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## INSTITUTIONAL AND CHAOS THEORY: COMPARED AND CONTRASTED

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Received: January 2023 | Accepted: March 2023 | Published: June 2023

Please cite this paper as: Spano, D. (2023) Institutional and chaos theory: Compared and Contrasted, *Holistica Journal of Business and Public Administration*, Vol. 14, Iss. 1, pp. 12-21

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### Abstract

*Institutional and Chaos Theory are frameworks in organizational behavior that have existed for many years. Given their long-term popularity in said field, it is important to have a strong working knowledge of each theory and be able to compare and contrast them. Both theories are wholly applicable to current world happenings, such as the COVID-19 pandemic and the Black Lives Matter movement. By inspecting this paper, readers will learn about Institutional and Chaos Theory, be able to identify how they relate to timely world occurrences, discover their implications in regard to public policy and public administrations, and reflect upon how they can be useful in respect to other organizational and global matters.*

*Keywords: Institutional Theory, Chaos Theory, Organizational Behavior, COVID-19, Black Lives Matter, Public Policy*

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### 1. Introduction

There are many frameworks in respect to organizational studies, including institutional and chaos theory. The goal of this paper will be to compare these theories by identifying them and offering insights on their differences and similarities. I will also provide examples from the current pandemic and the more recent occurrences in the Black Lives Matter racial movement as related to institutional and chaos theory, and additionally offer implications from said theories on public administration and policy.

### 2. Institutional Theory

Considering that institutional theory has existed for years, there are multiple professionals that have contributed to this framework. Selznick (1996) noted that institutional theory traces the emergence of distinctive forms, processes, strategies, and outlooks as they manifest from patterns of organizational interaction and adaption, and said patterns may be internal or external in nature (p. 271). Perrow (1986) put forth that

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the institutional approach underscores the importance of "natural history" via viewing organizations as living entities that grow and adjust in natural fashions over time and he also stressed the holistic and contextual approach associated with institutional theory (p. 158-159). Scott (2008) asserted via direct text from Selznick an echo of Perrow's insights, as Selznick believed that all institutions may be considered a product of their history. More particularly, Selznick felt that institutionalization is a process that occurs over time and is shaped and molded by the history of an organization, which often encompasses its past and present associates, environment, groups affiliated with it, and other elements (p. 22). Zucker (1977) suggested that institutionalization is a process in which individual actors transmit what is socially seen as real and the meaning of their actions may be defined by the public (p. 728). Scott (1987) used direct text from Berger and Luckmann which noted that institutionalization involves the processes by which obligations or actualities take on a rule like status via social actions (p. 496). Scott (2005) stated that this framework takes a close inspection into the deeper and resilient aspects of social structure. Scott felt that institutional theory explores the processes by which structures, such as rules, norms, and routines, are established as authoritative guidelines for social behavior. This framework actually asks how these elements were created, adopted, and adapted over time or how they ultimately dissipate. Scott furthered that institutional theory does not necessarily encourage its followers on consensus and conformity to the norms of any given enterprise, but to conflict and change social structures via the appropriate circumstances (p. 461).

Lammers and Garcia (2014) added to the literature on institutional theory via many key points. First, they believed that institutions are enduring social phenomena that persist across time. Second, they put forth that institutions take on lives of their own that have social meanings beyond functional requirements. Third, institutions carry a broad range of social phenomena. Finally, institutions reflect a rational purpose which guides behaviors towards certain ends (p. 195-196). Lammers and Garcia's more current insights echo works of the aforementioned professions, such as Selznick and Scott, only solidifying their field contributions (p. 195-196).

