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# Microfoundations of Social Theory. A Response to Jepperson and Meyer

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# Microfoundations of Social Theory

## A Response to Jepperson and Meyer

by Peter Abell, Teppo Felin *and* Nicolai J. Foss

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### 1. Introduction

In their 2011 *Sociological Theory* article, Jepperson and Meyer (henceforth J&M) criticize methodological individualism (henceforth MI) and the more general efforts to build social theory on microfoundations. They argue that MI disregards multi-level causation, social context, structure and more generally conflates microfoundations with explanation. J&M further argue that MI is founded on “liberal and American cultural models of society [that] notoriously dramatize and valorize purposive individual action” and that this program of research is “micro-chauvinist” and “doctrinal and exclusivist.” They call for a focus on higher-level, “emergent” properties and a more “scientific,” “contextualized” and multi-level approach to social theory that focuses on “biological, ecological, structural, and cultural causation and hence *the displacement of action theories*” (italics added).

In this essay we respond to their attack on microfoundations and MI. J&M’s attempt to discredit and displace purposive action and choice-oriented approaches is quite surprising to us and counter to what we see as some of the more exciting theorizing in the social sciences, both past and present. In response, we are tempted to re-iterate the reasons – none of which are dealt with by J&M – that have already been provided for an emphasis upon microfoundations and MI [Abell 2003; Abell

*et al.* 2008; Coleman 1986; 1990]. However, instead of summarizing existing work,<sup>1</sup> we address some of the specific misconceptions that J&M have regarding the nature, purposes and multi-level implications of MI on social and sociological explanation.<sup>2</sup> We also concurrently critique J&M's own theory of actor-hood and action, which remains implicit but is highly problematic.

## 2. Component Actors and Social Complexity

J&M argue that structures have *sui generis*, “emergent” properties that have independent causal influence and thus a focus on the “micro” should not be privileged in any way. They cite work on networks, structure, institutions, social context and focus on “social-organizational” and “institutional processes.” In general, their point is that multi-level “complexity” and the “emergent” properties and inter-relationships between levels and structures are central. For example, J&M discuss how “institutions are chronically reproducing complexes of routines, rules, roles, and meanings.” J&M further argue that “in many cases a social process, precisely because it represents ‘organized complexity,’ may have individual-level ‘realizations’ that are too heterogeneous or complex to theorize.”

We agree that social life is complex. But contrary to J&M we consider social complexity, emergence, and appeals to multi-level processes as mere re-statements of the problem of social theory rather than a basis for explanation. Social complexity is not a refutation against MI but rather an argument for it. Of course social life is complex and institutions matter, as do routines, rules, roles, meanings and so forth. But the immediate questions are: what exactly is social complexity? Can we dimensionalize and explain it via the interactions of component parts and processes? What precisely are these rules and institutions, how do they enable or delimit individual and collective action, where do they come from, what is the role of actors in creating and sustaining them?

Simply citing and appealing to social “complexity” or “emergence” or “sets of social processes” (more on this later) – and definitionally layering social concepts one upon another: routines, roles, institutions, etc – only restates the problem faced

<sup>1</sup> Given space limitations, we will not directly address J&M's discussion of the micro-macro links in Weber's “*Protestant Ethic*”-thesis, as this is already persuasively done by Coleman and others [see Coleman 1986, 1320-1325; also see Coleman 1990, 6-9].

<sup>2</sup> We recognize that there are various weaker and stronger forms of methodological individualism in social theory, as thoroughly explicated by Udehn [2001]. J&M's critique of “individualisms,” in the plural, suggests that their critique is seemingly applicable to all these forms. Furthermore, the question of the role of “action” is also at stake in this discussion and debate, a matter that is intimately tied to most forms of methodological individualism [cf. Coleman 1986].

by the social theorist rather than meaningfully solving it. Citing “emergence” is only an admission of ignorance<sup>3</sup> and it doesn’t explain or tell us how and why something emerged.

The tendency to pack concepts tightly – piling aspects of social complexity one upon another – without offering clear definitions has indeed been a problem in “grand” social theorizing, including neo-institutional theory. As noted by Heather Haveman, herself a contributor to institutional theory: “if institution and institutionalization mean everything and explain everything – change and stability, individual routines, organizational structures, and societal cultures; cognitive, regulatory, and normative processes – then they mean nothing and explain nothing” [2000, 478].

The frustration with grand, structural theorizing-without-choice has manifested itself in other areas of social theory, not just institutional theory [also see Hirsch 1997]. For example, James Jasper highlights how extant social movements research is “dominated by structural metaphors” [2004, 1]. He argues that “structural models of the last thirty years may have reached the limit of their usefulness” in the social movements literature, and calls for more work that pays “attention to the micro-foundations of political action,” namely, the “strategic choices” and “tactics” that movement actors, organizers and participants necessarily make and use when faced with various dilemmas.

