Institutional Capacity: From Normative Adherence to Collective Outcomes

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Abstract

This article develops an institutional capacity framework designed to analyze the process through which shared norms are transformed into effective institutions. Building on major institutionalist approaches, it argues that institutions should not be understood merely as formal organizations or legal arrangements, but as durable systems of rules, norms, beliefs, procedures, governance mechanisms and organizational structures that shape behavior and enable collective action. While institutionalist literature has provided major insights into transaction costs, legitimacy, conventions, collective action, institutional change and governance, comparatively less attention has been given to the full process through which a shared normative framework becomes a credible, operational and durable institutional system. The article addresses this gap by proposing a five-layer model of institutional transformation: normative framework, individual adherence, collective coordination, institutional capacity and collective outcomes. This model is not conceived as a linear or mechanical sequence, but as a dynamic process shaped by feedback loops, blockages and cumulative reinforcement. It shows that a norm may be socially recognized without being individually internalized, individually accepted without generating collective coordination, collectively practised without being institutionally supported, or formally institutionalized without producing the expected collective outcomes. The article further defines institutional capacity through three interrelated dimensions: normative coherence, institutional credibility and operational capacity. By combining these five layers and three dimensions, the framework offers both a theoretical contribution to institutional analysis and a diagnostic tool for policymakers, organizations and institutional ecosystems.

Keywords: Institutional capacity; institutionalism; norms; collective action; institutional credibility; institutional change; trust; public policy.

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Introduction

Modern social sciences have long recognized the essential role of institutions in shaping socio-economic and political behaviors. Yet a fundamental question remains insufficiently theorised: how do shared norms effectively transform into credible and operational institutions? Institutionalist literature is indeed rich in contributions to understanding the formation of human behaviors and dynamics, as well as the relationship between individuals and institutions. Several thinkers and movements attached to this tradition have gained prominence in recent decades for their pioneering and innovative contributions in this regard. From Douglass North (1990) to Daron Acemoglu and James A. Robinson (2012), through Elinor Ostrom (1990), as well as different schools such as the economics of convention, regulation theory and neo-institutionalism, these approaches have, in different ways, largely emphasized the importance of formal and informal rules, beliefs, coordination and credibility.

Much less attention, however, has been given to the precise mechanisms through which common normative frameworks are transformed into credible, operational and durable institutional systems. This question is not of merely subsidiary importance but, rather, it is a central issue that deserves to be studied in its own right, in order to refine our understanding of institutional dynamics by focusing on the stages through which a norm is converted into an effective institution, particularly through the concept of institutional capacity. In this regard, the present article proposes a formalization of this passage by defining a dynamic and processual theoretical framework in five layers – shared norm, individual adherence, collective coordination, institutional capacity and collective outcomes – while developing the essential dimensions of what is here termed institutional capacity, namely normative coherence, institutional credibility and operational capacity. Such an analytical framework also constitutes a powerful diagnostic tool for political and institutional decision-makers, enabling them to identify with greater precision the weakest link to prioritize within public decision-making processes, while also providing a useful framework for projecting institutional scenarios.

I – Institutions, Norms and Collective Action: Contributions from Major Institutionalist Approaches

I.1 – Defining Institutions: Beyond Formal organizations

As a preliminary step in the analysis, it is necessary to clarify the intellectual scope of the notion of institution. The term *institutio* refers etymologically to the idea of founding, establishing or durably arranging an order. This intuition is reflected in common definitions of the word. Larousse, for instance, defines an institution as a "*socially sanctioned norm or practice with official or legal value*", as well as the "*body intended to maintain them*" [1]. A first distinction therefore appears immediately: an institution does not designate only a formal organization, but also a set of norms, rules, practices and meanings recognized as sufficiently legitimate to

[1] Author's translation, from French to English.

frame human action [2].

This dual dimension is decisive. On the one hand, the institution has a formal side, in the sense that it can take the form of a state, an administration, a court, a central bank, a school, a religious body or a regulatory authority. On the other hand, it has a normative and symbolic side, insofar as it expresses what is held to be legitimate, obligatory, permitted, prohibited, expected or sanctionable within a given social order. An institution is therefore reducible neither to a building, nor to an organization, nor to an administrative procedure. More fundamentally, it constitutes a stabilized framework of recognition, constraint and coordination.

This distinction helps explain why institutions occupy a central place in the social sciences. They do not merely execute decisions, but also organize expectations, make certain behaviors predictable, reduce uncertainty, define legitimate forms of action and make collective coordination possible. In this sense, an institution is both a structure of constraint and a condition of possibility for social action. It is precisely this dual nature, both normative and organizational, that explains the need to move beyond a strictly administrative conception of institutions.

Indeed, many economists and thinkers have offered innovative ways of approaching institutions. Douglass North, one of the most emblematic and influential figures of institutionalist thought, writes in *Institutions, Institutional Change and Economic Performance* (1990):

> Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic. Institutional change shapes the way societies evolve through time and hence is the key to understanding historical change.

organizations, by contrast, are the players. According to this framework, a central bank may be understood as an organization, while the independence of that central bank, its appointment procedures, transparency rules and norms of monetary credibility are institutions.

