

The complexity of institutional logics in the context of regional economic organisations: a case study of the East African Community

Wairimu Gakuo^{1*}

¹Strathmore University School of Business

*wairimu.gakuo@strathmore.edu

Abstract

This paper proposes an in-depth study on the institutional logics in the East African Community (EAC), one of the regional economic organizations on the continent. As countries across the come closer together to cooperate on trade, economics and security for the benefit of their populations, the organizations that are mandated to manage the integration agenda are still not well understood. The organizations are varied in their structures and strategies, and so are their outcomes. Regional economic organizations (RECs) have existed for almost a century across the world, the most well-known being the European Union (EU). Africa has a dense population of regional organizations, which has presented unique challenges to the management of the organizations. It is widely acknowledged that the continent's integration agenda has not led to improved economic performance, with globalization and increased competition among countries weakening the integration agenda (Fawn, 2009; Söderbaum & Shaw, 2003). Institutional logics, which are the social and historical practices, assumptions, values, rules and beliefs (Thornton & Ocasio, 1999), inform actors' and institutional intermediaries' actions and decisions. Using the institutional logics lens, this study proposes to explore and get new insights on how regional economic organizations manage institutional complexities that affect organizational structures and strategies. The proposed in-depth qualitative case study of the EAC, will inform continuing research on institutional logics, which is a nascent field, particularly on the African continent, and will identify areas for further research. The results will provide the EAC and similar organizations, with information that helps managers better understand the institutional logics that influence the organization and how these could be harnessed and changed for more effective delivery of defined goals and objectives.

Introduction

One of the significant discussions on organizations taking place today is the complexity and multiplicity of institutional demands on organizations that impact their structures, strategies and ultimately performance. This is because the environments in which organizations operate are often pluralistic (J. W. Meyer & Rowan, 1977), which requires organizational actors to navigate, negotiate and “deal with conflict and carry out integrative and adaptive work” (Kraatz & Block, 2008). In addition, even public sector organizations are facing increasing pressures to improve performance in more competitive, resource constrained and changing

environments (R. E. Meyer, Pietler, Höllerer, & Hammerschmid, 2014). Regional economic organizations are no exception. The multiplicity of demands are considered the main reason the regional economic organizations have difficulty fulfilling their organizational mandates. Complexity arises from competing demands on the organizations from both internal and external actors and intermediaries who exercise agency in their engagement with the organization. The fact that regional economic organizations operate in more open global economic and political systems adds to this complexity (Mansfield & Solingen, 2010). This creates major challenges as it is noted that organizations that deal with a multiplicity of demands are in danger of drifting away from their core mandates or could cease to exist altogether as they collapse from the pressure brought about by these multiple demands (Battilina & Dorado, 2010). As noted by Pache (2011) complexity, however, need not only be a challenge but could be an opportunity to better position the organizations to thrive in a pluralistic environment. Understanding the complexities facing the organizations and the multiple institutional logics at play within the organization would allow organizational leaders to harness and change the organizational arrangements to improve outcomes. The question that this study seeks to answer is: What is the role of institutional logics in the East African Community and how do these logics influence the organizations structures and strategies?

The concept in Haas (1958) definition of regional integration where countries are persuaded “to shift their loyalties, expectations and political activities to a new center...” (Haas, 1958), provides a rich arena for much debate and research. In a world where borders have become less significant and trade and resources flow easily across borders, the role of the organizations mandated to establish and manage the regional integration process has grown over the years (Morgan, 2010). Regional economic organizations in Africa are considered well positioned to be the building blocks for a pan-African wide agenda of an integrated continent that reaps the benefits from ever growing and economically vibrant markets (Booth, Cammack, Kibua, & Rudeheranewa, 2007; Disenyana, 2009; Jiboku, 2015; Johnson, 1991; Ogola, Njenga, Mhando, & Kiggundu, 2015). Africa has the largest number of regional economic organizations that form a complex web of organizations across the continent and it is suggested that the organizations are constrained in their performance by the ambitious goals that they establish (Mattli, 1999). For example, following on the European Union model, the East African Community, a regional economic organization in Africa, has the unique goal of becoming a political federation (East African Community, 2007). Mattli (1991) argues that such ambitions are not grounded in reality and posits that regional economic organizations are better placed to focus on trade as member countries pay attention to the macro-economic and political aspects of their individual countries to make regional integration productive.