We maintain that a fundamental problem of much social theorizing derives from this high-level macro focus and the excision of individual-level and collective action and agency. As noted by Selznick, “no social process can be understood save as it is located in the behavior of individuals” [1996, 274]. This might be the version of ontological individualism that J&M are comfortable with. But this ontological truth, beyond the fact that rules or roles are enacted by people, must also – as we will discuss below – carry operational implications for the nature of social theorizing in terms of the decisions that individual and social actors make.

It is indeed worthwhile to note here that J&M’s critique of MI, building on their previous work [Jepperson and Meyer 2000], embodies an implicit theory and assumptions about action. For them “actorhood” is a cultural and social construction. But to see actors as simple, compliant enactors of institutions does not, in any way, help us explain: 1) the striking heterogeneity of organizations, forms and collective action; 2) the emergence and boundaries of these social collectives; and 3) change and “purposively constructed organization” [Coleman 1991]. The social world that we observe around us is not homogeneous and static, it has shape and is dynamic

<sup>3</sup> See Nagel [1961] on the “doctrine of emergence.”

due to heterogeneity at the individual and collective levels. As we will discuss, individuals and actors make choices about what actions to take, where to work, with whom they interact or align themselves and these choices shape the social fabric that we observe. Organizations similarly take strategic actions that influence their environments.<sup>4</sup>

MI then is a natural starting point for understanding collective phenomena and structures because it attempts to unpack the constituent and component parts, their underlying interests, beliefs, preferences, strategies and interactions and to theorize how phenomena, structures, institutions and so forth are generated, maintained and evolve. Whilst extant social theorizing doesn't always use the language of MI – nonetheless similar “disaggregational” intuition can quite readily be found in a wide variety of social theories. For example, John Levi Martin begins his book – with strikingly similar tones to Coleman's meta-theory [1990, 1-23] – by highlighting the need to “identify *components* of structure” and he argues “that structure can be produced via the aggregation of these components” [2009, 1]. Others have advocated a need to move social analysis from the study of collective “factors” (such as institutions) to the study of component “actors” – to study how institutions and collective structures emerge and evolve from individual-level intentions, expectations and interactions [Macy and Willer 2002]. Many recent models rely upon a type of “generative process theory” or “generative structuralism” where individuals and their choices and interactions are carefully specified in an effort to understand and “grow” emergent social outcomes, norms and institutions [Cederman 2005; Chwe 2001; Fararo 1989; Schelling 1971]. This sentiment is shared by some social anthropologists who argue that institutions, rules and norms need to be explained “as an outcome of the choices and alignments made by their participants” [Barth 2007, 3]. We agree.

### **3. Theory of Action, Aggregation and Emergence**

J&M deeply misunderstand MI by arguing that it focuses on a “mass of similar (or ‘modal’) individuals” and what they call “plebiscitary” or “market-like” aggregation. The truth is precisely the opposite.

Central to MI is a need to understand how diverse and heterogeneous interests, beliefs, and expectations are (somehow) aggregated in various ways – leading (or not) to collective equilibria or particular structural and social patterns. If individuals are fundamentally alike, homogeneous, and interact in a simple manner, then we may

<sup>4</sup> See King *et al.* [2010] for a discussion of a form of “institutional individualism” in organization theory.

indeed be able to dispense with them (only allowing them to be “enacted” upon rather than “act” or choose in any meaningful way) and their interactions and focus directly – as J&M advocate – upon macro-relations. But individuals are heterogeneous in their interests, beliefs, opinions and preferences and varied patterns and processes of aggregation and social aggregation provide the central problem for social theory.

As justification for jumping directly to the macro-level, J&M again appeal to “organized complexity” and even argue this complexity may have individual-level “realizations” that are too heterogeneous or complex to theorize.” But this “complex” theoretical work, again, is precisely the stuff of social theory. MI helps provide clarity and more persuasive explanations by disaggregating concepts and constituent parts, their interaction, and associated processes of aggregation and evolution. MI indeed is naturally concerned with the many different kinds of mechanisms through which the interaction of individuals, in a context (e.g., organization, form or institution) give rise to emergent collective outcomes [Schelling 1978; Simmel 1971]. Moreover, MI places a premium on carefully detailing the interactional and influence processes that might lead to an “emergent” social outcome [Wimsatt 1997].

It is important to note that MI by no means requires that actions are of some omniscient or heroic variety – J&M seem to presume this given their reference to “valorizing” individuals.