Similarly, Hodgson (2006) writes:

> Institutions are the kinds of structures that matter most in the social realm: they make up the stuff of social life. The increasing acknowledgement of the role of institutions in social life involves the recognition that much of human interaction and activity is structured in terms of overt or implicit rules. Without doing much violence to the relevant literature, we may define institutions as systems of established and prevalent social rules that structure social interactions. Language, money, law, systems of weights and measures, table manners, and firms (and other organizations) are thus all institutions.

He then adds:

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[2] It should be noted that this insight ties in with a long philosophical tradition which conceives of the institution as the transition from a natural or spontaneous order to a stabilized, public and reproducible human order. In Aristotle, for instance, the institution of collective customs, of the *logos* and of the city plays a part in the constitution of man as a political being (see Aristotle, *Politics*, I.2, 1253a, trans. H. Rackham, 1932

> Institutions both constrain and enable behavior. The existence of rules implies constraints. However, such a constraint can open up possibilities: it may enable choices and actions that otherwise would not exist. (...) Regulation is not always the antithesis of freedom; it can be its ally.

In other words, institutions may be understood as establishing a framework favorable to the development of human thought and activity, from which they themselves proceed, without being entirely reducible to them.

More broadly, major institutionalist approaches share a common critique of strictly individualistic and market-based interpretations of economic behavior. As Vercueil (1997) recalls, American institutionalism and the economics of convention share the project of widening the scope of economic analysis by integrating collective determinants, such as institutions, conventions, rules and habits, that all structure individual choices. From this perspective, an institution cannot be reduced to a formal organization. In John R. Commons (1934), it first refers to a form of collective action framing individual action, operating through working rules and sanctions, whether crystallized in an organization or present in a more diffuse form, such as custom. In Thorstein Veblen (1899), the institution also designates predominant habits of thought, that is to say cognitive and social frameworks that orient behavior.

The economics of convention extends this intuition by emphasizing the conditions of coordination. Interindividual agreement, even in the market sphere, cannot exist without a common convention, insofar as actors must share reference points, anticipate the behavior of others and recognize certain regularities as valid. The institution then appears as a more stabilized and materialized form of convention, capable of organizing expectations, reducing uncertainty and making collective action possible.

These contributions therefore make it possible to define the institution as a stabilized framework of rules, norms, beliefs, practices and sanction mechanisms, which may be embodied in formal organizations without being reducible to them. An institution is thus at once normative, cognitive, organizational and dynamic: it prescribes what is legitimate, structures actors' perceptions, organizes collective coordination and evolves under the effect of social, economic and political transformations.

For our part, however, we consider that certain institutions have an explicitly normative function. They do not merely reduce transaction costs, create incentives or coordinate behavior. They also seek to shape preferences, moral dispositions and representations of the common good. In this respect, we propose the following definition:

> Institutions are not mere organizations or legal devices; they are durable systems that coordinate behavior through the interaction between norms, governance mechanisms and organizational structures.

In other words, the distinction between organization and institution leads us to adopt an additional distinction. An organization is a structure endowed with resources, members and objectives. An institution is a durable system of rules, norms and meanings that orient behavior. An institution with an explicit normative function is an institutional system whose dominant purpose is not only to coordinate or constrain, but also to shape preferences, beliefs,

representations of justice and the practical dispositions of individuals.

I.2 – Norms, Beliefs and Legitimacy in Institutional Dynamics

The distinction between organization and institution leads us to place the norm back at the center of institutional analysis. While an organization may exist as a formal structure, an institution becomes effective only when a set of rules, practices, values and meanings succeeds in durably orienting behavior. This is precisely what North's (1990) distinction between formal and informal institutions helps us understand. The former refer to officially codified rules and structures – i.e. constitutions, laws, regulations, contracts, courts and so forth – whereas the latter designate the social norms, conventions, codes of conduct and habits that frame human interactions. North also emphasizes that this second category of institutions is often much more stable than the first, and that many countries fail to replicate Western institutions because they import only formal rules, without the informal norms that give them their effectiveness. This distinction is decisive, for it reveals that an institution cannot be reduced to its legal or administrative form, insofar as its effectiveness also depends on the norms that make it intelligible, authoritative, acceptable and socially operational.

From this perspective, the norm is not a mere moral supplement added to the institution, but one of the driving forces of its effectiveness. A rule may be formally valid without being institutionally credible and, conversely, an informal norm may powerfully structure behavior without being immediately codified in law. Institutional order therefore rests on a permanent interaction between formal rules, informal norms, shared beliefs and sanction mechanisms.

This articulation between norms, constraints and legitimacy makes it possible to grasp the fundamental ambivalence of every institution. By instituting a collective order, the institution partially frees individuals from uncertainty, from the arbitrariness of immediate relations and from the pressure of spontaneous needs; at the same time, it makes possible a more stable, more predictable and more durable form of social action. Yet this liberation always operates through an organized system of constraints. It is in this sense that Durkheim (1895) sees constraint as one of the distinctive signs of the social fact: the institution imposes itself upon individuals, regulates their conduct, stabilizes their expectations and frames their possibilities for action. However, this constraint cannot be durably reduced to pure force. An institution that would no longer be perceived as anything other than an apparatus of coercion would gradually lose its capacity to order collective life. Its stability therefore depends on its ability to maintain a link between constraints, social recognition and legitimacy. When this link breaks down, the institution ceases to appear as a common framework endowed with meaning and may open the way to anomie, that is, to the weakening of the normative reference points that allow individuals to orient themselves within social life [3].

