutional logics. These changes led directly to the rapid increase in salaries in the financial sector that, it has been contended, have increased levels of inequality (e.g., Dorling, 2014; Stiglitz, 2013). While perhaps most obvious in their effect in the US and UK, the trend in other wealthy countries, such as Japan, Germany, France, and other continental European states, “is in the same direction” (Piketty, 2014). This was certainly not a one-way street – government policies in the early 1980s reflected large swathes of public sentiment on both sides of the Atlantic – as such, we can see policies as carriers of logics in that they reinforced a particular ideology.

While we can document the ways in which macro-level policies are carriers of logics, there are more localized effects that can also be powerful in their impact. For example, Barley (2007: 203) described how a decision by Chief Justice Waite in the 1886 Supreme Court hearing of an initially local property dispute in *Santa Clara County v. Southern Pacific Railroad Co.* led to corporations being “protected as if they were natural persons under the

law...and has been subsequently used by U.S. Courts to decide cases and grant corporations additional rights.” By becoming ensconced in law, Barley argues that corporate protectionism has worked to the benefit of shareholders and owners, but is against the public good. Chang (2011) similarly points to how the prioritization of shareholders in various pieces of legislation over the last thirty years has exacerbated inequality. In contrast to shareholders, who are generally able to move their capital to maximum advantage relatively easily, other stakeholders such as employees and some suppliers, are much more vulnerable to downturns in corporate performance. As we pointed out with the HBOS example, shareholders and senior managers have generally recovered their losses caused by the financial crisis, but those who have lost jobs, lost homes, or been otherwise negatively impacted, will likely never be able to fully recover. Thus, the shift in logics, described by Barley (2007) and documented in detail by Burgin (2012), from a protection of the individual worker to a prioritization of shareholder interests, has increased levels of inequality.

Munir (2011: 116) similarly provides an example of how seemingly small policy shifts, such as the creation in 1991 by Goldman Sachs of a food commodity index and subsequent deregulation of futures markets, can have large effects on inequality. As he explained, “investors flocked toward the index, which led first to a gradual increase in food prices and then a rapid escalation. Riots broke out across numerous countries and the number of ‘food insecure’ crossed a billion.” Again, we see the effects of an evolution in logics as other banks created their own indices, trading increased, and US government policy changed, such as dropping the restriction that futures trading in wheat should only be allowed by bona fide hedgers and increasing the number of contracts that could be held.

In sum, therefore, we see how changes in institutional logics over time have reflected increasing levels of inequality. As yet, however, we have not had sustained investigation by institutional theorists of how different logics emerge over time, why market logics have proved so resilient, and what the long-term effects of these have been for levels of inequality across different countries.

### **Identity and Inequality**

*“The oppressed will believe the worst about themselves” (Fanon, 1963).*

*“It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness” (Marx, 1859).*

Identity has emerged as a central concept in the social sciences (Anderson, 1991; Butler, 1990; Gilroy 1997; Glynn, this volume). Very simply, it allows us to make sense of who is who and adapt our behavior accordingly. This is not to suggest that identities are static and fixed in place, or even something we can possess. As Laclau and Mouffe (2001) argued, it is only in our social relations that we acquire 'subject positions' and such subjective identities are multifaceted. Thus, the same woman might be a soldier, an ethnic immigrant, a Muslim, a mother and a wife. Likewise, a man and a woman might share the same identity in one context (e.g., members of the American elite) but might end up with different ones (man and woman) upon travelling to Saudi Arabia. Therefore, no identity is inherently privileged and

the salience of particular identities depends on the social context and the existence of discursive practices that make such identities subjectively accessible.

Similarly, identity is malleable rather than fixed in time or space. It is thus an ongoing project. Among many other things, the construction of a particular identity might draw upon actions (e.g., consumerism), biology (skin color), inheritance (wealth or class), or membership of a particular category (the communist party). As Gray and Kish-Gephart (2013) suggest, all these identities can play important roles in the structuring of social and organizational life. For example, who we hire, who rises through the ranks, who talks to who, and so on, all have much to do with identity. It is not surprising then that in organization studies, identity has also come to assume an increasingly important position as an interpretive frame in the analysis of organizations (Ashforth & Mael, 1989; Glynn, this volume; Haslam & Reicher, 2006). As Alvesson, Ashcraft and Thomas (2008) suggested, “identity research has already yielded insight on questions of motivation, individual and group behaviour, communication patterns, leadership and managerial work, organizational change, corporate image, inter-organizational interaction, dynamics of control and resistance, and relations of gender and race-ethnicity” (Alvesson et al., 2008). Even economists have found identity, especially stigmatized identity, to affect performance in organizations (Akerlof & Kranton, 2005, 2010; Hoff & Pandey, 2006).