Farazmand (2002) provided further insights on institutionalism via articulating many categories of institutional theory. The first grouping is called early institutionalism, and it may be tracked back to ancient times. Early institutionalism includes major elements, such as the market, governance, justice systems, and administrations. Early institutionalism set the foundation for organizational theory in respect to the cumulative knowledge of organizational government and public administrations (p. 68-69). Scott (2008) concurred with this identification and felt that earlier institutionalism involved governance mechanisms which focused on the state and examined the ways in which structure shapes distributed power amongst actors, which in many cases influenced their actions (p. 31). An example of early institutionalism may be a very premature justice system in which a king listens to an issue presented by two citizens in order to make a judgment call. The second grouping has been deemed by Farazmand as classic/traditional institutionalism. This grouping encompasses a variety of subjects,

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including political science, philosophy, and sociology. Classic/traditional institutionalism is based on constitutional law, economic systems and structures, and top-down administrative organizations in business and public administrations. Farazmand further noted that the central characteristics of classic/traditional institutionalism include an emphasis on permanence, stability, structure, centralization, functionalism, goals, and efficiency (p. 69). The final grouping is neo-institutional theory. Farazmand felt that a key component of neo-institutional theory includes that organizations must be understood and predicted within the larger system or environment in which they operate. Neo-institutional theory underlies the importance of the surrounding environment of any enterprise (p. 70-71).

A pro of institutional theory is that it explores almost all of the surrounding factors via an organization's environment. A second positive aspect of institutional theory is that it is broad in scope and scale, as evident by Farazmand actually having to describe three separate groups to identify this framework. Institutional theory can be seen as attractive as there are many aspects embedded in it, from top-down management and stability and structure, which is part of classic/traditional institutionalism, to Scott's articulation that if rules are deemed to be erroneous, a new social order may be created. What may be considered another pro of institutional theory is that it suggests that institutions are strong and lasting, via Lammers and Garcia's identification.

Issues with Scott's feedback on institutional theory include that it did not necessarily identify when it is the optimal decision to discard a current rule for a new social order or which historical portions surrounding an enterprise to explore to decipher that an adjustment should be conducted. What may be considered a con of institutional theory is that while institutions may be strong and lasting, it is also possible that said institutions advocate erroneous practices.

### **3. Chaos Theory**

Farazmand (2003) denoted that chaos theory encompasses disorder, crisis, non-equilibrium instability, and rapid change. It was further suggested by Farazmand that we live in a world full of uncertainly, unpredictability, and randomness, which may act as a bane to standard plans and propel any institution into a chaotic state (p. 348). Morgan (2006) also suggested that in this framework, randomness, diversity, and instability become resources for change, as a new order is the natural outcome (p. 252). Morgan added to this thought process by stating that chaos theory encompasses how order patterns of activity can emerge from spontaneous self-organization (p. 242). Levy (1994) concurred with Morgan via putting forth that chaos theory provides a useful framework for understanding the ever changing evolution of industries and their complex interactions among industry actors. Levy goes on to assert that any entity under chaos theory embodies an unpredictable, complex, complicated, and dynamic order (p. 167). Thietart and Forgues (1995) aligned with the aforementioned scholars via their assertion that chaos theory encapsulates nonlinear dynamic systems, which are often identified by randomness and instability (p. 20). Adams and Stewart (2015) also agreed with said

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professionals by saying that chaos theory sees the universe as an unstable, disorderly, diverse, and non-linear entity. They also noted that chaos theory is concerned with finding order and predictability among indeterminate patterns (p. 416). Farazmand (2002) concurred with this point via his insight that chaos can lead to order (p. 77). Other scholars have put forth that chaos theory is the optimal framework for managing a crisis or disaster (Purworini, Purnamasari, & Hartuti, 2019, p. 35).

Farazmand (2002) even identified two levels of chaos theory. The first level of chaos theory is the microcosmit level, which is generally underscored by crisis situations with worldwide impacts, such as a global pandemic. The second level of chaos theory is the macrocosmis level, which is identified by long-term-orientated and accelerated paradigmatic shifts (p. 78-80).

The aforementioned insights personify that chaos theory is identified by issues, but it is just as important to realize that it may act as a natural starting point in respect to discerning solutions to chaotic problems. Additional scholars concurred with this point, as Murphy (1996) noted that chaos theory may be a model for managing crises (p. 95). Thietart and Forgues felt that organizations may learn from chaotic events of the past and use them to meet the challenges and uncertainty in an environment that can alter overnight (p. 19). Farazmand (2001) furthered how chaos theory can act as a remedy to very chaotic environments by putting forth that administrators who are functioning under these circumstances are encouraged to predict crisis situations, and discern strategies to mitigate, minimize, and control them. Farazmand also asserted that crisis management requires nonlinear thinking, flexibility, and value systems that must swiftly transcend barriers to produce results (p. 348-349).