The European Union, has a long standing regional integration model that has been touted as providing a successful framework that has been followed over the years by more nascent regional economic organizations on the African continent (Bachmann & Sidaway, 2010; Bilal, 2007; Johnson, 1991). On the other hand, there are counter arguments made that the regional integration agenda in Africa needs to develop its own institutional framework as those instituted in the European Union, and elsewhere across the globe, are not suitable for

the African continent, whose context, development trajectory, economic and political dynamics and capabilities may not sustain the mature framework of the European union (Jiboku, 2015; Mattli, 1999). It is argued that building on the immense resources of the continent, Africa should establish a framework for industrial development and trade using the regional economic communities as the institutional coordinating entities for focused, cohesive and accelerated growth of the continent (Jiboku, 2015). It is further argued that such cohesive action is best for Africa as differing and vested interests of foreign governments, multinationals and other stakeholders could further derail the integration process that Africa and the regions so desire (Amaeshi & Idemedia, 2015). For example, Ogola, Njenga, Mhando and Kiggundu (2015) propose the establishment of such arrangements as “growth triangles” that bring at least three countries together to exploit economic complementarities that would deepen and strengthen integration. At the heart of these viewpoints is a debate about collective strategic decision making, which this study argues, would benefit from a better understanding of the organizations that are given this task, including the social interactions of the actors within the organizations and how their actions influence organizational processes.

Theoretical underpinnings

This study links institutional theory and concept of regional integration, also referred to regionalism. Regionalism has emerged from discussions in economics though the definition has expanded due to the centrality of the political aspects in regional arrangements (Mansfield & Solingen, 2010). New regionalism differs from the old regionalism, which was based on security interests, and opens the field for “a more spontaneous process from within a region, which is more comprehensive and multi-dimensional, encourages non-state actors and incorporates issues of accountability and legitimacy” (Heitne, 1996). There has been debate as to what regionalism means, which, though often defined as a group of countries in the same geographic space, has also been defined as “an area sharing cultural, social and political ties” (Mansfield & Solingen, 2010). A regional integration agenda between countries could therefore encompass all these areas but has over time emphasized the area of economics as a key agenda that countries have identified as adding great value when addressed jointly (Mattli, 1999) as the main benefit of regional integration is that it allows countries to achieve higher national benefits than they would without integration. Any regional agenda however, would need to be carefully designed, particularly in the African context, to avoid implementation and capacity challenges (Jiboku, 2015). This study chooses to take a different perspective, emphasizing the organizational aspects of regional integration and using the institutional logics lens to investigate the logics influencing the regional integration agenda.

The sociological perspective in new institutional theory that Taylor and Hall (1996) refer to as a sub-field of organizational theory, “integrates modern forms of organizations including culture which introduces aspects such as symbols, cognitive scripts and moral templates which provide frames that guide human action” (Hall & Taylor, 1996). This view brings together sociology and political science perspectives that perceive institutions as structural

frames that provide organizational solutions and formal rules and systems (Djelic, 2010). Institutions, defined as “the rules of the game in society” or the “humanely devised constraints that shape human interaction” (Thornton, Ocasio & Lounsbury, 2012), have helped define the roles that organizations play in society as they reduce uncertainty and maintain order and ensure effectiveness. The social interactions and networks within an organization allow problems to be shared, interpreted and resolved in similar ways leading to common practices that can be shared widely within organizational fields and even more broadly across borders (Meyer and Strang, 1993). Institutional theory therefore allows researchers to study and understand the formal and informal practices in organizations, which include “the established rules and norms that govern collective thoughts, intentions and behaviors” (Berger & Luckman, 1966). Scholars have further studied institutions to understand the implications of multiple institutional demands within organizations which now includes the study of institutional logics (Besharov & Smith, 2014).