### *Identity and the Maintenance of Inequality*

While organization and institutional theorists have found identity to be a powerful construct, and even recognized how it is implicated in organizational dynamics (Gray and Kish-Gephart, 2013) an aspect of identity that has been little explored in organization studies is its role as a key mechanism through which inequalities are sustained. Wider literature in sociology and history has linked identity to unequal social structures – mainly through discursive, symbolic and performative methods, and it is important that institutional theorists recognize this dynamic.

The implication of identity in the perpetuation of inequality begins right from childhood. Lareau’s (2011) seminal work shows how middle-class and working-class families raise their children completely differently, with the former cultivating attributes in children that will later help them get ahead in economic and social life, and the latter viewing a child’s natural growth as an accomplishment in itself. Similarly, Aries and Seider (2005) demonstrated how social class plays an important role both as an independent variable that shapes the formation of identity and as a domain of identity exploration. Their study of college students reveals how pupils carry different identities depending on their socio-economic class. Similarly, in a study of 5th–12th graders from US school districts in an economically depressed area Alix and Lantz (1973) found high occupational aspirations varied positively with socioeconomic status. Other studies confirm these findings. Whereas economically advantaged boys disproportionately expect to be doctors or lawyers, those from lower socioeconomic groups more expect to be policemen or firemen (Cook et al., 1995: 3375).

Particularly interesting here is the work of Bourdieu and Passeron (1990) who showed how the lower academic performance of working class children is explained not by lower ability



but by institutional biases against them resulting in a situation where the class in which one is born ends up determining one's probability of success in life. Bourdieu and Passeron (1990) suggested that schools evaluate all children on the basis of their cultural capital (familiarity with high-brow culture of the dominant class) and penalize lower-class students who lack familiarity with it. Schools value extensive vocabularies, wide-reading, knowledge of music and art, and general etiquette. Almost always, students from higher social backgrounds acquire these resources at home while working class children have little access to them. Given the proliferation of texts that attribute success and failure to hard work and other personal qualities, lower class children end up blaming themselves for their failure which in turn leads to low performance and confidence wherever they go next. This is what Sennett and Cobb (1972) call the "hidden injuries of class", in other words, the low self-esteem that plagues working class identity.

Through 'symbolic violence' the dominant classes create meaning, control resources, enjoy privilege and status, and successfully hide the power relations that are the basis of its force (Bourdieu & Passeron, 1990). Once the lower classes internalize the hierarchy of 'taste' (Bourdieu, 1984), it becomes relatively easy for the upper class to maintain their privileges (Lamont & Molnár, 2002). Despite shared membership of a particular category (Tajfel 1981) this dynamic prevents the lower class from seeing systemic oppression and thus from rebelling against this hierarchy in which they are consigned to the bottom. It is encouraging that some organizational theorists (e.g., Gray & Kish-Gephardt, 2013) are beginning to pay attention to class dynamics in the workplace but the role of social class in the production of different identities is still underexplored. As Aries and Seider (2005) point out, even in sociological literature when class is invoked it is generally done in material terms. More work needs to be done on the lived experience of class in organizations. In particular, discussions of inequality need to be enriched with insights into how social class position constrains decision-making (Aries & Seider, 2005).