A pro of chaos theory is that it openly acknowledges that chaos or disorder exists in the world. A second positive aspect of chaos theory as most related to Farazmand's insights is that it encourages administrators to create some type of order out of disarray. A shortcoming of chaos theory is that it fails to articulate exactly how to combat chaos or disorder. A second issue with chaos theory is that while it provides guidelines for how to act during devastating periods, it does not articulate how entities should conduct themselves during stable periods.

#### **4. Differences Between Institutional and Chaos Theory**

The first difference is that institutional theory somewhat takes unforeseen or extreme possible happenings into consideration, as part of this theory is to focus on the holistic environment, and said prospective events may or may not be interpreted or considered as part of this environment, depending on the perception of administrators and circumstances. Chaos theory is nearly built around such catastrophic occurrences, per my previous discussion on Farazmand (2003) and Morgan's (2006) identification of this framework. The second difference is that as most related to the feedback from Perrow and Scott, institutional theory is concerned with inspecting the "natural history" of an organization or entity and notes that said history has added to its current status, while

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as most connected with Farazmand and Morgan's insights, chaos theory is significantly more concentrated on acknowledging and identifying a framework for individuals to manage during dynamic periods of disorder, unpredictability, uncertainty, and instability, such as in a pandemic. The third difference is that per Scott's feedback from Berger and Luckmann, institutional theory encompasses actualities adhering to a rule like status and as Scott himself believed rules and routines exist in this framework, while chaos theory puts forth that standard regulations and routines in any given ordinary situation may swiftly alter due to the chaotic or extreme nature of the scenario. The fourth difference is that according to Lammers and Garcia, institutions are social phenomena that generally stand the test of time, but the hope is that chaotic events last for a finite period and are ultimately completely alleviated. The fifth difference per Zucker and Lammers and Garcia's thoughts on institutional theory suggested that it may involve the public discerning what is socially meaningful or real, but chaos theory fully acknowledges that an extreme happening is not only real, but tremendously pressing, and encourages administrators and citizens to take actions towards efficiently alleviating the issue. The final difference as related most directly to Farazmand's classic/traditional institutionalism, which includes a focus on stability, structure, and permanence, concepts that are nearly the polar opposite of those associated with chaos theory, which include instability, randomness, and a hope that the crisis at hand will be swiftly mitigated.

## **5. Similarities Between Institutional and Chaos Theory**

The first similarity is that while these frameworks vary in their approaches as discussed in the initial sections of this paper, they both harbor the goal of assisting citizens during the appropriate circumstances. The second similarity is that each of these frameworks are complex and layered, as there are multiple scholars who added to the literature on each of them and Farazmand even identified multiple categories for both theories in order to fully explain them. The third similarity is that institutional theory under Morgan's identification, which recall states that if the rules are found to be erroneous via an intense inspection of the context and history which surround them it may be the best action course to start a new social order, may share a similar endgame to chaos theory. More particularly, this specific element of institutional theory may result in fresh social practices, and this may also be the outcome as a result of chaos theory. The final similarity is that according to Farazmand's identification of neo-institutional theory, it is recommended to explore the larger system or surrounding environment of any enterprise, and while chaos theory does not advocate squandering precious time to tend to this task while in the midst of an unprecedented happening, it can be beneficial to explore these elements during a period when the chaotic event is well on its way to being alleviated. To illustrate, despite that the pandemic is still ongoing, it seems as if the world is recovering from this event, and it can be a boon for administrators or professionals during this period to explore the holistic environment, such as the psychological effects of citizens from being quarantined to their residencies for an extended duration.

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## 6. Chaos and Institutional Theory in Respect to The COVID-19 Pandemic

Velavan and Meyer (2020) stated that SAR-CoV-2 resulted in the disease known as COVID-19. COVID-19 may encompass similar symptoms to a fever, cough, nasal congestion, fatigue, or respiratory issues. To further the ambiguity of this disease, symptoms appear 2 to over 14 days after exposure, and it may even migrate via the airways, and cause distress or death (p. 279). The takeaway is that COVID-19 is a fresh and vague disease that experts still do not fully understand.

