

# Chapter 9

## Normative and Regulatory Dimensions of Institutional Culture

**José G. Vargas-Hernandez**

*Budapest Centre for Long-term Sustainability, Hungary*

**Omar C. Vargas-González**

 <https://orcid.org/0000-0002-6089-956X>

*Tecnológico Nacional de México, Ciudad Guzmán, Mexico*

### **ABSTRACT**

*The purpose of this study is to analyze the normative and regulatory dimensions of institutions and culture. The analysis is supported by the institutional theoretical framework proposed to distinguish conceptual distinctions between normative, regulatory, and cultural dimensions of institutions which can be used strategically as background of theoretical assumptions and in decision making leading to categorization. The method employed is the meta-analytic-descriptive and reflective based on the conceptual, theoretical, and empirical literature review. It is concluded that the regulatory, normative, and cultural dimensions are relevant dimensions of institutions. More studies use multiple either formal, informal, regulatory, normative, and cultural dimensions, among others, drawing into conclusions.*

### **INTRODUCTION**

An institution refers to repetitive and taken-for-granted social behavior supported by normative and cognitive systems giving meaning to social exchange and allowing self-reproduction of social order (Greenwood et al. 2008). Institutions are the sets of explicit and implicit norms and rules that structure social interactions, stabilize patterns of behavior, and rise normative expectations (Crawford & Ostrom, 1995; Hodgson, 2006; Azari & Smith, 2012). Institutions are a set of rules of the game in society, which can be formal and informal. Formal institutions are the spirit of contracts, economic rules, political systems, on the other hand, the informal institutions are norms, customs, practices, etc.

DOI: 10.4018/979-8-3693-0250-7.ch009

## ***Normative and Regulatory Dimensions of Institutional Culture***

Institutionalism is an intellectual normative source to analyze values used to support the integrative and empirical approach to moral inquiry, transparent communication and normative underpinnings that provides practical contributions to society (Thacher, 2015)

Institutions are distinguished as the ones creating equilibria and stability through the understanding of individual preferences to optimize behavior at a given time and achieve the best results, and as rules or norms. Institutions as a set of norms or rules refer to shared beliefs among individuals creating an interactive behavior pattern among them to choose what is right or wrong to do (Crawford & Ostrom, 1995). Institutions are guided regulatory normative and cultural-cognitive elements related to symbols, behaviors, activities, and resources which are responsible for restricting actions, acting by empowering activities and actors.

Institutions tend to regulate the pictures of reality for the actions and participations of subjects in society. Actions and actors are interpreted as the common knowledge circulating among all subjects in society (Selznick, 1957). Institutions enable the ability to navigate social environments by shared expectations for norms of behavior facilitating predictions of actions and releasing the cognitive burden of time-consuming deliberations (Gatens, 1998; Patalano, 2007).

Institutional theory argues that institutions constitute norms, beliefs, social orders, systems of power and domination, inequalities, etc. (Barley & Tolbert, 1997; Creed et al., 2014; Friedland & Alford, 1991; Suchman, 1995). There are some theoretical efforts to unite the normative and descriptive paradigms leading to normative research intensify the description of the institutional contexts (Harris & Freeman, 2008; Nielsen & Massa, 2013; McLeod et al., 2016). An institutional theoretical framework proposed by Campbell (1998, 2004) distinguish conceptual distinctions between normative and cognitive which can be used strategically as background of theoretical assumptions and in decision making leading to categorization in cognitive, normative, background assumptions and public sentiments.

Institutional research using symbolic interactionism specify the extent of people embeddedness and constrained by societal structures, humanizing institutional structures and to analyze the experience of people in institutions and their emotional experiences about the institutional norms, conformity and hegemony achieved through practices taken for granted (Hallett & Ventresca, 2006b; Calhoun, 2001). Value-oriented research intends to fill the gap that distinguishes business from ethical concerns and separates descriptive and normative matters built on the argument that inseparable values are intertwined with the institutional context (Harris & Freeman, 2008; Freeman, 1994; Newbert, 2018; Wicks, 1996).

According to Scott (2008), the regulatory, normative, and cultural-cognitive pillars are the institutional elements have basis of submission, social obligations, and guaranteed practices. Institutions are related to non-mobile factors such as the socio-cultural, legal, ethical, political, administrative, etc. Institutions are cultures of communication with specific valuable, complementary insights of agency conceptualizations of strategic calculation, social adaption, imitation, and social construction. Affairs and scandals are social and political transformative exposing the constructed, provisional, and contingent nature of the dominant normative frameworks testing institutional, emotional, and symbolic investments.

A descriptive approach to study on values analyzes cognitive, regulative, and normative institutional conditions such as values, norms that have further or hinder effects on corporate social responsibility (CSR) engagement. Institutional elements are the regulatory, cultural-cognitive, and normative, which together with resources ad activities achieve stability and meaning to social life. These elements of institutional nature have equal weight to support social practices (Greenwood et al., 2008; Scott, 2008).

Bases of legitimacy are the legally sanctioned, morally governed and culturally supported. The mechanisms can be coercive, normative, and mimetic. Indicators are the rules, laws, and sanctions. Certifica-

17 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/normative-and-regulatory-dimensions-of-institutional-culture/332150](http://www.igi-global.com/chapter/normative-and-regulatory-dimensions-of-institutional-culture/332150)

## Related Content

---

### Building Theory of Green Procurement using Fuzzy TISM and Fuzzy DEMATEL Methods

Surajit Bag (2016). *International Journal of Applied Management Sciences and Engineering* (pp. 21-49).

[www.irma-international.org/article/building-theory-of-green-procurement-using-fuzzy-tism-and-fuzzy-dematel-methods/173465](http://www.irma-international.org/article/building-theory-of-green-procurement-using-fuzzy-tism-and-fuzzy-dematel-methods/173465)

### Green: The New Shade of Personal Care Products in India

Gauri Yogesh Joshi and Gurudas Nulkar (2018). *Management Strategies and Technology Fluidity in the Asian Business Sector* (pp. 99-113).

[www.irma-international.org/chapter/green/193328](http://www.irma-international.org/chapter/green/193328)

### Substitutable Inventory System with Partial Backlogging under Continuous Review

B. Vigneshwaran, N. Anbazhagan and V. Perumal (2016). *Stochastic Processes and Models in Operations Research* (pp. 183-199).

[www.irma-international.org/chapter/substitutable-inventory-system-with-partial-backlogging-under-continuous-review/148471](http://www.irma-international.org/chapter/substitutable-inventory-system-with-partial-backlogging-under-continuous-review/148471)

### The Relationships between Project Management and Knowledge Management: Where We Can Find Project Knowledge Management in the Project Management Process

Cláudio Roberto Magalhães Pessoa, Fabiana Bigão Silva and Mônica Erichsen Nassif (2016). *Project Management: Concepts, Methodologies, Tools, and Applications* (pp. 2072-2094).

[www.irma-international.org/chapter/the-relationships-between-project-management-and-knowledge-management/155380](http://www.irma-international.org/chapter/the-relationships-between-project-management-and-knowledge-management/155380)

### Social and Cultural Impacts on Employee Job Satisfaction and Commitment to Organisations

Augustine Imonikhe and Dane Lukic (2022). *International Journal of Applied Management Theory and Research* (pp. 1-16).

[www.irma-international.org/article/social-and-cultural-impacts-on-employee-job-satisfaction-and-commitment-to-organisations/300343](http://www.irma-international.org/article/social-and-cultural-impacts-on-employee-job-satisfaction-and-commitment-to-organisations/300343)