A rule therefore functions not only because it is imposed, but also, and above all, because it is understood, recognized, anticipated and internalized by actors. This idea converges with the approach of the economics of convention, in which institutions are not merely considered as

[3] On anomie, see Durkheim, É. (1951). *Suicide: A study in sociology* (J. A. Spaulding & G. Simpson, Trans.; G. Simpson, Ed.). Free Press. (Original work published 1897)

external constraints, but as resources of justification from which agents draw in order to interpret situations, resolve coordination problems and legitimize local arrangements. Indeed, Bessy and Favereau (2003) define institutions as a pre-existing environment of justificatory resources, while conventions constitute collective representations of a justified common world, capable of activating institutions and legitimizing the arrangements produced within organizations. This approach is decisive for our object, because it shows that collective action does not rest solely on the existence of formal rules, but on the possibility for actors to meet around a shared interpretive framework. A rule always remains partially incomplete; it therefore requires shared schemes of understanding, evaluation and justification in order to become effectively coordinative. The institution then appears as a system of mediation between the plurality of actors and the possibility of a common world, insofar as it does not abolish divergence, but provides the symbolic, normative and practical resources that make it governable.

The neo-institutionalist approach complements this analysis by bringing the question of legitimacy back to the forefront. An institution does not endure merely because it constrains or because it is formally established; rather, it remains effective when it is perceived as appropriate, acceptable or consistent with a given social order. Oliver (1991) shows that organizations seek legitimacy because it provides them with stability, social support, access to resources and protection from contestation, while also recalling that their relationship to institutional pressures may vary from passive conformity to active resistance. Suchman (1995) systematizes this intuition by defining legitimacy as a generalized perception that the actions of an entity are desirable, proper or appropriate within a socially constructed system of norms, values, beliefs and definitions. His distinction between pragmatic, moral and cognitive legitimacy then allows us to specify the foundations of institutional adherence: an institution may be recognized because it serves the interests of its audiences, because it is judged morally right, or because it becomes sufficiently intelligible and self-evident to be taken for granted. This typology is particularly useful for our framework, insofar as it shows that institutional credibility does not depend only on technical efficiency, but also on social recognition, normative acceptability and the cognitive understanding of actors.

Elinor Ostrom's approach finally makes it possible to move from legitimacy to the concrete operationalisation of institutions. In *Governing the Commons* (1990), Ostrom shows that communities can solve collective action problems without necessarily being reduced to the alternative between market and state, provided that they produce rules adapted to, accepted by and monitored by the actors concerned. Her institutional analysis framework insists on the identification of action arenas, that is, spaces in which individuals interact, exchange, deliberate, solve problems or enter into conflict. Isaurralde (2015) recalls that these arenas are structured by several levels of rules: operational rules, which organize day-to-day decisions; collective-choice rules, which define how operational rules may be elaborated or modified; and constitutional rules, which determine who may participate in the elaboration of collective choices. Weinstein (2013) adds that these rules may be broken down into seven categories – position, boundary, choice, aggregation, information, payoff and scope rules – which respectively determine the roles of actors, their rights of access, their possible actions, their decision-making power, their access to information, the costs and benefits associated with their actions, and the consequences deemed acceptable. This analysis directly reinforces our hypothesis: a shared norm becomes an effective institution only when it is translated into an architecture of

rules, responsibilities, procedures, control mechanisms and revision devices. In other words, institutional capacity designates precisely the moment when the norm ceases to be merely proclaimed or recognized and becomes an operational system capable of durably structuring collective action.

I.3 – Institutions and Collective Action: Coordination, Credibility and the Resolution of Common Problems

Institutions therefore play a central role in resolving collective action problems. In North (1990), their primary function is to structure human interactions by reducing uncertainty and stabilizing expectations. Their importance becomes particularly visible once we abandon the assumption of a world without transaction costs [4]. In a context of imperfect information, where contracts must be negotiated, measured and enforced, and where actors may be tempted by opportunism, institutions make exchange possible by defining rights, obligations, procedures and sanctions. They do not eliminate conflicts of interest, but they reduce their destructive effects by making behaviors more predictable and commitments more credible. This is why North (1992) insists on the need for institutions capable of ensuring low-cost measurement and enforcement of contracts, while also adapting over time to new situations. Beyond its coercive dimension, an effective institution must therefore enable imperfectly informed actors to act, cooperate and learn in a world marked by uncertainty.

