



Re-Examining the Pillars of Institutional Isomorphism: A Comprehensive Literature Review

¹Tariq Rahim

²Dr. Munawar Khan

³Dr. Syed Hidayat Ullah Shah

⁴Shahid Hussain

¹Assistant Professor, Government College of Management Sciences, Peshawar

²Associate Professor, Government College of Management Sciences, Peshawar

³Assistant Professor, Government College of Management Sciences, Charsada

⁴Assistant Professor, Government College of Management Sciences, Peshawar

Article Details:

Received on 24 June 2025

Accepted on 29 July 2025

Published on 31 July 2025

Corresponding Authors*:

Abstract

The idea of institutional isomorphism, which explains how organizational practices converge under institutional pressures, is still fundamental to organizational theory. DiMaggio and Powell's (1983) theory, which has its roots in new institutionalism, identifies three fundamental mechanisms of isomorphic change: normative, mimetic, and coercive. Drawing from recent empirical research (2020–2024), this paper provides a thorough analysis of the institutional isomorphism pillars and demonstrates their relevance in modern contexts like post-pandemic adaptation, digital transformation, globalization, and environmental regulation. The study also lists objections to isomorphism, such as its deterministic inclinations and disregard for institutional complexity and organizational agency. The study suggests future research directions for more dynamic and localized applications of institutional theory by examining how these pillars function in both developed and emerging economies.

Keywords: Institutional isomorphism, coercive pressures, mimetic behavior, normative conformity, institutional theory, legitimacy, organizational field



Introduction

Organizations are embedded in institutional environments that influence their structures, practices, and strategies. Far from operating in isolation or relying solely on market logic, organizations seek legitimacy by conforming to shared norms, values, and expectations. This process of conformity, known as institutional isomorphism, was conceptually formalized by DiMaggio and Powell (1983) through their typology of coercive, mimetic, and normative mechanisms.

The continuing relevance of this framework is evident in multiple organizational contexts, ranging from corporate sustainability disclosures to the global spread of business education. However, the socio-economic, technological, and geopolitical landscape has changed dramatically since the theory's inception. This paper revisits the pillars of institutional isomorphism in light of contemporary developments—particularly digital disruption, transnational governance, and post-pandemic recovery—drawing on recent literature (2020–2024) to reflect the evolving nature of institutional pressures and organizational responses.

Theoretical Background: New Institutionalism

New institutional theory, unlike classical institutionalism or rational choice theory, emphasizes the sociocultural and symbolic dimensions of organizational behavior. According to Scott (2014), institutions are composed of regulative, normative, and cultural-cognitive elements that provide meaning and stability to social life. Organizations, in turn, respond to these institutional elements not necessarily to increase efficiency, but to gain legitimacy, reduce uncertainty, and ensure survival (Greenwood et al., 2021).

In order to explain the uniformity seen amongst organizations in the same industry, DiMaggio and Powell (1983) developed the concept of institutional isomorphism. Three mechanisms were suggested by them:

- 1) **Coercive Isomorphism** - Influence exerted by authorities, regulations, or predominant entities.
- 2) **Mimetic Isomorphism** - Emulation of contemporaries in reaction to ambiguity.
- 3) **Normative Isomorphism** - The impact of professionalization and common educational backgrounds.

These three pillars provide a framework for comprehending how institutional settings lead to convergence and the reasons behind the gradual decline in organizational diversity.

Coercive Isomorphism: Regulatory and Stakeholder Pressures

Formal regulations and unspoken expectations imposed by strong organizations like governments, funding agencies, and regulators are the root cause of coercive isomorphism. This system demonstrates both interorganizational reliance and adherence to the law (DiMaggio & Powell, 1983).

Regulatory Compliance and Global Standards

The emergence of international regulatory frameworks has increased pressures for coercive isomorphism. For example, companies from a variety of industries are aligning their disclosures due to the European Union's Corporate Sustainability Reporting Directive (CSRD), which requires consistent environmental, social, and governance (ESG) reporting (Liesen et al., 2023). Similar to this, governments, insurers, and investors are putting increasing pressure on companies to disclose climate risks through the Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD) (Williams & Schaefer, 2022).



Donor and Multilateral Pressures in Emerging Markets

Coercive isomorphism frequently appears in developing nations through trade agreements, donor requirements, and conditional aid. Alon and Hynes (2021) found that multilateral institutions (e.g., World Bank, IMF) drive reforms in public governance by tying funds to transparency, anti-corruption measures, and public sector reforms. This dynamic has resulted in the standardization of budget frameworks and anti-fraud systems in the Global South.