Rather collective outcomes can truly be surprising and emergent: the macro might be the “result of human action but not of human design.” Aggregation is not just simple or “plebiscitary,” as J&M put it, but rather can take on complex forms [Barney and Felin 2013]. In other words, individuals have interests or beliefs that guide their activities, but the *macro*, social outcomes may be emergent from individual action and interaction [Ullmann-Margalit 1977]. For theorists who have pointed out these “emergent” social outcomes (including social theorists associated with the Scottish Enlightenment),<sup>5</sup> complexity at both the micro and macro-levels and MI are entirely compatible [Hayek 1964]. The onus then is on the social theorist to explain how social complexity or equilibria or structure arises as the result of choices, interactions and so forth, and possibly how the resulting macro patterns (e.g., market outcomes, institutions) are sustained.

<sup>5</sup> Note that there is really nothing new or revolutionary in our call for sociological theory that is methodologically individualist. Although J&M portray the call for micro-foundations in individualist vein as a recent, “American” undertaking, it has been at the heart of social science since at least the Scottish Enlightenment. Furthermore, social theorists from Friedrich Hayek, Karl Popper, Gabriel Tarde, Georg Simmel and Max Weber, to contemporary economists and rational choice sociologists, have seen individualist explanation as a powerful starting point for social theorizing.

#### 4. Homogeneity? Self-selection and Matching

One illustration of the power of MI is the fact that much of the social fabric that we observe is created through processes of self-selection and matching.<sup>6</sup> Heterogeneous actors make choices about which groups to belong to, who to interact with, whether to reproduce certain institutions and so forth. If we miss the *a priori* beliefs, expectations, values of individuals, then we don't recognize that "common values precede rather than follow from social interaction" [Katz and Lazarsfeld 1955, 59-60].

Thus it merely looks like structural and cultural homogeneity reigns – as J&M would have it – but it doesn't. Looks can be deceiving in terms of the underlying mechanisms that actually give rise to the homogeneity that J&M describe. The homogeneity and structural features we observe are preceded by self-selection, interaction and matching.

To dismiss the decisions of individual-level actors, even when faced with macro uniformity, is to miss a large swath of social activity. As highlighted by Simmel – who began his analysis with "component individuals" – "society exists where a number of individuals *enter* into interaction" [1971, 23]. Social theorists, such as Tocqueville, also note that "as soon as [individuals] have conceived a sentiment or an idea that they want to produce in the world, they seek each other out; and when they have found each other; they unite" [2000 [1840], 492]. Or, if individuals are unsatisfied with their social institutions and context, they leave or exert "voice" [Hirschman 1970]. These types of bottom-up social processes are central for understanding the social structures that we observe around us. The literature on homophily shows precisely how some structures emerge as individuals self-select to interact with similar others, including friendship ties [Kandel 1978], common aspirations [Cohen 1983], marriage [Kalmijn 1998] and so forth [McPherson *et al.* 2001].

Macro theorizing tends to lead to empirical work that shows correlations between, say, an aspect of network structure and creative outcomes [Uzzi and Spiro 2005]. But these falsely ascribe causation to the network or structure itself, assuming the nodes are homogeneous and randomly distributed, rather than recognizing the heterogeneity and important self-selection, interaction and matching processes that precede the formation of networks. While J&M argue that "sociological explanation should be an empirical rather than doctrinal matter," explanations with microfoundations are more reliable and true to the nature of social reality, as our discussion of self-selection illustrates. Thus extant structures and institutions can't be taken as the

<sup>6</sup> For a discussion of this in the context of nascent organizing, see Felin and Knudsen [2012].

primitives of social theorizing as they are the result of the choices and self-selection processes that precede them. After all, if individuals are dis-satisfied with extant organizations or institutions, they (very often) have choices about what to do – such as “exit,” “voice” or “loyalty” [Hirschman 1970].

## 5. Process and the Context of Action

In their article J&M appeal to various types of “processes” frequently – they use the word “process” twenty-seven times. But the problem is that actor-less process approaches cannot explain the underlying heterogeneity and conflicts of actors and the resultant social choices and equilibria that emerge, specifically as they take the existence of various equilibria and institutions for granted. In other words, J&M’s approach is essentially antithetical to process as it focuses on the “nouns” rather than “verbs” of organizing (e.g., extant “institutions” rather than the process of “institutionalization”). In these models “compliance” appears to be the operative mechanisms, and social control (somehow) “just happens” [Hirsch 1997, 1702].

This point has been lamented by institutional scholars themselves. For example, Selznick [1996] persuasively argues that actor choices are central for understanding the process of institutionalization. However, the explication of these processes has been missing from neo-institutional arguments. DiMaggio also emphasizes that “there is much about the *processes* by which institutions emerge, are reproduced and erode that cannot be explained *without* reference to interest and group conflict” [1988, 4; emphasis added]. The scope of J&M-like social theories – where strong compliance is assumed and social equilibria are taken for granted – then is extremely limited. More recently a similar critique has also been made by scholars interested in “institutional work.” They argue for the need to understand the choices, alignments, and strategies of the actors that create, sustain and change emergent and evolving institutions [Lawrence *et al* 2009].