To add even more context to the pandemic, President Trump declared it a national crisis as of March 2020, it involves a nebulous disease which has claimed millions of lives, its fatality rate is still increasing on a daily basis, the vaccination has been an asset to slowing the spread but is not completely effective, different states harbor varying laws in respect to mask wearing regulations, some citizens minimize their ventures into public places to avoid the chances that they will be infected with the disease, there exists a great deal of instability and frequent changes such as the recent emergence of the delta variant, and multiple other factors have led to a highly chaotic atmosphere, as most closely aligning to chaos theory. If even more evidence is needed to indicate that the pandemic is a crisis and thus a suitable fit for this framework, Farazmand (2001) directly stated that a crisis may involve a life-and-death situation in a time of rapid environmental change, and again given that COVID-19 is responsible for multiple causalities, it is truly a crisis (p. 3). The pandemic actually intensely correlates to Farazmand and Morgan's description of chaos theory. Recall that a takeaway from Farazmand and Morgan was that patterns of randomness and instability lead to a new natural order. Considering that citizens are encouraged to get vaccinations and face mask mandates have been made in many cities, the pandemic has clearly spawned a 'new normal.'

There are a few points regarding the pandemic which connect to institutional theory. The first point is that per Lammers and Garcia's feedback, institutions tend to be enduring, strong, and foster on despite chaotic events. Though COVID-19 has been beyond detrimental to the institutions of the United States and the world by claiming millions of lives and having multiple adverse effects, a vaccination has been created and civilization is starting to move forward to the best of its ability. To further this insight, recall that the United States and various other nations have progressed forward subsequent to multiple wars, financial depressions, and past pandemics. The second point is that despite these circumstances, Farazmand's identification of classic/traditional institutionalism's top-down management is still being utilized. For instance, as formerly mentioned President Trump declared the pandemic a national crisis as of March 2020, President Biden made the executive decision to allocate stimulus checks to many Americans, and various Governors have issued orders to require citizens to wear face masks. The third point per Farazmand's neo-institutional theory is that it is now recommended to inspect the environment in the wake of the pandemic since the world is seemingly recovering. In addition to the medical effects of

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COVID-19, that are multiple social, psychological, mental, economical, and other elements that deserve attention.

### **7. Chaos and Institutional Theory in Respect to Black Lives Matter**

While the Black Lives Matter social movement has existed for years, it was perpetuated or brought more into the light of the general public subsequent to May 25, 2020, when George Floyd was executed by Minneapolis police officer Derek Chauvin. There were multiple videos of this incident that clearly displayed Chauvin forcefully placing his knee on Floyd's neck, ultimately executing him by adversely affecting his breathing and blood flow. Floyd's autopsy labeled his cause of death as cardiopulmonary arrest (Liong, & Riyandari, 2020, p. 107).

The aftermath of this incident was highly chaotic, perhaps mostly because the entire happening underscored the racism which seemingly still exists in the world, the reprehensible treatment that traditionally disenfranchised groups have experienced in the past, a flawed justice system, police brutality, and other factors. Said aftermath included numerous protests in Minneapolis and over 400 other cities in the United States. The resurgence of this movement during the summer of 2020 even led to protests in other countries. These protests and other events at this time sought to question police accountability, excessive and unacceptable force by justice authority figures, and the overall fashion in which African-Americans have been treated in all nations (Liong, & Riyandari, p. 106-107). Despite that the Black Lives Matter movement is ongoing, it was such a monumental topic of discussion during the summer of 2020 that it was seemingly the main subject of discussion on any given news network at that time.

