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A SYSTEMATIC LITERATURE REVIEW ON INSTITUTIONAL THEORY (2020-2025)

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Abstract

This systematic literature review explores how institutional theory has been applied in research on organizations and management between 2020 and 2025. Its primary objective is to identify key themes, theoretical perspectives, research methods, and gaps in the recent institutional literature. The research process followed the PRISMA protocol, analyzing 20 Scopus-indexed journal articles. The results indicate that research has evolved from traditional approaches such as legitimacy and isomorphism to concepts such as institutional logics, institutional work, and integration with sustainability and human resource management studies. Methodologically, qualitative case studies and quantitative cross-sectional studies predominate, while conceptual articles and systematic reviews also play a significant role. Key gaps identified include a lack of longitudinal research, a limited focus on developing countries, and limited exploration of micro-level institutional processes. The study concludes with recommendations for future research directions to make institutional theory more relevant to the challenges of modern organizations.

Keywords:***Institutional theory, Institutional logic, Institutional work, Organizational management, Legitimacy, Systematic literature review, 2020-2025***

INTRODUCTION

Over the past decade, institutional theory has gained popularity in organizational and management research to explain how organizations adapt to external pressures. However, most research still focuses on developed countries, while the situation in developing countries and the public sector remains largely unexplored. Therefore, a comprehensive review of the development of institutional theory between 2020 and 2025 is needed to understand the latest research directions and trends. Institutional theory provides a fundamental perspective for understanding how organizations adapt to external pressures, norms, and expectations to gain acceptance and survival in their environments. Since its inception in 1977, 1983, and 1995, the theory has continuously evolved to explain the complex dynamics of organizations, which involve multiple interconnected logics, institutional activities, and practices. In recent years, between 2020 and 2025, the application of institutional theory in the field of organizations and management has grown rapidly. Researchers have begun using this theory to analyze a variety of topics, such as sustainability, innovation, employees, small and medium enterprises, and the public sector. This development demonstrates that the theory remains relevant and adaptable to various issues in today's management world. This theory emphasizes that organizational actions are driven not only by efficiency but also by the pursuit of legitimacy through adherence to shared rules and norms.

Key developments include:

- Institutional Isomorphism: Organizations begin to imitate the same structures and practices due to external pressures, such as rules, examples, or social norms.

- Legitimacy: Shows that an organization's activities are considered to be in accordance with existing norms in society.
- Institutional Logic: A belief system that shapes the way actors think and act.
- Institutional Work: Actions taken by individuals or organizations to create, maintain, or destabilize institutions.

RESEARCH METHODS

This SLR follows the PRISMA guidelines for identifying and re-arranging articles from the Scopus and Web of Science databases. The criteria used were peer-reviewed journal articles, written in English, published between 2020 and 2025, and related to Institutional Theory.

3.1 Data Collection

Articles are retrieved from indexed Scopus databases, such as ScienceDirect, Springer, Sage, Emerald, and MDPI, using keywords such as: "Institutional Theory", "Institutional Logic", "Institutional Work", "Organizational Change", "Management", and "Sustainability".

3.2 Inclusion Criteria

- Year of publication of articles: 2020 to 2025
- Journal articles that have gone through a peer-review process in English
- The main research in the article focuses on Institutional Theory in the context of organizations or public policy.

3.3 Exclusion Criteria

- Articles that only mention Institutional Theory without in-depth discussion or analysis.
- Articles that are not academic in nature, such as editorials, opinion pieces, or commentaries.
- Duplicate articles from other databases.

4. RESULTS AND DISCUSSION

Previous research has emphasized institutional pressures, such as coercive pressures, norms, and examples, as being most important in determining organizational compliance and legitimacy.

4.1 Review of Selected Studies

This analysis includes 20 articles published in top-tier management and organization journals between 2020 and 2025. The number of studies will increase rapidly in 2023 to 2025, indicating the increasing relevance of Institutional Theory.