Our emphasis on choice and action certainly does not mean that activities happen in a vacuum, without constraints or outside of social context. Various multi-level considerations in fact are in perfect harmony with MI, a point explicitly brought out by the simple Coleman diagram that J&M so strongly criticize. In other words, MI is in perfect harmony with the fact that choices are made within extant structures that enable *and* constrain action [Ingram and Clay 2000]. These structures can represent various things: extant networks and social relations, hierarchy and organizational forms, past decisions and routines, history, rules and norms and so forth. All of this can be modeled, and can be harmonized with MI.



But the key issue is to ensure that the resulting social theory is not overly structural and deterministic where the social theorist effectively “loses their problem” by simply postulating, naming or observing these structures rather than explaining their origin from lower-level antecedents and subsequent evolution and change [Coleman 1986, 1312].

Microfoundations-based approaches are explicitly cognizant of the need to specify the boundaries of human decision-making, recognizing that rationality and choices are both bounded *and* enabled by various cognitive, spatial, organizational and social factors. Thus the rationality of actors scarcely needs to be of some omniscient or homogeneous variety. Again, citing Selznick: “[individual] behavior does not necessarily conform to rational-actor models, but it very often does include attention to short-term opportunities, constraints and incentives. We need a better understanding of multiple and bounded rationalities – not merely to show that they exist – including much that is encompassed in economizing models. A focus on responsive and problem-solving behavior is a helpful bridge between the non-rational and the rational. Of course non rational should not be conflated with irrational” [1996, 275-276].

Thus most models of choice and interaction specify some level of existing structure, network or incentives within which choices are made. In other words, we want to understand the “aggregate of people exercising choice while influenced by certain constraints and incentives” [Barth 1981, 34]. J&M argue that “contextualization presents a problem for those who would privilege individual-level explanation.” It doesn’t. Quite the opposite. Social structures not only can be generated *via* individualist explanations, but their enabling and constraining nature can also readily be modeled, as clearly illustrated by the Coleman diagram that J&M criticize. As an example, new institutional and political economists are busy modeling the impact of formal and informal institutions on the choice sets faced by individuals [North 1990; Ostrom 1990; Williamson 1996], how the selection of these institutions is (partly) a matter of their consequences for individuals, and how they are changed as scarcities and technologies evolve in response to learning. Social theorists may balk at the fact that economists largely study the incentive properties of such institutions, but surely incentives are also part of social context within which actions take place.

## 6. Conclusion

J&M seek the “displacement of action theories” in social theory. We disagree. Their arguments for displacing action theories focus on social, multi-level complexity

and process, but appeals to these concepts only reinforces the need to disaggregate and understand the constituent actors that make up social systems. Appeals to actor-less institutions, complexity and structures are merely vague restatements of the problem, not theoretical explanations. More generally we take issue with what we see as their numerous misrepresentations of MI. For example, it simply is not true that MI presupposes individual level homogeneity. MI assumes precisely the opposite: that individuals are heterogeneous. The purpose of MI is specifically to understand how heterogeneous interests, preferences, opinions, ideas and conflict are resolved (or not), leading to various social outcomes, structures and equilibria that in turn shape subsequent action. Self-selection and matching provide powerful mechanisms that are likely to undergird the homogeneity that J&M point to. We also do not find that J&M have presented a logical argument for their central assertion, namely that the “micro-foundations of social-organizational and institutional causal pathways are not equivalent to causal arguments at the level of individuals conceived as actors.” This remains a postulate that is wedded to a false opposition between individuals “enacting highly institutionalized roles,” on the one hand, and “functioning as individual actors” on the other hand. Finally, J&M’s own implicit theory of action simply is incongruent with specifying the underlying social processes that they talk about. J&M’s actor-less, compliance-based model is applicable to a very limited set of social settings and thus we have highlighted that “action” should be at the heart of social theory rather than actively “displaced.”

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## Microfoundations of Social Theory

### A Response to Jepperson and Meyer

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**Abstract:** In this essay we respond to Jepperson and Meyer's [2011] critique of "action theories" and methodological individualism in sociology. We highlight fundamental problems with their argument, notably their misconception of methodological individualism(s) and the belief that this explanatory principle ignores – and is somehow invalidated by – the complex, "emergent" and multi-level nature of social phenomena. We focus on the need to specify and understand: 1) component actors and social complexity; 2) theory of action, aggregation, and emergence; 3) self-selection and matching; and 4) process and the context of action. We concurrently critique Jepperson and Meyer's own (implicit but highly problematic and under-specified) theory of action.

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*Keywords:* Micro-Macro; Aggregation and Emergence; Social Theory; Multi-level Theorizing.

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