The aforementioned happenings all hearken back to chaos theory. Recalling Farazmand's insights that chaos theory accounts for disorder, crisis, instability, and rapid change, there was disorder during the summer of 2020 because there were many worldwide riots that were showcased on major news networks each evening, the death of Floyd and the aftermath truly made the general public aware of the racial divide between African-Americans and other races throughout the world and may have sparked citizens to ponder the horrendous practice of slavery, there was some level of instability or at least questionability within a justice system that was clearly deficient due to it resulting in an innocent citizen being executed in the middle of the day by a civil servant while other authority figures and civilians watched, and this all happened in a dynamic environment, which was in the midst of the current pandemic. Remembering Farazmand and Scott's points, chaos can lead to order. While it would be nearly impossible to completely extinguish police brutality and racism, as this constitutes the actions of every legal official and feelings of all world citizens respectively, the hope is that all civil servants will adjust their behavior accordingly regarding these happening to produce a more acceptable order.

There are some portions of the Black Lives Matter social movement which relate to institutional theory. The first point is that per Lammers and Garcia's feedback, institutions tend to be enduring and proceed forward regardless of hardships. Though it still may be the case that some citizens have an adverse view of the law enforcement system, said system is still intact. The second point is that Farazmand's identification of classic/traditional institutionalism's top- down management is still upheld in respect to Black Lives Matter. For example, the George Floyd Justice in Policing Act was introduced in 2020 by Congress which sought to mitigate police misdeeds and racism in law enforcement (Mahboob, Johnston, & Shah, 2020, p. 175-176). The final point per Farazmand's neo-institutional theory is that it is encouraged that all administrators and citizens inspect the environment which led to the Floyd execution and fashion in which minority groups have been treated for years and take steps to avoid such happenings moving forward.

## **8. Implications of Chaos and Institutional Theory for Public Administration and Policy**

Birkland (2020) felt that key attributes in respect to a policy are that it is often created in response to a problem which deserves governmental attention, it should champion the public interest, and it is orientated towards achieving a goal (p. 5). These insights coupled with Kettl's (2018) perspective that public administration is the process of translating public policies into results is actually serviceable in respect to identifying the implications of chaos and institutional theory on public administration and policy (p. 450).

In respect to chaos theory, the first implication is that it is important for any given administrator to identify the reality of the current chaotic situation. Acknowledging the extreme issues which are often associated with chaos theory is usually the initial step towards producing policies to assist citizens. The second implication is that chaotic events may call for unprecedented regulations in order to translate public policies into favorable results. For example, polices that were enacted to wear face masks to mitigate the health crisis or to issue stimulus checks to keep the economy afloat during the current pandemic are clearly highly irregular. The third implication is that quality regulations, such as the George Floyd Justice in Policing Act, may manifest as a result of chaotic events. The fourth implication is that I believe that Morgan was accurate in that a new order may be the natural outcome from a chaotic event. To illustrate, it is still recommended that face masks are worn and social distancing adhered to. The fifth implication is that per Thietart and Forgues' feedback, organizations can certainly learn from past crises and use them to meet future challenges. For instance, if an event just like COVID-19 ever reemerges in the future, administrators at that period may inspect successful regulations that were drafted in the early 2020's and implement similar legislations. The final implication is that in regards to the bystanders for the Floyd incident, it is discouraged for civil servants or citizens to just watch when they see a clearly erroneous practice happening. While it would be challenging to produce a



regulation to stifle said parties from failing to take a stand against injustice, this should still be considered.

In regards to institutional theory, the first implication is that per Selznick and Perrow's insights, institutions can be considered a product of their history. Recall that the United States and other nations have a very long history of fostering on despite extreme adversity, and in many cases, administrators produced regulations that have helped citizens, such as the CARES Act and the stimulus checks that were allocated during the pandemic. The second implication which furthers Lammers and Garcia's feedback is that institutions are enduring, and it will only help various world nations to prosper if administrators produce commendable regulations during any period, stable or chaotic, to alleviate problems or produce results. The final implication is that I feel that in any institution, elected officials have an administrative responsibility, as they should be held accountable to their citizens (Kettl, p. 29). This accountability includes drafting regulations that will produce preferred results, such as mask wearing mandates during a pandemic to slow the spread of a disease.

## **9. Discussion, and Conclusions**

It is important for all administrators and civilians to have a strong working knowledge on institutional and chaos theory. It is also vital for these parties to be able to execute the appropriate framework in suitable circumstances, such as chaos theory being a fit for the current pandemic. This will serve as a boon to administrators to best tend to their citizens by upholding their administrative responsibility.

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