Friedland and Alford (1991) first defined institutional logics as “.. symbolic systems, ways of ordering reality, and thereby rendering experience of time and space meaningful”, which was further expounded on by Thornton and Ocasio (1999) as noted earlier. The complexity in understanding institutional logics arises from the fact that they are not always distinct but often overlap forcing actors to confront and draw from multiple logics which creates further challenges in trying to identify them and their application to the defined organizational settings (Purdy, Ansari, & Gray, 2017). Purdy et al. (2017) further note that that institutional logics are not static, but that they are initiated, implemented, reconstituted and sometimes die, further complicating the study of institutional logics. As noted by Besharov and Smith (2015) logics remain puzzling to researchers due to the multiplicity of form and consequences within organizations and there is need to study them at the individual or micro level within an organizational context (Yu, 2013) in order to make sense of them (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011).

Thornton et al., (2012) identify seven pervasive institutional logics: family, community, religion, state, market, profession, and corporation. As more research has been conducted on institutional logics over the last decade, researchers have begun to identify how and why these fields continue to hold (Zilber, 2016). In the context of regional economic organizations, an additional layer of complexity in determining the logics that apply to the organizations is the fact that they span geographic boundaries (across nations), though these have not yet been extensively studied (Wry, Cobb, & Aldrich, 2013). Sutton, Short, Mckenny and Namatovu (2015) highlight the fact that countries have their own dominant institutional structures and logics which implies that bringing these countries together under the rubric of a regional economic organization, requires organizational actors to develop the necessary skills and capacities to manage the conflicting or cooperating institutional logics. The key argument in favor of using the institutional logics lens, is that they improve the understanding of the intangible taken-for-granted aspects of the organization, and how individuals make sense, develop and enact norms and behaviors within the organization (Besharov & Smith, 2015).

Researchers have noted a gap in empirical investigation of institutional logics to better understand institutional complexities and organizational responses (Greenwood et al., 2011; Purdy et al., 2017) as well as how these influence the institutional field (Johansen & Waldorff, 2015). There has been criticism of institutional logics research for delinking the various levels – the field, the organization and the individuals who enact the logics (Zilber, 2016). There has also been a tendency to focus on some of the logics, especially the “market” and “state” logics with far less research on the other fields (Johansen & Waldorff, 2015). It is suggested that this could be due to the greater focus of the studies on business organizations, particularly the United States, while the institutional logics perspective has potential to “contribute to a understanding a broader scope of social practices and meanings related to organizations” (Johansen & Waldorff, 2015). Klaus et al. (2013) further contend that it is only empirical research that permits a direct study of logics to understand their form and structure and how actors create and enact the logics over time. In addition institutional logics in empirical settings, within a variety of organizational contexts, are yet to be studied (Thornton, Ocasio, & Lounsbury, 2012), particularly in the African context. This study will contribute to filling this gap by exploring institutional logics in a public sector organization and how these influence the organization. This study would also address the critique that research on institutional logics has been homogeneous, and focused on the macro level rather than understanding how individuals enact the logics to influence the organization (Yu, 2013).

Study context

As earlier noted, this study will focus on the EAC, one of the oldest regional economic organizations on the continent will bring to the fore institutional logics in a public sector organization but also an organization with an embedded structure and complex decision making processes. Having been formed in 1947 the institution was reconstituted in 1967 by the three independent East African states of Kenya, Uganda and Tanzania with a focus on economic integration and a vision of becoming a political federation (East African Community, 2007). The EAC is noted as one of the most successful regional economic institutions before its collapse in 1977 (Kibua & Tostensen, 2005), bringing into sharp focus the economic and political dynamics of regional integration. The organization was successfully re-established in 2000 within the backdrop of globalization that opened up the region to economic opportunities. It has since expanded its member countries to include Rwanda, Burundi and South Sudan. To manage its ambitious regional economic, social and political agenda, the EAC a complex structure of embedded legal, regulatory and policy making and implementation institutions coordinated by an executive Secretariat. From an institutional logics perspective, the EAC provides a unique and complex structure in which to explore the multiplicity of institutional logics and their implications for the organization’s actors and institutional intermediaries.

This study argues that the EAC’s challenges and inability to achieve its goals lies within the complexity and influence of multiple institutional logics that are established and enacted by actors in the organization. With a specific focus on the Secretariat of the organization, this study suggests that multiple demands on the organization prompt the establishment of

multiple institutional logics enacted by actors in the organization which influence the structures and strategies of the organization. The study therefore makes two key arguments: (i) that the organizational actors create and enact multiple institutional logics in response to the demands on the EAC, specifically from its member countries; (ii) that the institutional logics influence the structures the strategies of the organization.

