Chapter 10
How Institutional Pressures Drive Learning and Memory in Organizations

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ABSTRACT

This chapter explores how coercive, mimetic, and normative institutional pressures influence organizational learning and memory. It presents a comprehensive framework that elucidates the impact of these pressures on organizational behavior, mainly focusing on how they drive compliance, adaptation, and the adoption of best practices. Coercive pressures enforce legal and ethical standards, mimetic pressures encourage the emulation of successful peers, and normative pressures embed industry norms and values into organizational culture. The chapter integrates key theories and empirical studies to highlight the synergistic effects of these pressures, offering practical insights and research propositions to enhance organizational adaptability and resilience in dynamic environments.

1. INTRODUCTION

Institutional dynamics are crucial in shaping organizational behavior, particularly influencing learning and memory. Organizations operate within a framework of institutional pressures (coercive, mimetic, and normative) that dictate compliance, adaptation, and standardization practices (Lee et al., 2024). Coercive pressures, often

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stemming from regulatory bodies, compel organizations to adopt specific practices to ensure legal and ethical compliance. These pressures can be stringent and leave little room for organizational discretion, often leading to standardized procedures that may stifle innovation if they are overly rigid (Botchway, 2023).

Mimetic pressures emerge as organizations emulate successful peers to reduce uncertainty and gain legitimacy. Unlike coercive pressures, mimetic pressures offer organizations more flexibility, allowing them to choose which best practices to adopt. This emulation can drive innovation and efficiency as organizations embrace and adapt successful strategies from industry leaders. However, mimetic behavior can also lead to homogeneity within industries, potentially reducing approach diversity and stifling unique innovations (Liu et al., 2018).

Normative pressures arise from professional standards and cultural expectations that guide organizational behavior. These pressures often shape organizations' internal culture, influencing decision-making processes and professional norms. Normative pressures can enhance organizational identity and ethical standards but may hinder change if norms are too rigid (Kropp & Totzek, 2020).

Organizational learning involves how organizations acquire, interpret, and respond to information. Institutional dynamics significantly influence these processes by determining the sources and types of legitimate and valuable information (Chu et al., 2021). For example, regulatory changes can necessitate new learning processes, while mimetic behavior might drive organizations to adopt best practices from industry leaders (Tang et al., 2019). Similarly, organizational memory, the repository of accumulated knowledge, is affected by institutional pressures that dictate what knowledge is preserved or discarded (Liu et al., 2018).

Integrating new knowledge and retaining useful information ensure organizations remain competitive and responsive to external changes. Understanding the interaction between institutional dynamics and organizational learning and memory is critical for developing strategies that improve organizational resilience and innovation in today's fast-paced business environments.

Despite extensive research on institutional dynamics and organizational behavior, a significant gap remains in understanding how specific institutional pressures influence organizational learning and memory. Previous studies have predominantly focused on the effects of individual types of institutional pressures but have not adequately integrated these perspectives to provide a comprehensive understanding of their combined impact (Moser et al., 2020).

The main objectives of this chapter are to address this gap by synthesizing existing theories on institutional dynamics and organizational learning and memory. We use the theory synthesis approach to develop a comprehensive framework that illustrates how coercive, mimetic, and normative pressures shape organizational learning and memory. Additionally, this study proposes research propositions to