Strategic responses for dealing with conflicting institutional logics

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Introduction

The idea of being constantly torn between two ideas or forces is not new. From biblical passages ("*No man can serve two masters for either he will hate the one, and love the other*", Matthew), through both classical ("*There are in fact two things, science and opinion, the former begets knowledge, the latter ignorance*", Hippocrates) as well as modern philosophy ("*Genuine tragedies in the world are not conflicts between right and wrong, they are between two rights*", Hegel) and reaching military tacticians ("*There are only two forces in world, the sword and the spirit*", Napoleon Bonaparte), the constant striving between diverging influences has taken its toll on the collective imaginary. Hence, individuals struggle with balancing different pressures.

Organizations, on the other hand, are more complex mechanisms. From an organizational standpoint, much has been debated about the interplay between different institutional logics and their combined effects (Kraatz and Block, 2008), especially when such effects are negative (Aoki, 2015). Such discussions range from purely theoretical approaches – and related aspects such as legitimacy (Pache and Santos, 2010; Nell et al., 2015) and isomorphism (Johanssen et al., 2015) – to more pragmatic approaches – such as how to choose and apply decisions that affect organization responses and routines (Bertels and Lawrence, 2016; Testa et al., 2018). Both from an academic and practitioners' stance, this imbroglio stems from the lack of a consistent framework of responses for such interactions among different institutional pressures (Venkatamaran et al., 2016; Ramus et al., 2017). Bearing this in mind, in this paper we develop a framework of organizational responses based on the extant theory and demonstrate these scenarios of combined institutional logics using an adapted fuzzy logic mechanism.

Institutional logics are mechanisms that shape and give meaning to organizational practices (Thornton et al., 2015). As such, organizations strive to maintain a high fit with these institutional logics as the closer they are to such a theoretical gold standard, the more legitimate they may be perceived (Fisher et al., 2016; Fisher et al., 2017). However, when two or more conflicting institutional logics are into play, there is a grey area of action, which impacts organizational sensemaking (Lee et al., 2017), learning (Chandler and Hwang, 2015) and implementation of routines (Bromley, 2012; Hyatt and Berente, 2017). Among possible options to cope with this grey area is hybridization of logics (Pache and Santos, 2013).

Whereas institutional pressure hybridism is well studied, is not usually taken as a theoretical basis for organizational responses – although this seems to presently pick up momentum in publications (Garrow and Hasenfeld, 2012; Thomann et al., 2016; Durand and Thornton, 2018). Seemingly contrary to common belief, some works show that at least some degree of hybridization in conflicting institutional logics is possible. Examples of fruitful hybridism in institutional pressures exist yet they encounter criticism for being mostly presented in small or niche organizations and evidence elicited from intrinsic case studies, which casts shadows on their generalization - see examples in Battilana and Dorado (2010), Pache and Santos (2013), Gillett et al. (2019), Besharov and Smith (2019) and Gümüsay et al., 2020).

Therefore, whereas there is a categorization of possible strategies (Durand and Thornton, 2018) and examples of hybridization (Gümüsay et al., 2020), there is a lack of studies that link hybridization of diverging institutional logics with potential strategic responses for the various scenarios in which such conflicts have influence. As such, we review the current literature on conflicting institutional logics, derive a set propositions of how to deal with such conflicts and analyse potential scenarios using a fuzzy analytical hierarchy process (FAHP) adapted for this purpose. Preliminary results demonstrate that the degree of divergence as well as the weight of

such logics in the organization's institutional space are the main triggers for the varying responses. Thus, this paper contributes with the theory on institutional logics by refining existing models, categorising organizational responses, and providing means to demonstrate the effect of such conflicts in decision-making.

Theoretical background and framework development

While there is a long discussion on the very nature and definition of "institutional logics" (for more details, see Thornton & Ocasio, 2008), they may be summarized as self-sustained sets of complex and intertwined socially-constructed rules, behaviours, expectations and results related to a particular context which provides structure and meaning to individuals and organizations (Jackall, 1988; Friedland and Alford, 1991; Thornton and Ocasio, 1999; Aoki, 2005; Durand and Thornton, 2018). As such, they function as both boundaries to beliefs and practices, as well as rules under which to perform activities and to provide indications of what to expect when behaving in a certain way.