This intuition can be extended beyond the sole framework of market exchange, for instance by returning to Ostrom's (1990) analysis of common-pool resources, which shows that individuals can resolve collective dilemmas when institutions are sufficiently adapted to the characteristics of the resource, the actors concerned and local governance mechanisms. Against the idea that common resources are necessarily condemned to overexploitation, Ostrom shows that some communities manage to build robust systems of governance that are neither purely state-based nor purely market-based. The core of her contribution lies in identifying the practical conditions that make such durable cooperation possible. Access rights must be defined, rules must be adjusted to local conditions, users must be able to participate in their modification, behaviors must be monitored, sanctions must be graduated, conflicts must be resolved at low cost, and self-organization must be recognized by external authorities. These principles show that collective action rests neither on spontaneous trust nor on permanent coercion. It rests on an institutional architecture that makes cooperation observable, controllable, revisable and progressively credible.

This perspective can be broadened to the question of institutional quality itself. Acemoglu and Robinson (2012) show that not all institutions resolve collective problems in the same way: some expand access to rights, opportunities and participation, while others organize the capture of resources for the benefit of restricted groups. The distinction between inclusive and extractive institutions thus reminds us that an institution may be stable without being socially productive. Greif (1994) adds a further dimension by showing that institutions also persist

[4] On the concept of transaction costs, see, for instance, Coase, R.H. (1937), *The Nature of the Firm*, and Williamson, O.E. (1981), *'The Economics of Organization: The Transaction Cost Approach'*.

because they are supported by shared beliefs that coordinate expectations and make certain behaviors self-reinforcing. Cultural beliefs are therefore not merely passive representations; rather, they also shape how actors anticipate the conduct of others, choose their partners, invest in information and build mechanisms of commitment. Collective action thus depends on an equilibrium between formal rules, shared beliefs and enforcement mechanisms. It is precisely at this level that institutional capacity is located, insofar as it designates the ability of a system to transform common norms and beliefs into durable mechanisms of coordination, control, adaptation and the production of collective outcomes.

II – From Norm to Institution: A Theoretical Blind Spot

The institutionalist approaches examined above help us understand why institutions occupy a central place in the organization of social, economic and political life. North (1990, 1992) shows that institutions structure incentives, reduce uncertainty and make exchange possible in a world marked by transaction costs. The economics of convention emphasizes the need for common frameworks of justification, without which actors can neither interpret rules nor coordinate durably. Neo-institutionalism highlights the decisive role of legitimacy, by showing that an organization or institution does not endure merely because it is efficient, but because it is perceived as socially appropriate, morally acceptable or cognitively self-evident. Ostrom (1990), finally, makes a major contribution to the analysis of collective action by showing that communities can produce adapted, monitored, sanctioned and revisable rules, capable of resolving social dilemmas without depending exclusively on the market or the state. These contributions constitute essential foundations for any reflection on institutions, but they most often remain centered on specific dimensions of the problem: the reduction of transaction costs, coordination through conventions, conformity to institutional expectations, organizational legitimacy, the governance of commons, or self-reinforcing beliefs.

The gap that this article seeks to address therefore does not lie in an absence of analysis of institutions, norms or collective action. Rather, it lies in the relative absence of an integrated processual framework allowing us to follow the complete passage between a shared norm and durable collective outcomes. A norm may be widely recognized without being effectively internalized; it may be individually accepted without producing collective coordination; it may generate a form of coordination without relying on credible institutions; it may finally be formally institutionalized without producing the expected social, political or economic effects. It is precisely this succession of stages, as well as the possible ruptures between them, that remains insufficiently formalized. Existing approaches provide powerful elements for analyzing each of these dimensions, but they do not always make it possible to diagnose with precision the weakest link in a process of institutionalization. This article therefore proposes to conceptualize institutional capacity as the intermediate moment in which a shared norm is transformed into a credible, coordinated and operational system, capable of producing observable collective outcomes.

III – Institutional Capacity as a Processual Framework: A Five-Layer Model

In this research article, we propose to mobilize the concept of institutional capacity, understood as the ability of a political, economic or social system to transform widely shared normative principles into effective institutions that are sufficiently credible to produce durable collective action. Effective institutions include governance structures, organizations, legal arrangements, technical standards, coordination mechanisms, control procedures and implementation instruments. This definition constitutes an analytical proposal aimed at broadening the usual use of the concept of institutional capacity, without fully departing from its existing uses.

The concept of institutional capacity is already mobilized in several fields of research, particularly public policy, the governance of common-pool resources and international organizations. Kim et al. (2026), for instance, define institutional capacity as the ability of a public institution to implement the policies or projects falling within its mandate, while distinguishing between organizational and governance dimensions.