Proposed method of study

This study will be a qualitative case study that will facilitate exploration of the institutional logics and their influence on the structures and strategies of the EAC. The focus will be on the Secretariat which coordinates the functions of the organization and has executive authority on the key functions of the organization. Case studies as a research strategy, can be used to understand the dynamics present within a single setting and can also be a useful strategy to explore an embedded design with multiple levels of analysis in a single study (Eisenhardt & Graebner, 2007). For example, McPherson and Sauder (2013) use a case study approach to investigate the logics in a drug court. Within-case analysis (Eisenhardt & Graebner, 2007) enhance the exploration and to separate out different logics that are in play within the Secretariat.

Conclusion

This study will provide a unique perspective on the institutional logics that influence a regional economic organization in Africa. It has been noted that research on institutional logics has energized scholars in institutional theory, as it enhances our understanding of society and the organizing processes therein (Lounsbury & Boxenbaum, 2013). This study suggests that using institutional logics to explore how organizational actors respond to the multiple demands faced by the organizations and how the resulting institutional logics influence the organization's priorities, is a novel and informative study. The study will inform theory on institutional logics in the context transnational public sector organization. In addition, empirical evidence from the African context will provide new insights on institutional logics. It is suggested that logics enacted by institutional actors protect what is core to the organization and thus guide the organizations responses to the multiplicity of demands that it faces (Sutton, Short, McKenny, & Namatovu, 2015).

On a practical level, the finding will provide the EAC with an understanding of the institutional logics that influence critical decision-making processes and their consequences. The EAC and similar organizations may also use the findings to determine how to deal with the multiple demands that continuously face.

References

1. Amaeshi, K., & Idemedia, U. (2015). Africapitalism: A management idea for business in Africa? *African Journal of Management*, *1*(2), 210–223.
2. Bachmann, V., & Sidaway, J. D. (2010). African regional integration and European involvement: external agents in the East African Community. *South African Geographical Journal*, *92*(1), 1–6. <https://doi.org/10.1080/03736245.2010.480841>
3. Battilina, J., & Dorado, S. (2010). Building sustainable hybrid organizations: The case of commercial microfinance organizations. *Academy of Management Journal*, *53*(6), 1419–1440.
4. Besharov, M. L., & Smith, W. K. (2015). Multiple institutional logics in organizations: Explaining their varied nature and implications. *The Academy of Management Review*. <https://doi.org/10.5465/amr.2011.0431>
5. Bilal, S. (2007). Is the EU a model of regional integration? *Risks and Challenges*.
6. Booth, D., Cammack, D., Kibua, T. N., & Rudeheranewa, N. (2007). *East African Integration: How can it contribute to East African Development* (Briefing Paper). Institute of Policy Analysis and Research.
7. 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.
8. Disenyana, T. (2009). Towards and EAC, COMESA and SADC free trade area: Issues and challenges. *South African Institute of International Affairs, African Perspectives, Global Insights*.
9. East African Community (Ed.). (2007). The Treaty for the Establishment of the East African Community: signed on 30th November, 1999: entered into force on 7th July, 2000 (amended on 14th December, 2006 and 20th August, 2007). Arusha, Tanzania: East African Community Secretariat.
10. Eisenhardt, K. M., & Graebner, M. E. (2007). Theory Building From Cases: Opportunities And Challenges. *Academy of Management Journal*, *50*(1), 25–32. <https://doi.org/10.5465/AMJ.2007.24160888>
11. Fawn, R. (2009). “Regions” and Their Study: Wherefrom, What for and Whereto? *Review of International Studies*, *35*, 5–34.
12. Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R., & Lounsbury, M. (2011). Institutional Complexity and Organizational Responses. *The Academy of Management Annals*, *5*(1), 317–371. <https://doi.org/10.1080/19416520.2011.590299>
13. Hall, P. A., & Taylor, R. C. (1996). Political science and the three new institutionalisms. *Political Studies*, *44*(5), 936–957.
14. Jiboku, P. A. (2015). The Challenge of Regional Economic Integration in Africa: Theory and Reality. *Africa's Public Service Delivery and Performance Review*, *3*(4), 5. <https://doi.org/10.4102/apsdpr.v3i4.96>
15. Johansen, C. B., & Waldorff, S. B. (2015). What are institutional logics - and where is the perspective taking us? In *Academy of Management Annual Meeting Proceedings*.
16. Johnson, O. (1991). Economic integration in Africa: Enhancing prospects for success. *Journal of Modern African Studies*, *29*(1), 1–26.
17. Kibua, T. N., & Tostensen, A. (2005). *Fast tracking East African Integration: Assessing the Feasibility of a Political Federation by 2010* (IPAR working paper series No. 05). Institute of Policy Analysis and Research.