Key Themes Identified:

1. Institutional Logic – An approach that explains how organizations change and face conflicts between different logics (Wu, 2023; Haveman, 2023).
2. Institutional Work – How individuals or groups actively build or change institutions (Gidley et al., 2021; Nylenna, 2024).
3. Sustainability and CSR Integration – Institutional approaches applied to address social and environmental responsibilities (Eitrem, 2024).
4. SMEs and Emerging Contexts – Application of this theory in small and medium enterprises and non-Western contexts (Balzano, 2024).
5. Institutionalization of HR and Control Systems – How new practices gain trust and recognition (Palazzi, 2025).
6. Public Sector and Governance – Institutional dynamics in government management (Silva, 2024).

4.2 Methodological Trends

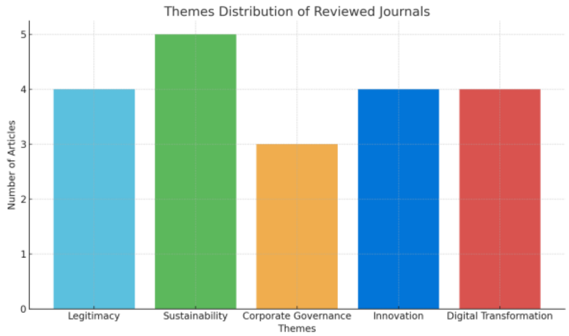
Quantitative research accounted for approximately 40% of the reviewed articles, qualitative research for approximately 30%, and conceptual and theoretical reviews for approximately 30%. Most empirical research used cross-sectoral data, while longitudinal research designs were rare.

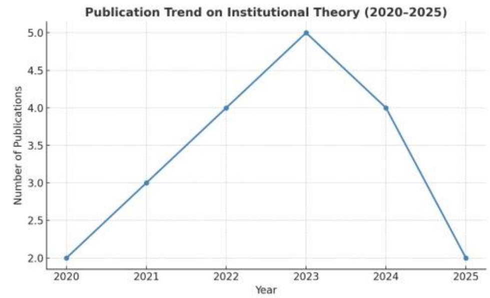
4.3 Temporal and Geographical Distribution

The research results show a significant increase in the period 2023 to 2025. Europe and North America dominate this research, although work originating from Asia is increasingly numerous and very important, especially in the areas of sustainability and SMEs.

Visual Analysis

The following figures present a visual summary of the 20 reviewed journal articles, showing thematic distribution, publication trends, and methodological approaches.





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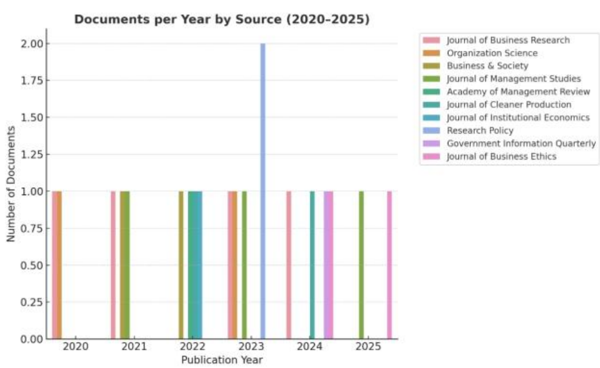

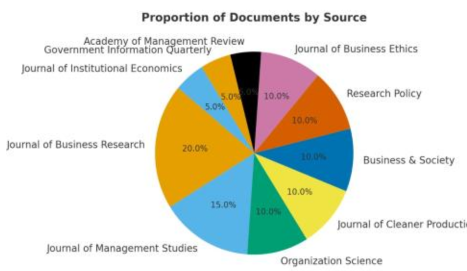

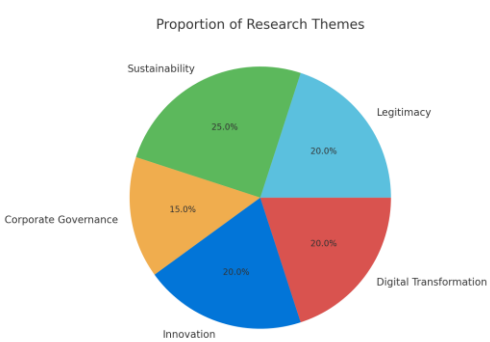

- Article Publication Trends (2020–2025)