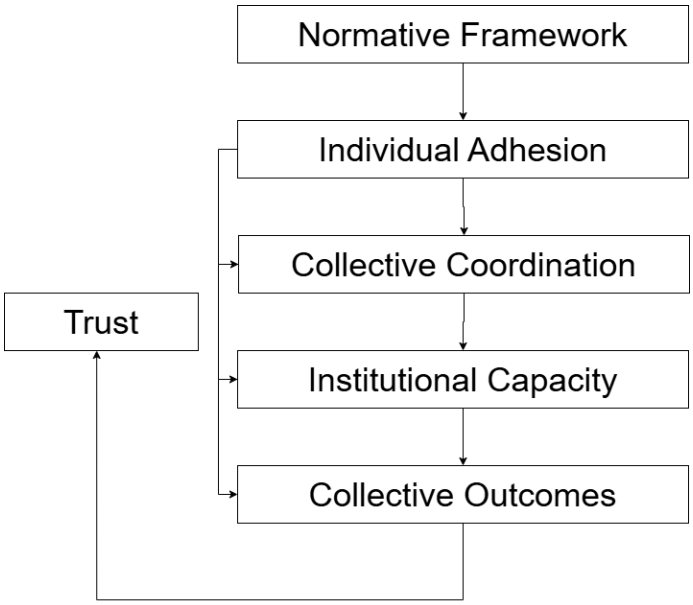
Earlier, in their study of the West Basin, Blomquist and Ostrom (1985) use the concept to analyze the resolution of a commons dilemma. Their contribution shows that overcoming a collective action problem does not necessarily require a purely private solution or an external coercive intervention, but may rest on a combination of public and private institutional arrangements. Institutional capacity then refers to the ability of actors to produce information, organize communication, construct cost-sharing rules, make commitments enforceable and establish monitoring mechanisms. Therefore, it already designates a collective capacity to transform a situation of potential conflict into a cooperative configuration.

From a perspective more directly related to public policy, Dodman and Satterthwaite (2008) mobilize the notion of institutional capacity to analyze the adaptation of poor urban populations to climate change. They show that urban vulnerability does not stem only from physical exposure to risk, but also from the capacity or incapacity of institutions to fulfill their obligations towards the populations concerned. Similarly, Poisson and Kools (2024) mobilize this concept for IIEP-UNESCO and the OECD in an applied perspective, in order to assess the capacity of Ministries of Education to use data and evidence in the formulation and implementation of education policies. Institutional capacity then implies coordination between local authorities, national governments, public services, civil society organizations, NGOs and community actors. It presupposes reliable information bases, vulnerability assessments, planning frameworks, financial, technical, logistical and legal resources, as well as mechanisms enabling communities to participate in their own adaptation.

These existing uses are valuable, but they remain primarily oriented towards the resolution of an already identified problem or the implementation of an already defined policy. The present article is situated within this field while operating an analytical shift. It is not concerned only with the capacity of an organization to execute a mission, nor even with the capacity of a group to resolve a collective dilemma, but with the more fundamental capacity of an ecosystem to transform a shared normative framework into effective institutions. Institutional capacity is therefore understood here in an expanded way. It includes the organizational,

technical and operational dimensions already identified in the literature, but articulates them with two more upstream dimensions: normative coherence and institutional credibility. This concept thus becomes central for understanding the points of rupture between the different layers through which a shared norm may become embodied in an institution and then produce durable collective outcomes.

Figure 1: The Institutional Capacity Framework: From Shared Norms to Collective Outcomes



Source: Author's own elaboration.

The model proposed above describes a process of institutional transformation in five analytically distinct layers: the normative framework, individual adherence, collective coordination, institutional capacity and collective outcomes. These layers should not be understood as the mechanical stages of a linear causality. Rather, they designate interdependent levels of analysis, between which effects of reinforcement, blockages, mismatches or feedback loops may appear. A norm may be shared without being internalized; it may be internalized without generating collective coordination; it may structure collective practices without being supported by credible institutions; it may finally be formally institutionalized without producing the expected collective outcomes. It is precisely this possibility of rupture between levels that makes a theory of institutional capacity necessary.

The first layer is that of the normative framework. It refers to the set of principles, values, prescriptions and prohibitions that define what is held to be legitimate, desirable or obligatory within a given social order. This framework may be religious, ethical, legal, political or cultural. It provides the normative language through which actors evaluate behaviors, justify their preferences and distinguish acceptable practices from unacceptable ones. However, the existence of a normative framework is not sufficient to produce an institution. This framework must also be intelligible, stabilized and interpreted by authorities recognized as competent. This is

why the norm never exists merely as an abstract principle, but already presupposes operations of interpretation, hierarchization, delimitation and translation into concrete contexts.

The second layer is that of individual adherence. It designates the moment when the norm ceases to be merely external to actors and begins to orient their preferences, beliefs and practical dispositions. This adherence may stem from socialization, education, experience, community belonging, enlightened self-interest or a deeper moral conviction. It does not necessarily mean that all individuals adhere with the same intensity or for the same reasons. The same norm may be followed out of moral obligation, social conformity, strategic interest or habit. The analytical challenge is therefore to understand how a norm becomes sufficiently present in individual representations to durably influence choices. This layer makes it possible to avoid two opposing reductions: conceiving the norm as a purely external constraint, or assuming that a shared norm mechanically produces conforming behaviors.

The third layer is that of collective coordination. A norm that has been individually internalized becomes socially effective only if actors manage to adjust their behaviors to one another. This passage presupposes reciprocal expectations, common reference points, forms of trust, reputation mechanisms and sufficiently aligned incentives. In this regard, the economics of convention is particularly useful, since it shows that coordination depends on common frameworks of interpretation and justification. A rule or norm produces collective effects only if actors know how to interpret it, anticipate that others will also respect it, and have sufficient reasons to conform to it over time. Collective coordination thus transforms dispersed adherence into shared practice.