Institutions influence organizations because of their three main pillars (Scott, 2014) – the regulative roles (in which organizations are perceived as legitimate by legal sanctions), normative (under which they are morally governed) and cultural-cognitive (where they find support from comprehensible, recognizable cultural aspects). Seminal works classify institutional logics in categories such as family, state, profession, corporation, market, church (Scott, 1987; Meyer, 2009; Thornton et al., 2015; Peters, 2019), yet newer studies may take a more micro-level stance to understanding what an institutional logic is (Zucker and Schilke, 2019; Harmon et al., 2019; Bitektine et al., 2020). Given their importance, institutional logics are crucial elements in understanding core elements in organizations, especially in their decision-making (Kornberger et al., 2019), sensemaking (Schildt et al., 2020) and deploying organizational routines (Labatut et al., 2012; Kozica et al., 2014).

If only one institutional logic is dominant, organizations manage fairly well the expectations of the conflicting stakeholders. However, when two or more institutional logics play a role in the shaping of organizations and individuals, problems arise. Several different terms are employed in this situation, such as opposing (Westenholz, 2009; Andersson and Lift, 2018; Hartman and Coslor, 2019), conflicting (Garrow and Hasenfeld, 2012; Lee and Lounsbury, 2015; Thamonn et al., 2016), diverging (Mongelli et al., 2017; Olsen and Solstad, 2017) and competing (Reay and Hinnings, 2009; Pache and Santons, 2013) institutional logics.

Although they are used in the literature in an expectedly interchangeable way, they hint for different scenarios that affect decision-making for organizations. Understanding the effects of conflicting institutional logics on organizations is paramount to ascertain the fit between organizations and their environments. This means a synchronic problem – there is a potential problematic interplay of multiple institutional logics, and their pressures along with instances of possible equilibria (Aoki, 2001:2; Aoki, 2015).

Institutional logics as a "vector space"

Current literature on conflicting institutional pressures have three main avenues of research. There are two main categories for divergence – intra- and interfield rhetoric changes (Harmon et al., 2015), roles and functions or players – organization versus individual (Thornton et al., 2005) as well as centrality of logics and compatibility (Besharov and Smith, 2013). To simplify matters, it is plausible to condensate the rhetoric changes and compatibility into divergence which leaves us with three aspects – the pressure, the divergence and the players. Since for most studies these divergences will only yield result in a cross-level analysis, for the sake of this paper the following review and propositions will only take organizations into account.

Thus, organizations are thought to have a central logic that shapes their sensemaking, forges their learning and guide their responses. This, in turn, supposedly gives back a certain prize in the form of a degree of legitimacy (the closer they are to the gold standard, which is expected of them, the better). The problem happens when this process is fragmented into more than one pressure, and this pursuit for organizational legitimacy may become feeble. Thus, legitimacy is paramount for the institutional theory because it maneuvers organizational practices and responses (Harmon et al. 2015).

Such responses, thus, are bound by legitimacy attempts in dealing with institutional pressures and their rules of engagement (Thornton et al., 2015), consequently affecting operational routines (Felin and Foss, 2005; Powell and Colyvas, 2008), and so forth. Legitimacy can be understood as one of the main aspects sought in businesses models considering they set the path for businesses to grow, or ultimately fail (Felin et al., 2012; Pache and Santos, 2013).

Owing to its importance, organizations will employ all sorts of responses to gain legitimacy and, consequently, this becomes some type of "optimization" problem – how to gain more legitimacy without having to give up one institutional pressure or the other. This game-theoretic appears frequently in early conflicting institutional literature. For instance, Ostrom refers to this problem as a "rules that humans use when interacting within a wide variety of repetitive and structured situations at multiple levels of analysis" (Ostrom, 2008). Not only that, but she also affirms that:

> Individuals interacting within a particular rule-structured situation linked to a specific environment may also adopt norms regarding their behaviour given the others who are involved and their actions over time. In light of the rules, and shared norms when relevant, individuals adopt strategies leading to consequences for themselves and for others (Crawford and Ostrom, 1995). As individuals learn more about the outcome of their own and others' actions within a particular situation, they may change norms and strategies leading to better or worse outcomes for themselves and the relevant environment (Ostrom, 2008:24).

Thus, this search for legitimacy is, effectively, an optimization problem since the interaction of players with an institution has strategical consequences for the organization – consequently actors should interact in an at least pseudo-logical fashion or endure the consequences of potential misalignments (Henisz and Zelner, 2005). Hence, players will select a course of action that is supposed to be consistent towards alignment with institutions, considering the manifold equilibria in these conflicting pressures (Aoki, 2001:9).