While class is important in understanding the links between institutional identities and inequality, distinctions based on gender identities are also produced and sustained through discourse, language, symbolism, and social performance (see Dobbin & Kaley, this volume). Once formed, such identities severely constrain human behavior, limiting spheres of prescribed action and expectation in organizations. Such distinctions are in turn maintained and reinforced by existing inequalities. Thus, as Ely (1995) pointed out, an overrepresentation of white men in high status positions not only reinforces the devaluation of women and non-white subordinates but is also found to be detrimental to performance outcomes of and treatment of women and ethnic minorities. Ely also found that compared to women in more gender-balanced firms, women in male-dominated firms tended to evaluate women's attributes less favorably in relation to firm requirements for success. Thus, the construction of gender identities does not stop after one is socialized in families, schools and through media and culture, but continues in work organizations. As Ely's research shows, proportional representation of women in power affects women's gender identity at work. There are clearly opportunities for institutional theorists to provide insight into the ways in which organizational forms are related to particular identities. Work that similarly examines links with race, disability, sexuality, age, and so on would also be highly valued.

### *Exploitation and Creation of New Identities*

Thanks to work on ‘total institutions’ we do have some knowledge of how certain organizational settings bestow particular identities on people (Wallace, 1971). For example, work on the military has revealed how this service offers men unique resources for constructing a masculine identity defined by emotional control, physical fitness, self-discipline, the willingness to use violence, and risk taking. These characteristics are in line with the hegemonic ideal present in the wider institutional context (Hinojosa, 2010).

On the other hand, in order to survive in ‘total’ institutions, old, complex identities formed in the ‘normal’ world need to be covered up. Research on prisons highlights the radical identity changes that ensue there (Berger, 1963). Similarly, the Bank of Scotland case revealed how individuals had developed particular identities that were crucially compatible with the decisions they made, from being risk averse, to aggressively pursuing merger opportunities, to embracing a strategy of high-pressure selling of new products (Perman, 2013). Lipsky’s (2003: 145) four-year ethnography of West Point vividly describes the process of identity construction, from how on their first day the cadets have to strip down to their underwear, have their hair cut off, put on a uniform and address an older cadet with the proper salute and with the statement: “Sir, New Cadet Doe reports to the cadet in the Red Sash for the first time as ordered.” The new cadets must stand and salute and repeat, and stand and salute and repeat, until they get it exactly right, all the while being reprimanded for every tiny mistake. This is the beginning of the process in which they surrender their old identity and assume a new one.

Indeed, organizational membership often requires shedding old identities and assuming new ones. For instance, Sasson-Levy (2002) highlights how women in masculine roles are found to accept the model of hegemonic masculinity and employ a series of discursive and bodily practices to shape their identity accordingly. This ‘identity work’ has been observed in other organizations as well. Gray and Kish-Gephart (2013) have highlighted how employees carry their class identities into organizations, a phenomenon that results in visible identity-based dynamics in organizational life. Members of upper and lower classes experience and make sense of organizational life differently. For example, concerned about ‘symbolic threats’ to their identity in organizations, members of lower classes will often try to obscure their own class background, or devise coping strategies such as referring to middle and upper classes as incompetent but lucky. In this way, they counteract their own fear of denigration and negative evaluation by elites.

At a societal level, identities are also created by the dominant classes to extend and legitimize their domination. The work on colonialism, for example, is particularly instructive in this regard. To justify the colonization of a people, images are often created so that the subjugation makes sense. These images become the identity of the colonized. Amongst various things that the colonized come to believe are that they are lazy, backward and unimaginative. Such images become excuses for the colonial situation with the white man’s burden seeming a legitimate one. Such myths valorize the colonizers and humble those who are colonized. Meager wages for the colonized, lower privileges, and a life of subordination are all justified through such discursive means.

These literatures highlight how colonization creates and is sustained by the creation of identities of both the colonized and the colonizer (Said, 1977). The colonized develop negative identities – coming to see themselves as lesser beings who do not deserve more resources or increased participation in societal affairs (Fanon 1963). Such identities enable the colonial apparatus to go largely unchallenged, and are a result of affective behavioral, cognitive, linguistic and cultural mechanisms designed to solidify political domination (Prilleltensky & Gonick, 1996).

### *Other Mechanisms of Reinforcement of Inequality*

Socialization and domination both require creation of identities, but there are other mechanisms for reinforcement and transmission of inequality too. The two that institutional theorists will be most familiar with are myth and ceremony (Meyer & Rowan, 1977).