The fourth layer is precisely that of institutional capacity. It designates the ability of an ecosystem to support, frame and stabilize the collective practices emerging from a normative framework. At this level, the norm becomes an effective institution because it is translated into clear rules, governance structures, competent authorities, legal arrangements, infrastructures, technical standards, control procedures and conflict-resolution mechanisms. In this sense, this approach converges with North's (1990) intuition that institutions structure incentives and reduce uncertainty in human interactions, particularly when information, measurement and the enforcement of commitments are costly. It also converges with Ostrom's (1990) contribution, according to which effective institutions rest on rules that are adapted, monitored, revisable and recognized by the actors concerned. Institutional capacity therefore designates the moment when the norm is no longer merely believed, desired or practised, but organized within a system capable of producing predictability, trust and continuity.

The fifth layer is that of collective outcomes. It refers to the aggregated effects produced by the institutionalization of a norm. These effects may be economic, political, social, legal or symbolic. They may take the form of better coordination, greater inclusion, reduced conflict, increased stability, improved collective well-being or a stronger perception of justice. Yet these outcomes should not be understood as a mere endpoint. They feed back into the entire process. When institutions produce visible effects that are coherent with the initial norm, they strengthen adherence, trust and the legitimacy of the system. Conversely, when they fail, when they produce effects contrary to their proclaimed purposes, or when they appear to be captured by certain groups, they weaken belief in the norm and undermine the entire institutional architecture.

Trust plays a cross-cutting role within this model. It does not constitute a separate layer, because it intervenes at several levels of the process. It facilitates individual adherence, makes collective coordination less costly, reinforces the credibility of institutions and increases the likelihood that collective outcomes will be interpreted as legitimate. But trust is not only a prior condition; it is also a product of institutional performance. A transparent, predictable, equitable institution that is capable of keeping its promises nourishes the trust that supports it. An opaque, incoherent or failing institution produces the opposite effect. The model must therefore be understood as a circular as much as a sequential process, in the sense that collective outcomes may reinforce the initial norm, but may also reveal the weaknesses of the system and provoke its weakening.

This architecture therefore implies several postulates. First, the existence of a shared norm never guarantees, by itself, the existence of robust institutions. Second, an institution may be formally established while remaining weak if it does not benefit from sufficient adherence, effective coordination or recognized credibility. Third, ruptures may appear at every level of the process. The problem may stem from a poorly defined norm, superficial adherence, insufficient coordination, weak governance capacity or disappointing collective outcomes. Finally, institutional action must target the weakest link in the process rather than assume that a uniform intervention will produce the same effects in every context.

The five-layer model therefore describes the process of institutionalization, while the three dimensions of institutional capacity – normative coherence, institutional credibility and operational capacity – make it possible to diagnose its robustness. In other words, the layers answer the question: *through which stages does a norm become an institution?* The dimensions answer the question: *under what conditions does this institution become robust?*

IV – The Three Dimensions of Institutional Capacity

IV.1 – Normative Coherence

For a normative system to constitute the foundation of a durable institution, it is not enough for it to lay down rules; these rules must also provide actors with a framework that is sufficiently intelligible, stable and recognized to orient their expectations and coordinate their behaviors. From this perspective, normative coherence refers less to the quantity of rules than to their collective capacity to produce a predictable order.

This coherence rests on three complementary properties. First, norms must be intelligible, that is, sufficiently clear to be understood and interpreted in a relatively homogeneous way by the different actors. Second, they must be consistent, avoiding internal contradictions, excessive methodological divergences or frequent changes likely to increase uncertainty. Finally, they must be recognized as legitimate, that is, produced by authorities whose competence and method are sufficiently accepted to generate voluntary adherence.

This conception converges with Hart's (1961) work, for whom the effectiveness of a legal system depends, in particular, on the existence of a rule of recognition accepted by the competent authorities, and not merely on the accumulation of primary rules. In a complementary way,

Hayek (1973) emphasizes that the primary function of general rules lies in their ability to make behaviors sufficiently predictable to allow individuals to coordinate their actions in a complex environment.

Contemporary research on norms tends to confirm this intuition. Bicchieri and Mercier (2014) show that a norm becomes truly operative only when it is simultaneously supported by empirical expectations – i.e., the belief that others conform to it – and normative expectations – i.e., the belief that others consider that it ought to be respected. An isolated or contested rule is therefore not enough to structure behaviors durably; rather, it is the convergence of collective beliefs that gives it its normative force.

This dynamic is corroborated by the recent experimental work of Gächter, Molleman and Nosenzo (2025), which shows that rule-following rests primarily on intrinsic respect for rules and on social expectations, much more than on sanctions or external incentives alone. Even in the absence of monitoring or direct consequences, a majority of individuals continue to follow a rule when it is perceived as legitimate and socially expected.

The research of Przepiorka et al. (2022) further shows that repeated practices tend gradually to acquire genuine normative force, thereby becoming more resistant to change. Conversely, when standards remain unstable or compete with one another, this normative crystallization struggles to take place, limiting the system's capacity to coordinate behaviors durably.

Ultimately, weak normative coherence increases coordination costs, reinforces legal uncertainty, weakens reciprocal expectations between actors and limits the diffusion of common institutions.