Therefore, organizations need to consider the balance between the forces to gain legitimacy, especially in a space where organizations are pushed and pulled according to these forces (Townley, 1997; Herremans et al., 2009). From these early game-theoretic approaches, we understand the institutional logics and their pressures as a "vector space". If we continue with this analogy, each different institutional logic will enforce a pressure on an organization, which it will resist or give in to. Thus,

Proposition 1*: An institutional pressure pulls an organization towards a specific institutional orientation in quest for legitimacy.*

Organizations do not necessarily have to give in to an institutional pressure – i.e., they may choose to ignore them completely bearing the risks of doing so (Durand et al., 2013; Currie and Spyridonidis, 2016), or they may adhere to such a pressure in varying degrees, until a full adherence (Hills et al., 2013; Meyer et al., 2014). Organizations may have a central institutional logic performing pressure on it (Lok, 2010; Jones et al., 2013) but most

organizations are complex and/or large enough to have to accommodate more than just one pressure. As such,

Proposition 2*: The degree of legitimacy may be affected by* n *institutional pressures of varying importance ("lengths"), and the institutional adherence ("resultant") will be the combination of these.*

Continuing with the vector space metaphor, this second proposition has two main consequences: (2a) no two institutional pressures will have the same direction and length, since (pragmatically and philosophically) they would be the same pressure; and (2b) it is very unlikely that an organization would operate in a space where two absolutely opposed institutional vectors be considered, since they would nullify each other and render business, for instance, impractical.

The most current model (Besharov and Smith, 2014) splits scenarios in two axes (one versus more central logics and low versus high compatibility). This seems to be an oversimplification – the "dominant" quadrant (i.e., one core logic and high compatibility equals "no conflict"). There is no such thing as one dominant institutional logic only. Even governments (the quintessential form of institutional self-pressure) are pressured – even if only residually – from external sources of legitimacy (Verhoest et al., 2007).

A further criticism is that there is no formal definition of what is "central" or dominant. In addition, the model does not provide a possibility for decoupling or disentangling of operations. As a result, if possible, organizations may choose to decouple (formally or otherwise) two or more institutional pressures to ensure no "cross-contamination". This may take the form of separating business units, transferring assets among subsidiaries and so on.

Proposition 3*: Whenever the institutional resultant is suboptimal, organizations may decouple institutional pressures to keep longer resultants, when feasible and/or desirable.*

The problem with this approach is that, sometimes, the resultant is too suboptimal. The legitimacy gained from attempting to coadunate may not be worth the effort. Thus, hybridization comes with a cost, and when the cost is too high, it becomes inconceivable.

Proposition 4a*: If the inefficiency in the hybridization is not too costly, organizations may choose not to decouple and cope with the residual inefficiency.*

Proposition 4b*: If it is too costly or unviable, it may choose to employ selective coupling.*

Institutional pressures are not static because institutions are not either. While there is a continuous reaffirming from the environment of what is expected to organizations, there is a slow shift in their shaping (Weber and Glynn, 2006). This affects organizations in their microfundamental aspects, such as sensemaking (Powell and Colyvas, 2008) and routines (Maitlis and Christianson, 2014).

Proposition 5*: Whenever there is continuous shift in lengths in institutional vectors, there will be negative consequences for the institutional adherence such as (a) wear and tear, (b) lag in shifting and (c) wrong timing in shifting.*

Finally, there is a last resort organizations may choose – surface isomorphism. "Surface isomorphism" (Zucker 1987:455) or "ceremonial conformity" (Greenwood et al., 2008:04) is the act of purposefully decouple organizational practices only on a figuratively or symbolic level, maintaining it from the practical or technical core.

This response is both complex and dangerous. Complex because it involves developing organizational routines to cope with communicating a set of actions that does not match the actual practice of such an organization. It is also dangerous because this response depends on how credible it is. Whenever this pseudo-amalgamation is perceived as not credible (or it is unfeasible to cheat or bribe the sanctioning bodies) this is likely to backfire in terms of legitimacy (Greif at al., 1994; Hédoin, 2017). Employing this kind of response has a risk, and this risk increases according to the divergence between forces – which makes it a viable (albeit risky) option in any sort of scenario.

Proposition 6*: In any situation, an organization may choose to employ surface isomorphism (ceremonial conformity) and its risk is proportional to the divergence.*

Framework proposition

Considering these scenarios, one sees that there are many interplays in these forces. For that, we assume Van de Ven and Poole's (1995) categories as four main axes of interplay. The idea that potential clash between ideas and their pressures is also noted by Gümüsay et al. (2020). These four main categories are evolutionary (stronger pressure survives), dialectic (amalgamation of pressures), teleological (cooperation between the pressures) and life cycle (organic growth).