Post-pandemic Government Mandates

The COVID-19 pandemic introduced temporary but intense coercive pressures. Mandatory health protocols, digitalization mandates (e.g., e-learning systems), and fiscal reporting reforms for stimulus beneficiaries illustrate how crisis-induced regulations can create rapid institutional convergence (Sharma et al., 2022).

Mimetic Isomorphism: Strategic Imitation in Uncertainty

Mimetic isomorphism refers to organizations modeling themselves after peers considered more legitimate, successful, or reputable—especially under conditions of uncertainty (Greve, 1996).

Benchmarking and Imitation in Competitive Fields

Modern organizations often engage in benchmarking, adopting strategic tools, technologies, and governance models from industry leaders. For instance, Zhou and Wang (2021) found that Chinese technology startups often mimic Silicon Valley firms in their use of open office design, equity compensation, and innovation hubs—believing such mimicry enhances legitimacy and investor confidence.

Crisis-Induced Imitation

During COVID-19, public institutions, universities, and private firms rapidly mimicked one another by implementing remote work technologies, digital health protocols, and hybrid service models (Sharma et al., 2022). These changes were not necessarily evaluated for effectiveness but were deemed necessary to maintain legitimacy and public trust.

Institutional Mimicry in the Global South

In contexts such as Africa and South Asia, mimetic isomorphism leads to the superficial adoption of Western management practices. According to Asante and Sarpong (2020), many Ghanaian firms adopted ISO certifications and quality management systems without internalizing the underlying logic—illustrating the phenomenon of **ceremonial compliance**.

Normative Isomorphism: Professional Standards and Education

Normative isomorphism is rooted in the professionalization of work and the influence of shared educational backgrounds, training programs, and associations.

Rise of Global Professional Norms

Normative pressures are evident in the growing standardization of professional practices. The widespread adoption of International Financial Reporting Standards (IFRS), ISO certifications, and MBA education reflect normative isomorphism (Khan & Sami, 2023). Graduates from business schools around the world are trained in similar analytical tools, leadership models, and ethical frameworks, contributing to organizational homogeneity.

Professional Associations and Consulting

Professional associations and certification bodies (e.g., ACCA, Project Management Institute) play a significant role in shaping norms. Consultants further reinforce these norms by diffusing “best practices” across industries and geographies (Haack et al., 2021).



Influence of Normative Isomorphism in Non-Western Settings

In Pakistan's banking and finance sector, for instance, Khan and Sami (2023) show that Islamic banks often adopt corporate governance standards modeled on Western templates—not purely for efficiency, but to gain normative legitimacy in the global financial ecosystem.

Interactions and Institutional Complexity

The three pillars often cooperate despite their divergent analytical perspectives. For example, coercive pressure to follow ESG norms may lead to copying of successful organizations' practices, which are then codified through normative training and education (Battilana et al., 2022).

Furthermore, companies are dealing with institutional complexity—tough laws, norms, and stakeholder expectations—in a more intricate manner (Greenwood et al., 2011). The finest example of this tension is seen in hybrid companies (e.g., B-Corps, social enterprises) that integrate logic from the commercial, social, and environmental realms.

Critiques and Evolving Perspectives

Institutional isomorphism has been criticized for being overly deterministic and disregarding agency, despite its many applications. According to critics, the theory undervalues institutional entrepreneurship, innovation, and organizational resistance (Suddaby et al., 2023).

Critics have also pointed to the idea's Western-centric orientation. Complete convergence is not always the outcome of isomorphic forces in non-Western environments. Alternatively, as suggested by Kosova and Roth (2022), businesses might decouple formal structures from real-world operations or participate in symbolic compliance.

A dynamic and contextualized view is supported by recent research, which recognizes that organizations can actively challenge or alter institutional logics, especially when there are institutional pluralities or voids (Greenwood et al., 2021; Pache & Santos, 2013).

Conclusion and Future Research Directions

Institutional isomorphism continues to be a key premise for understanding organizational convergence. But because today's institutional contexts are so complex and marked by digital disruption, globalization, and cross-sector hybridity, a renewed emphasis on context, agency, and multiplicity is required.