IV.2 – Institutional Credibility

The second dimension of institutional capacity lies in the credibility of the institutions responsible for embodying the norm. An institution is not credible simply because it exists formally or because it claims to be grounded in a legitimate normative framework, but because it demonstrates its ability to act predictably, competently and transparently, in accordance with its own principles. Beyond the contributions of the various institutionalist approaches examined above, this idea can be found much earlier in Ibn Khaldun (d. 1406), who, in the *Muqaddimah*, emphasizes that political and social authority cannot be durably maintained without cohesion, trust and the effective capacity of power to organize collective order [5].

Contemporary literature on institutional legitimacy further refines this intuition. Dellmuth, Scholte and Tallberg (2019) show that the legitimacy of an institution depends neither solely on its performance nor solely on its procedures, but on a combination of procedural

[5] More specifically, Ibn Khaldun considers that it is *'asabiyya* (i.e., the bond of cohesion within a human group forming a community) that underpins political authority. However, whilst *'asabiyya* is found at all levels of civilization, its intensity varies depending on the groups and communities in question. This is why, according to Ibn Khaldun, there is a cyclical nature to the history of civilizations, with each dynasty or civilization possessing a stronger *'asabiyya* eventually supplanting the previous one, characterized by a weaker *'asabiyya*, particularly due to increased difficulties in coordination and a lack of discipline when the state of civilizational development is mature, in contrast to tribal or numerically small groups. From the perspective of institutional analysis, an interesting parallel can thus be drawn: an institution that is unable to effectively represent and defend the values and interests of the individuals from whom it derives its legitimacy inevitably loses its credibility.

and performative qualities. In particular, they distinguish democratic, technocratic and equitable dimensions of institutional legitimacy. From this perspective, institutional credibility rests simultaneously on the transparency of procedures, the competence of authorities, the impartiality of rules and the capacity to produce tangible collective outcomes.

The OECD's 2024 report on the drivers of trust in public institutions converges with this perspective by defining trust as the belief that a person or institution will act in accordance with a positive expectation of behavior. The OECD identifies reliability, responsiveness, integrity, openness and fairness as central drivers of institutional trust. These elements make it possible to understand credibility not as an abstract state, but as a property produced by observable institutional behaviors.

Finally, Bette, Odey and Joseph (2020) emphasize that institutional credibility cannot be reduced to the formal existence of organizations, but also depends on the capacity of institutions to respect their rules, procedures and principles without compromise, as well as to effectively deliver on their mandate. The authors notably stress that the creation of institutions is not sufficient, insofar as their credibility also depends on their capacity, funding, transparency, accountability, human capital and legal framework.

IV.3 – Operational Capacity

The third dimension of institutional capacity lies in operational capacity, understood as the ability of an institution to durably transform its resources, competencies and organization into effective collective outcomes. Contrary to a static conception that would reduce operational capacity to the mere availability of material or financial means, it refers to a dynamic process of execution, learning and adaptation.

This approach converges with Weber's (1922) work, for whom the durability of an organization rests on the existence of a competent administration, stable procedures, a clear distribution of responsibilities and a specialization of functions – a system he explicitly calls bureaucracy. From a more contemporary perspective, North (1990) reminds us that high-performing institutions are not only those that reduce uncertainty at a given moment, but those that manage to structure incentives durably while preserving a capacity for adaptation in response to changes in their environment. In this respect, operational capacity does not refer merely to the possession of administrative or financial resources, but more deeply designates the ability of an institutional order to organize learning, correct its errors, adjust its procedures and produce mechanisms of enforcement that are stable enough to reduce transaction costs, without becoming so rigid as to prevent innovation and adaptation.

Yet, contrary to an approach marked by normative Darwinism, the fact that an institution persists, spreads or resists competition from other arrangements does not necessarily mean that it is just, optimal or normatively desirable. North indeed mobilizes institutional evolution as a principle of explanation, not as a principle of justification. An institution may endure because it is supported by established interests, high costs of change, collective beliefs, path dependencies or self-reinforcing mechanisms, without necessarily being socially effective or morally legitimate. Operational capacity must therefore be distinguished from mere institutional survival, in the sense that it does not measure only the resistance of an institution over time, but its real

capacity to transform its rules, competencies and resources into collective outcomes consistent with its proclaimed purpose.

Recent work on organizational capacities tends to confirm this reading. Cox et al. (2018), for example, show that operational capacity is a multidimensional concept resting in particular on leadership, strategy, governance, competencies, human capital and accountability, while emphasizing that organizational culture and communication constitute transversal dimensions that are indispensable to the entire process of capacity strengthening. The authors also insist that capacity development is a dynamic process characterized by permanent mechanisms of learning, feedback and adaptation, rather than a fixed organizational state.

In a similar perspective, Saputra et al. (2024) underline that institutional performance depends on the capacity of organizations to continuously acquire, integrate and mobilize new knowledge, which they refer to as 'absorptive capacity'. They also show that innovation, technology and leadership produce durable effects only when they are articulated within a coherent institutional architecture capable of ensuring collective learning and continuous improvement.

The challenge of institutionalization, therefore, does not lie only in the creation of formally compliant organizations, but in their ability to function effectively, evolve over time and durably fulfill the purposes for which they were instituted.