From the propositions, and considering their logical consequences, we derive the following framework of strategic responses (Table 1):

Category	Response(s)	References
Evolutionary	Choose the stronger logic Surface isomorphism	Lounsbury (2007) Marquis & Lounsbury (2007)
Dialectic	Hybridization Surface isomorphism	Reay & Hinnings (2009) Pache & Santos (2013) Besharov & Smith (2014)
Teleological	Selective coupling Loose coupling Surface isomorphism	Greenwood et al. (2011) Besharov & Smith (2014)
Cyclical	Slow shift in logic Surface isomorphism	Nicholls & Huybrechts (2016) Rossignoli et al. (2018)

Table 1 – Categories and organizational responses

Methodology

To date, there is no proposed method to measure institutional pressures in organizations. Given the propositions derived from the literature, two main procedures are in order: assessing the pressures (i.e., "length of forces") and divergence between them (i.e., "angle between forces"). The problem resides in the fact that specialists about organizations may not be experts in measurement, and, as such, we adapted the Saaty scale (Chang, 1996). This scale is used in Analytical Hierarchy Process (FAHP) to assess importance of criteria in a decision. While in the original scale the number equals a ratio of importance between two criteria, in this paper it is used individually (see Table 2) – its rationale is the fact that organizations may be under several and not only two pressures and thus this mechanism may be used for extended studies

in the future. For the angle, the scale from 1 = absolutely convergent to 9 = absolutely divergent is used (a simple rule of three in which 9 equals 180°).

To measure institutional pressures, we employed Fuzzy Analytical Hierarchy Process, with an adaptation of Ngai and Wat (2005), Ustundag et al. (2011), Ayhan (2013) and Felisoni and Martins (2019). The choice for fuzzy-AHP is because it allows to better balance diverging opinions among the specialists by "spreading" the opinions in ranges (TFN - triangular fuzzy numbers) instead of specific, discrete numbers.

Scale	For lengths	For angles	TFN
1	Residual importance	Absolutely convergent	(1, 1, 2)
3	Weak importance	Fairly convergent	(2, 3, 4)
5	Medium importance	Equal in weight	(4, 5, 6)
7	Strong importance	Fairly divergent	(6, 7, 8)
9	Absolute importance	Absolutely divergent	(8, 9, 9)

* Numbers 2, 4, 6, and 8 are used when individuals have intermittent perceptions, their triangular fuzzy numbers' ranges are n-1 and n+1, just as the scale above.

Table 2 – Adapted scale numbers, verbal descriptions and triangular fuzzy numbers

Let an institutional pressure be a vector of a length measured by fuzzy triangular numbers (central value, left spread and right spread), which are aggregated in the $\tilde{A}^k$ matrix. It is realized internally as triangular fuzzy numbers (for example 4, 5, 6) and this choice is represented by $\tilde{d}_{ij}^k$ in the equation 1.

For the purposes of this paper, it was also employed a weight adjustment procedure (from Felisoni and Martins, 2019), in which first strategic personnel's average is computed and then all other (tactical, operational) responses in $\tilde{d}_{ij}^k$ are multiplied by a p weight, where for each tactical personnel's $\tilde{d}_{ij}^k$, 0.33 is added if under or 0.33 is subtracted if over the strategic personnel's average (see Figure 1). The same happens for operational personnel, but with a different weight (0.66 penalty/award).
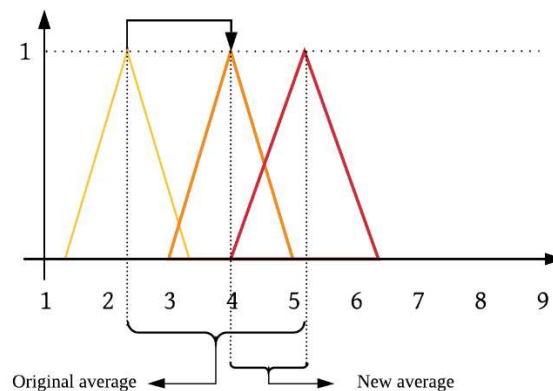

Figure 1 – Weighting procedure (visual example)

Such weighted pairwise triangular fuzzy numbers $\tilde{d}_{ij}^k$ express the kth decision-maker's preference of the ith pressure over the jth pressure and are included in the contribution matrix ($\tilde{A}^k$). The tilde emphasis sign marks the triangular number expression thereof.