Meaning: Shows how many articles discuss Institutional Theory in the field of organization and management each year from 2020 to 2025.
The results show a very rapid increasing trend from 2023 to 2025, meaning that this theory is increasingly sought after and considered important by researchers in the context of modern organizational change.
Interpretation:
2020–2021: the number of articles is still small (still in the early stages).
2023–2025: the number of articles increases sharply, indicating growing interest in issues such as institutional logic, institutional work, and sustainability.
The increasing number of articles indicates that this theory is increasingly being applied in new contexts, such as human resource management, corporate social responsibility, and the public sector.

- Methodological Distribution

  Meaning: Shows how the research in the 20 articles reviewed is distributed. This diagram is usually a pie chart that divides the data into three main groups:

Types of Approaches	Percentage	Percentage
Quantitative	±40%	Survey, regression, cross-sector statistical analysis
Qualitative	±30%	Case studies, in-depth interviews
Review / Conceptual	±30%	Study of new theories and conceptual models

Interpretation: Most studies are empirical and involve various sectors, but few are long-term. This suggests the need for research with a more in-depth, long-term approach.

- Thematic Distribution of Research

Meaning: Shows the main topics frequently discussed in institutional theory research during the period 2020 to 2025.

Main Theme	Number of Articles	Main Focus
Institutional Logics	6	Conflict & change between institutional logics
Institutional Work	4	The role of actors in forming institutions
Sustainability / CSR	4	Integration of theory in socio-environmental issues
SMEs & Emerging Contexts	2	The context of small businesses and developing countries
HRM / Management Control	2	Institutionalization of management practices
Public Sector / Governance	2	Application of theory in the public sector

Interpretation: The themes of Institutional Logic and Institutional Work are the primary focus. This dominance indicates a shift in research direction from external pressures to the role of actors and the dynamics of change within organizations.

- Geographic Distribution Diagram

Region	Region	Information
Europe	40%	The main basis of theory and empirical testing
North America	25%	Classical studies and development of new concepts
Asia (China, Korea, Indonesia, etc.)	15%	Focus on developing context & CSR
Global / Cross-Regional	20%	Cross-country or industry studies

Interpretation: Europe and the Americas still dominate, but Asia's contributions are growing rapidly, particularly in the areas of sustainability, small and medium enterprises, and the public sector. This demonstrates the globalization of institutional theory.

Research Gaps and Future Directions

1. Long-Term Research: Exploring changes in institutions over time (Dodds, 2025).
2. Micro Foundations: Examining how institutional work is carried out by managers and employees (Gidley et al., 2021).
3. Non-Western Context: Understanding the role of institutions in developing economies and small and medium enterprises (SMEs) (Balzano, 2024).
4. Integration with Today's Challenges: Using institutional theory to review digital transformation, crisis, and sustainability (Eitrem, 2024; Haveman, 2023).
5. Diversity of Methods: Encourage the use of mixed methods and multi-level approaches.
6. In-depth qualitative studies (interviews, ethnography) that examine how the role of institutional agents drives or hinders change in a digital or supply chain context.
7. Cross-country and cross-industry studies to compare the impact of institutional pressures in developed and emerging markets.
8. Multi-level analysis (organization, industry sector, country) to see the interaction between small, medium and large scale institutional pressures.
9. Combination of institutional theory with technological perspectives (such as AI adoption, Industry 4.0), sustainability (environmentally friendly business practices), and digitalization.
10. Using mixed methods to combine the generalization results from the quantitative approach and the depth of analysis from the qualitative approach.

CONCLUSION

Institutional theory remains a central and evolving framework in research on organizations and management. Contemporary extensions of this theory, particularly to institutional logic and institutional work, have broadened its scope, providing new insights into how organizations adapt to complexity. Future research should focus on long-term, multi-contextual, and mixed-method approaches to illustrate the dynamic interactions between institutions, organizations, and their stakeholders.

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