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History and the present: Institutional legacies in communities of organizations☆

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ABSTRACT

An important source of organizational variation in communities is institutional legacies: institutions that persist and affect the community over long periods of time. Institutional legacies have received attention in the past, but recently there has been increased interest in their origins and effects. We examine three carriers of institutional legacies—legal structures, voluntary organizations, and intra-community relations—and show some work on each of these carriers. We discuss how research on institutional legacies presents a particular challenge in causal identification, but we also offer potentially viable solutions to this challenge. Finally, we outline extensions of research on institutional legacies through work that documents how the interrelationships between community organizations and businesses are shaped by institutional legacies and in turn contribute to their evolution.

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Introduction

In his classic account of the extremely poor and backward village of Montegrano in southern Italy, Banfield (1958: 6) notes, "We are apt to take it for granted that economic and political associations will quickly arise

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wherever technical conditions and natural resources permit. . . . The assumption is wrong because it overlooks the crucial importance of culture. People live and think in very different ways, and some of these ways are radically inconsistent with the requirements of formal organization." In his dissection of Montegrano, Banfield (1958: 30–31) plaintively asks, "What accounts for the absence of organized action in the face of pressing local problems? Why, for example, is nothing done about the schools? . . . Or, if this is too much to expect, the bus schedule might be changed so that the Montegrano children could go to nearby Basso for higher grades? . . . Why are the political parties themselves so unconcerned with local issues? . . . What accounts for the political incapacity of the village?"

Strikingly, Banfield (1958) fingers an ethos of "amoral familism" as the culprit—that is, an inability to transcend the interests of the nuclear family—and argues that the absence of extended families inhibits community capacity to act in concert. In turn, Banfield (1958: 151) notes, "If we ask why the peasants of Montegrano did not develop the institution of the extended family, the answer is perhaps to be found principally in the circumstances of land tenure." In the north, the feudal system of land ownership ended before the Unification of Italy in 1871, and land was a commodity to be bought or rented. Owners of land found it easier to rent sizable tracts to peasants, who had incentives to increase their numbers and act cooperatively to be productive. By contrast, in the south "feudalism survived almost undisturbed until the Napoleonic Wars. Land was the inalienable property of the aristocracy of church and state" (Banfield, 1958: 153). As feudal arrangements weakened in the 19th century in the south, small landowners and large landowners preferred to hire labor than to rent land, and peasants had little incentive to organize to improve the land. As the population increased, even the small owners of lands found lands subdivided through inheritance, and there was no sense of an extended family.

The link between history and the present, as Banfield illustrates, is supplied by institutional legacies that span large swaths of time. In an early study, Putnam, Leonardi, and Nanetti (1993) found that northern Italian regions had a far greater number of mutual aid societies, cooperatives, and voluntary associations than southern Italian regions, and showed that such civic infrastructure predicted economic development. They concluded that civics trumps economics, and traced civic variations back to the form of rule after the fall of the Holy Roman Empire, which presented different collective action problems in the north and the south.

In a comparative study of two California communities, Molotch, Freudenburg, and Paulsen (2000: 819) likewise found that voluntary associations in Santa Barbara outnumbered those in Ventura and had greater emphasis on human services and arts/culture. These organizations, in turn, underlay community responses to oil and the freeway: Santa Barbara saw them as problems and Ventura saw them as solutions. Molotch et al. (2000) proposes that community organizations mean that "people know what to do, and in so doing, give identity to cities and regions . . . places make themselves up. . . . The resulting stabilities are neither preordained nor frozen in content. A kind of rolling inertia allows for continuous flux within a stable mode of operation."

One might think that institutional theorists would have paid more attention to history and institutional legacies, if only because of their interest in institutional persistence. However, since DiMaggio and Powell (1983), the study of diffusion has become a growth industry, with hundreds of studies chronicling the spread of organizational structures, human resource practices, and philanthropy. Yet sheer spread does not equal institutional persistence. Indeed, since Meyer and Rowan's classic (1977) paper, organizational scholars have realized that coercive pressure stimulates ceremonial adoption of practices (Westphal & Zajac, 1997) and that mimetic pressure leads to swift adoption but spawns post-decision regret and subsequent abandonment (Rao, Greve, & Davis, 2002). Thus, the diffusion literature has actually had little to say about organizational legacies.

Stinchcombe's (1965) classic account on imprinting considers history and persistence (see Marquis & Tilcsik, 2013 for a detailed review), but this work depicts the environment as the source and newly founded organizations as the receptacle of influence from the environment (e.g., Boeker, 1989). In contrast, an understanding of institutional legacies necessitates a move to the community level of analysis, where one considers organizations as the source and the community as the receptacle of influence. If imprinting implies that organizations born in a spurt in one time get and maintain a specific social structure (e.g., Kimberly, 1975), an institutional legacy means that structures created at one time in one domain have spillover effects by triggering later organization building in the same community but in a different domain. If imprinting arguments imply local and unchanging persistence where environmental influences at the time of birth get baked into the mold of organizations through founder effects (Johnson, 2007), institutional legacies can drive diverse organization building over time due a self-reinforcing cycle of organization creation in each community.

If communities are the unit of analysis, one would expect urban ecologists and community ecologists to be concerned with institutional legacies. Even as urban ecologists successfully identified the neighborhood as the incubator of crime (Park, Burgess, & McKenzie, 1925), or held that high levels of residential turnover undermined community norms (Shaw & McKay, 1942), or more recently emphasized that the contemporaneous density of nonprofits undergirds civic capacity in communities (Sampson, MacIndoe, McAdam, & Weffer-Elizondo, 2005; Skocpol, Ganz, & Munson, 2000), they have said little about why some communities have more nonprofits than others, and how institutional legacies from the past underlie such variations. Community ecologists have for the most part relied on Hawley's (1968) insights, and trace the births and deaths of organizations to the division of labor in a community and the nature of interdependencies among organizational forms (Hannan & Carroll, 1992; Barnett & Carroll, 1987), but say little about institutional legacies. In these accounts of community ecology, it is the contemporaneous effect of cross-form densities that matters: so the