Elites cultivate identities that allow them to sustain and legitimize their privileged position in organizations. The dominant discourse of meritocracy allows elites to reject the notion that ‘the game is rigged’ (Schwalbe, 2008). By invoking the meritocracy argument, which suggests that top management positions, fame, and fortune are all ‘earned’ through hard work and cleverness, elites legitimize their identities. They rely on “autobiographical reasoning” (Scully & Blake-Beard, 2006: 436) to project onto everyone their own experience of success, which they attribute to individual effort and ability, assuming that others’ circumstances and capabilities are similar to their own.

Rituals play a key role in how the elites come to internalize their identities. Privileged and non-privileged positions are of course in part a result of societal logics that cultivate particular identities. For instance, in their study of formal dining at Cambridge University, Dacin et al. (2010) point out how the production of particular identities in organizations is central to the perpetuation of unequal social structures that allow privileged groups to maintain their positions at the top. They argue that rituals socialize participants into particular norms and values and teach them the roles they are expected to play. The ritual of college dining historically reflected the British class system in the sense that Fellows and students were drawn almost exclusively from its upper reaches and served by waiters and butlers whose primary objective was to protect the privilege of the former. Participants were therefore familiar with the performance and how to enact its main aspects *before* their arrival at Cambridge. Moreover, they essentially took for granted the notion of a class structure and their place in it. More recently however, as the social backgrounds of participants became increasingly diverse, the purpose of the ritual changed: it now subtly socialized the participants into *adopting* the sensibilities that made the elite distinct. In particular, it legitimated social stratification and an explicit categorization of people according to rank and station. In short, it endorsed and reified the concepts that lay at the core of the class system. In this sense, organizational rituals were seen to produce and maintain identities that sustained wider inequalities.

### *Identity and Agency*

In addition to being a device for categorization and legitimization as we examine above, identity can also serve as a mechanism for challenging existing classification systems. Indeed, the assumption of new identities at a collective level is often a hallmark of revolutionary and social movements aimed at reducing inequality. Discourses creating and emphasizing particular collective identities aimed at ending the domination of the elites may become contentious. An example is Margaret Thatcher's aversion to the usage of the term 'class' - she preferred the terms individual or family, viewing class as a 'divisive' term. Such distinctions may also be observed in organization theory with labor process theorists preferring to use the term 'labor' where others would have used employees or human resources (Braverman, 2003). In short, assumptions about and consciousness of particular identities can serve to sustain or destabilize existing relations of inequality. Identity then is a crucial and understudied construct in understanding the creation, perpetuation and destabilization of unequal social orders. Institutional theorists are ideally poised to study the creation of particular identities and their implication in the maintenance of particular social orders. This requires a heightened sensitivity to the maintenance of unequal power relations underpinning particular institutional orders (Munir, 2014) and the factors constraining the agency of the oppressed.

### **Conclusion**

Inequality has increased dramatically since 1980 with the ability of those with the most wealth to continue to capture more of it, at the expense of those with significantly less, remarkable (Oxfam, 2016; Piketty, 2014; Saez & Zucman, 2014). Accompanying this rise in inequality has been a growing amount of commentary, predominantly from economists and sociologists, into the levels of inequality and the associated consequences for various groups in our societies. Organization theorists in general, and institutional theorists in particular, by contrast, have been largely absent from these debates. Thus, our purpose in this chapter has been to uncover where, and how, institutional theorists might effectively contribute to our understanding of inequality. In this concluding section, we offer a brief recapitulation of our theorizing and make suggestions as to where institutionalists might direct their lines of inquiry.

We have focused our attention on four strands of the institutional literature that have particular promise in opening up new understandings of why inequality has become so entrenched in society. The first of these involves examining the institutional microfoundations of inequality. Inequality is enacted and experienced through the everyday, often mundane, unquestioned activities of individual actors. These activities become routine and taken-for-granted over time through processes of habitualization and legitimization. As yet, however, we have little understanding of how these processes take place, and in particular how they impact inequality. We therefore feel that there are several questions that could be profitably addressed. For example, it would be useful to know how elites are able to draw on existing power arrangements to reproduce practices that maintain their positions of advantage over others in society. Second, what forms of institutional work are engaged in by those in different strata in society – both deliberately and inadvertently – that reinforce inequality? A third useful point of investigation would be into how the structures and

practices within organizations resulting in hierarchical divisions become reinforced and taken-for-granted.