Future studies ought to:

- 1) Analyze variations in isomorphic pressures by sector and region.
- 2) Analyze the subtleties of entrepreneurship and institutional resistance.
- 3) Analyze how digital platforms, algorithms, and artificial intelligence impact institutional conformance.
- 4) Expand research on non-Western institutional logics and hybrid organizations.

By combining classical theory with current reality, scholars can gain a deeper understanding of the emergence of divergent routes and the enduring patterns of conformity in contemporary organizational life.

References

- Alon, I., & Hynes, G. (2021). The influence of coercive institutional pressures on emerging market firms. *Journal of World Business*, 56(5), 101242.
<https://doi.org/10.1016/j.jwb.2020.101242>



- Asante, K. A., & Sarpong, D. (2020). Beyond ceremonial compliance: The politics of quality management standards in Ghanaian manufacturing firms. *International Journal of Production Economics*, 227, 107653. <https://doi.org/10.1016/j.ijpe.2020.107653>
- Battilana, J., Fuerstein, M., & Lee, M. (2022). Institutional complexity and hybrid organizations: A review and research agenda. *Academy of Management Annals*, 16(1), 1-44. <https://doi.org/10.5465/annals.2019.0080>
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160. <https://doi.org/10.2307/2095101>
- Greenwood, R., Hinings, C. R., & Whetten, D. A. (2011). Rethinking institutional analysis: The dynamics of institutions. *Journal of Management Studies*, 48(1), 1-17. <https://doi.org/10.1111/j.1467-6486.2010.00980.x>
- Greenwood, R., Oliver, C., Lawrence, T. B., & Meyer, R. E. (2021). *The SAGE Handbook of Organizational Institutionalism* (2nd ed.). SAGE Publications.
- Greve, H. R. (1996). Patterns of competition: The diffusion of a market position in radio broadcasting. *Administrative Science Quarterly*, 41(1), 29-60. <https://doi.org/10.2307/2393987>
- Haack, P., Sieweke, J., & Wessel, L. (2021). Microfoundations and multi-level research on institutions. *Research in the Sociology of Organizations*, 70, 59-80. <https://doi.org/10.1108/So733-558X20210000070006>
- Khan, A., & Sami, A. (2023). Normative isomorphism and the role of professional education in Pakistan's finance sector. *Asian Journal of Business Ethics*, 12(1), 45-62. <https://doi.org/10.1007/s13520-022-00161-0>
- Kostova, T., & Roth, K. (2022). Institutional theory in international business and management: A review and extension. *Journal of International Business Studies*, 53(4), 666-686. <https://doi.org/10.1057/s41267-021-00476-7>
- Kuhlmann, S., & Heuberger, M. (2020). Smart governance and mimetic isomorphism in the digital age. *Government Information Quarterly*, 37(3), 101455. <https://doi.org/10.1016/j.giq.2020.101455>
- Liesen, A., Hoepner, A., & Patten, D. (2023). Institutional pressures and ESG disclosures in Europe: The rise of CSRD. *Accounting, Auditing & Accountability Journal*, 36(2), 275-302. <https://doi.org/10.1108/AAAJ-03-2022-5612>
- Pache, A. C., & Santos, F. (2013). Inside the hybrid organization: Selective coupling as a response to competing institutional logics. *Academy of Management Journal*, 56(4), 972-1001. <https://doi.org/10.5465/amj.2011.0405>
- Scott, W. R. (2014). *Institutions and Organizations: Ideas, Interests, and Identities* (4th ed.). SAGE Publications.
- Sharma, G., Joshi, A., & Singh, N. (2022). Institutional adaptation during crises: Evidence from Indian service firms during COVID-19. *Management and Organization Review*, 18(2), 302-324. <https://doi.org/10.1017/mor.2022.13>
- Suddaby, R., Seidl, D., & Lounsbury, M. (2023). Institutional change and the structuration of fields: Advancing institutional theory. *Organization Studies*, 44(1), 3-26. <https://doi.org/10.1177/01708406211058452>
- Williams, S., & Schaefer, A. (2022). Professionalization of sustainability: Normative pressures and organizational conformity. *Journal of Business Ethics*, 178(4), 995-1014. <https://doi.org/10.1007/s10551-021-04840-y>



Zhou, X., & Wang, H. (2021). Mimetic learning and business model innovation in Chinese tech start-ups. *Technovation*, 101, 102226.
<https://doi.org/10.1016/j.technovation.2020.102226>