IV.4 – Synthesis

The following table summarizes the various dimensions of institutional capacity outlined above, along with the key questions they address and the risks associated with weaknesses in each of these dimensions.

Table 1: Institutional Capacity as a Diagnostic Framework

Dimension	Core Question	Institutional Function	Main Risks When Weak
Normative Coherence	Do actors know which rules govern the institution, and do they recognise them as authoritative?	Provides intelligible, stable, and legitimate standards for coordination	Fragmentation of standards, legal uncertainty; higher coordination costs
Institutional Credibility	Do actors believe that institutions will apply these rules faithfully, transparently, and predictably?	Generates trust, legitimacy, and durable adoption	Doubts about compliance with the stated mandate and principles, weak trust, limited adoption
Operational Capacity	Are institutions able to implement and sustain what they promise?	Converts norms and trust into effective products, services, markets, and outcomes	Shallow markets, limited accessibility; weak infrastructure, poor scalability

Source: Author's own elaboration.

V – Analytical Scope, Diagnostic Uses and Possible Applications

The analytical scope of the proposed model lies first in its capacity to articulate several dimensions that are often studied separately in institutionalist literature. Norms, beliefs, coordination, legitimacy, rules, organizations and collective outcomes are not treated as independent objects, but as distinct moments within the same process of institutionalization. The five-layer model thus makes it possible to follow the progressive passage from a shared normative framework to observable collective effects, while identifying the points at which this transformation may fail. Its main interest is therefore to shift the analysis from the mere existence of institutions to their effectiveness. A norm may be widely recognized without producing robust institutions; an organization may exist formally without being credible; a rule may be proclaimed without being understood, applied or supported by sufficient operational mechanisms. In this sense, institutional capacity constitutes an intermediate concept that helps explain why certain norms become durable institutions, while others remain at the level of principles, discourses, fragile conventions or weakly effective organizations.

This model may also serve as a diagnostic tool for the analysis of public policies, organizations and institutional ecosystems. Its use does not consist merely in observing whether an institution functions or fails, but in identifying with precision the level at which the rupture appears. An institutional problem may stem from an ambiguous normative framework, insufficient

individual adherence, weak collective coordination, a deficit of credibility, or an operational incapacity to transform available resources into collective outcomes. The interest of the model is therefore to allow for a differentiated diagnosis. Two institutions may produce weak outcomes for very different reasons: one because its principles are not sufficiently clear, another because it is not judged legitimate, a third because it lacks competencies, infrastructures or control mechanisms. Such a framework may help decision-makers avoid superficial reforms that add rules or create new organizations without addressing the genuinely failing link. It may also serve to construct institutional scenarios by assessing the probable effects of an intervention on each layer of the process: normative clarification, formation of preferences, strengthening of trust, improvement of coordination, consolidation of execution capacities, or reform of evaluation mechanisms.

The possible applications of this framework are numerous. In continuity with some of our previous work, it may be mobilized in the analysis of Islamic economics, particularly to study Islamic finance, *zakat*, *awqaf*, *Shariah* boards, development institutions or models of governance in Muslim countries. In these fields, the problem does not lie only in the existence of recognized norms, but in their translation into credible, harmonized, accessible and operational institutions. The model may also be applied to broader public policy issues, such as education reform, climate governance, energy transition, public health, anti-corruption policies, post-conflict reconstruction or the integration of digital technologies into public administration. It could also be used to analyze emerging institutions, such as artificial intelligence regulations, public digital currencies, mechanisms of participatory governance or transnational coordination devices.

In all these cases, the central question remains the same: *how can a normative orientation, whether it concerns social justice, sustainability, transparency, religious compliance, sovereignty or inclusion, be transformed into institutions capable of durably producing the collective effects they promise?* It is precisely this question that the institutional capacity framework seeks to make analytically visible and practically usable.

Conclusion

This article conceptualizes institutional capacity as the intermediate link that makes it possible to understand the passage from a shared norm to an effective institution. Building on the contributions of institutionalist thought, it shows that institutions cannot be reduced either to formal organizations or to mere mechanisms of constraint. They constitute durable systems of rules, norms, beliefs, procedures and organizations, capable of structuring behavior and making collective action possible.

The article's main contribution lies in the formalization of a processual model in five layers: normative framework, individual adherence, collective coordination, institutional capacity and collective outcomes. This model makes it possible to grasp the potential ruptures between the recognition of a norm, its internalization by individuals, its translation into collective practices, its effective institutionalization and its capacity to produce durable social effects. It thus recalls that a norm may be widely recognized without automatically generating robust institutions, and that an institution may exist formally without being credible, operational or

consistent with its initial purpose.

By distinguishing three dimensions of institutional capacity – normative coherence, institutional credibility and operational capacity – the article also proposes a diagnostic tool applicable to a variety of political, economic and social contexts. This framework makes it possible to identify the level at which a process of institutionalization becomes fragile, and to orient public or institutional action towards the weakest link in the system. Institutional capacity thus appears as an analytical category that helps us better understand how norms become, or fail to become, institutions capable of producing a durable collective order.

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