18. Kraatz, M., & Block, E. (2008). Organizational implications of institutional pluralism. In *Sage Handbook of Organizational Institutionalism*. SAGE Publications Ltd. Retrieved from <http://dx.doi.org/10.4135/9781849200387.n10>
19. Lee, M. (2002). Regionalism in Africa: A part of problem or a part of solution. *Polis/RCSP/CPSR*, 9.
20. Mansfield, E. D., & Solingen, E. (2010). Regionalism. *Annual Review of Political Science*, 13(1), 145–163. <https://doi.org/10.1146/annurev.polisci.13.050807.161356>
21. Mattli, W. (1999). *The logic of regional integration: Europe and beyond*. New York: Cambridge University Press.
22. Meyer, J. W., & Rowan, B. (1977). Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology*, 83(2), 340–363.
23. Meyer, R. E., Pietler, I. E., Höllerer, M. A., & Hammerschmid, G. (2014). Of bureaucrats and passionate public managers: Institutional logics, executive identifies, and public service motivation. *Public Administration*, 92(4).
24. Morgan, G. (Ed.). (2010). *The Oxford handbook of comparative institutional analysis*. Oxford ; New York: Oxford University Press.
25. Ogola, F. O., Njenga, G. N., Mhando, P. C., & Kiggundu, M. N. (2015). A profile of the East African Community. *African Journal of Management*, 1(4), 333–364.
26. Purdy, J., Ansari, S., & Gray, B. (2017). Are Logics Enough? Framing as an Alternative Tool for Understanding Institutional Meaning Making. *Journal of Management Inquiry*, 105649261772423. <https://doi.org/10.1177/1056492617724233>
27. Sako, S. (2006). Challenges facing Africa’s regional economic communities in capacity building.
28. Söderbaum, F., & Shaw, T. (2003). *Theories of New Regionalism*. <https://doi.org/10.1057/9781403938794>
29. Sutton, T., Short, J. C., McKenny, A. F., & Namatovu, R. (2015). Institutional factors affecting expansion within the East African Community: An analysis of managers’ personal stories. *African Journal of Management*, 1(4), 365–383.
30. Thornton, P. H., & Ocasio, W. (1999). Institutional Logics and the Historical Contingency of Power in Organizations: Executive Succession in the Higher Education Publishing Industry, 1958– 1990. *American Journal of Sociology*, 105(3), 801–843.
31. Thornton, P. H., Ocasio, W., & Lounsbury, M. (2012). *The Institutional Logics Perspective: A New Approach to Culture, Structure, and Process*. Oxford University Press.
32. Warleigh-Lack, A. (2006). Towards a Conceptual Framework for Regionalisation: Bridging “New Regionalism” and “Integration Theory.” *Review of International Political Economy*, 13(5), 750–771.
33. Wry, T., Cobb, A. J., & Aldrich, H. E. (2013). More than a metaphor: Assessing the historical legacy of resource dependence and its complementary promise as a theory of environmental complexity. *Academy of Management Annals*.
34. Yu, K.-H. (2013). Institutionalization in the Context of Institutional Pluralism: Politics as a Generative Process. *Organization Studies*, 34(1), 105–131. <https://doi.org/10.1177/0170840612464755>
35. Zilber, T. B. (2016). How Institutional Logics Matter: A Bottom-Up Exploration. In J. Gehman, M. Lounsbury, & R. Greenwood (Eds.), *Research in the Sociology of*

Organizations (Vol. 48, pp. 137–155). Emerald Group Publishing Limited.
<https://doi.org/10.1108/S0733-558X201600048A005>