Our second conceptual area of focus draws attention to the ways in which discourse helps reinforce societal divisions. Our central contention here is that inequality is not maintained by brute force, but rather requires continuous legitimization through the use of an interrelated system of discourses that collectively justify a particular social order. However, as yet we have little understanding of how discourses are deployed by powerful stakeholders to maintain their power. Thus, a useful first point of inquiry would be to map over time the ways by which different discourses are constructed and invoked to maintain intra and inter-organizational inequality. Second, institutional theorists could assume a more critical perspective and question the market-based paradigm that dominates most aspects of our society. This is important because there is an increasingly clear relationship between market-based exchanges and the creation of inequality. For example, the ways in which markets have been imposed on public sector organizations has been a notable feature of government policies in several countries over the last four decades. Understanding the discourses that are implicated in such transference would undoubtedly be a valuable addition to our understanding of inequality. A third line of investigation could be to uncover the ways in which power is used in the construction of, and becomes manifest through, different discourses in ways that retain systems of advantage and disadvantage.

Institutional logics, our third focal point, has become important in helping uncover the ways in which ways of thinking, decision making and behaving combine to create courses of action that are not only viewed as the ‘obvious’ way to proceed, but also to establish others as illegitimate if not unthinkable. This, of course, is particularly important when we think about how the day-to-day activities that we described in the first section, and the discourse discussed in the second section, help reify structures of inequality. While there has been much discussion about how logics help determine particular courses of action, there has been virtually no explicit attention given to the links between institutional logics and inequality. There are several avenues of potentially valuable research that are open to exploration. First, investigation of the emergence of different logics and their corresponding connection to societal inequalities would be particularly useful. The rise, and dominance, of market logics is perhaps the most obvious starting point here, though there are other kinds of logics that also demand attention for the ways in which they pervade organizational life and exacerbate inequality. Second, the processes by which policies in private, public and non-profit organizations are developed such that they not only reflect dominant societal logics, but also act as carriers of them, is also a theoretically important question into which we as yet we have little insight. Third, the ways in which certain logics in complex fields become more or less influential over time is ill-understood: research in this area should thus have great potential for advancing not only our understanding of inequality, but institutional change processes more generally.

In the fourth theoretical component of the chapter, we demonstrate how the construction and legitimization of particular identities is inherently linked to unequal social structures. From class dynamics in the workplace through to distinctions based on gender, race, age, sexuality, disability, and so on, it is clear that identity plays heavily into the processes through which

inequalities are legitimized. Again, this leads to several potential areas by which institutional theorists can contribute to our understanding of inequality. First, it would be immensely useful if we could better understand the ways in which identities become ensconced from early childhood through the activities of institutions such as families, schools, universities – including business schools – and local communities. Second, the role of organizations in bestowing identities on particular stakeholders in ways that privilege some groups over others is not well understood and thus warrants attention. Third, while much work has viewed identity as stable and monolithic, there is undoubtedly the potential for flexibility and some level of malleability, so it is certainly possible that identity could be a mechanism for challenging existing systems of inequality. Again, this is a dynamic of which we have, as yet, little understanding.

As laid out above, each of the four areas upon which we have focused offers insights into inequality, and the potential for further fruitful lines of research. Moreover, as our institutional interpretations are made explicit, the policy implications should follow. In this respect, institutionalists are well positioned to make purposeful practical, as well as theoretical, interventions, something previously the preserve of other social scientists. It is also worth pointing out that, while we treat each of the four institutional topics in isolation, much as they have been developed in the literature, how they might be used in combination demands attention. While all four offer the potential to examine the antecedents and outcomes of inequality at different levels, from individual to societal, each tends to preference one level over another: logics, for example, have been considered more macro while microfoundations are, unsurprisingly, more micro in orientation. Similarly, we might find that discourse is consumed and interpreted individually in some settings whereas identity is collectively enacted. Adopting a multi-perspective approach has, therefore, much potential. Whether singly or in combination, it is apparent that each of these aspects of institutionalism has much to contribute to our understanding of inequality. We hope that this chapter proves to be useful in providing impetus to such much needed research.

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