$$\tilde{A}^k = \begin{bmatrix} \tilde{d}_{11}^k & \tilde{d}_{12}^k & \dots & \tilde{d}_{1n}^k \\ \tilde{d}_{21}^k & \dots & \dots & \tilde{d}_{2n}^k \\ \dots & \dots & \dots & \dots \\ \tilde{d}_{n1}^k & \tilde{d}_{n2}^k & \dots & \tilde{d}_{nn}^k \end{bmatrix} \quad (1)$$

Whenever the decision-making process includes more than one decision-maker, the stated preferences are aggregated in an averaged triangular number set ($\tilde{d}_{ij}$), as the following:

$$\tilde{d}_{ij} = \frac{\sum_{k=1}^{k} \tilde{d}_{ij}^k}{k} \quad (2)$$

After the weight adjustment procedure and averaged preferences, the aggregated $\tilde{A}$ matrix is as follows:

$$\tilde{A} = \begin{bmatrix} \tilde{d}_{11} & \dots & \tilde{d}_{in} \\ \tilde{d}_{21} & \dots & \tilde{d}_{2n} \\ \dots & \dots & \dots \\ \tilde{d}_{n1} & \dots & \tilde{d}_{nn} \end{bmatrix} \quad (3)$$

According to Eq. 4, $\tilde{r}_i$ represents the geometric mean of the fuzzy comparison (triangular) values, for each criterion:

$$\tilde{r}_i = \left(\prod_{j=1}^{n} \tilde{d}_{ij} \right)^{1/n}, \quad i = 1, 2, \dots, n \quad (4)$$

Then, one must find the vector summation for each $\tilde{r}_i$. Next, it is necessary to compute the (-1) power of summation vector as well as substituting the fuzzy triangular number and set them in an increasing order. To find the fuzzy weight of criterion i ($\tilde{w}_i$), multiply every $\tilde{r}_i$ by this reversed vector.

$$\tilde{w}_i = \tilde{r}_i \otimes (\tilde{r}_1 \oplus \tilde{r}_2 \oplus \dots \oplus \tilde{r}_n)^{-1} \quad (5)$$
$$= (lw_i, mw_i, uw_i)$$

The next step is de-fuzzifying the triangular numbers. This de-fuzzified number is M_i. We follow Chang and Chou's (2008) centre of area method:

$$M_i = \frac{lw_i + mw_i + uw_i}{3} \quad (6)$$

Finally, since M_i is not a fuzzy number, it is normalized according to the following equation:

$$N_i = \frac{M_i}{\sum_{i=1}^{n} M_i} \quad (7)$$

Such procedures are applied to all criteria in a given decision, as well as the alternatives. The data was run through R, using the package "FuzzyNumbers" (Coroianu et al., 2013; Gagolewski and Caha, 2015) to compute the triangular fuzzy numbers. The code can be obtained from the authors.

Data collection

The respondents for this research were selected from four different organizations incidentally selected to provide insights about the interplay between different institutional logics (see Table 3). For each organization, only two main logics were considered because it would become difficult to see in renderings of three or more dimensional (see Figure 2). The method, however, can be used for computing interactions among more than 2 pressures –

although for each new pressure added, it becomes increasingly difficult for respondents to cognitively establish comparative ratios (as in most AHP applications).

The cases were chosen according to certain criteria. Fragilities in past studies include sampling of too small or too niche organizations. As such, organizations were chosen, first, as not being niche since it may be easier to hybridise concepts for a small public. Second, not being a small organization – for the same reason as the first and because it is also plausible to believe the larger an organization becomes, the more stakeholders it will have. Third, we attempted to have assorted combinations between the classic categories of institutional logics (church and state, corporation and market, and so on).

Case	Description	Logics
1	Large-size confessional schools network	Church State
2	Mid-size information technology professionals' cooperative	Corporation Market
3	Large-scale grain exporting cooperative	Market Family
4	Large-scale, foreign-investor higher-education holding	Market State

Table 3 – Adapted scale numbers, verbal descriptions and triangular fuzzy numbers

Results and discussion

The results from the Fuzzy Analytical Hierarchy Process can be better visualized in Figure 2. The four cases are displayed in a panel. Under each, there is information about the institutional pressures (A, B), the resultant of both pressures (R) and the final divergence between the forces (α) according to the averaged response. The overview is that attempting to giving in to both institutional pressures will always yield suboptimal results. The question, then, is assessing to which extent organizations are willing to delve in this suboptimal realm. The four cases illustrate such different scenarios.
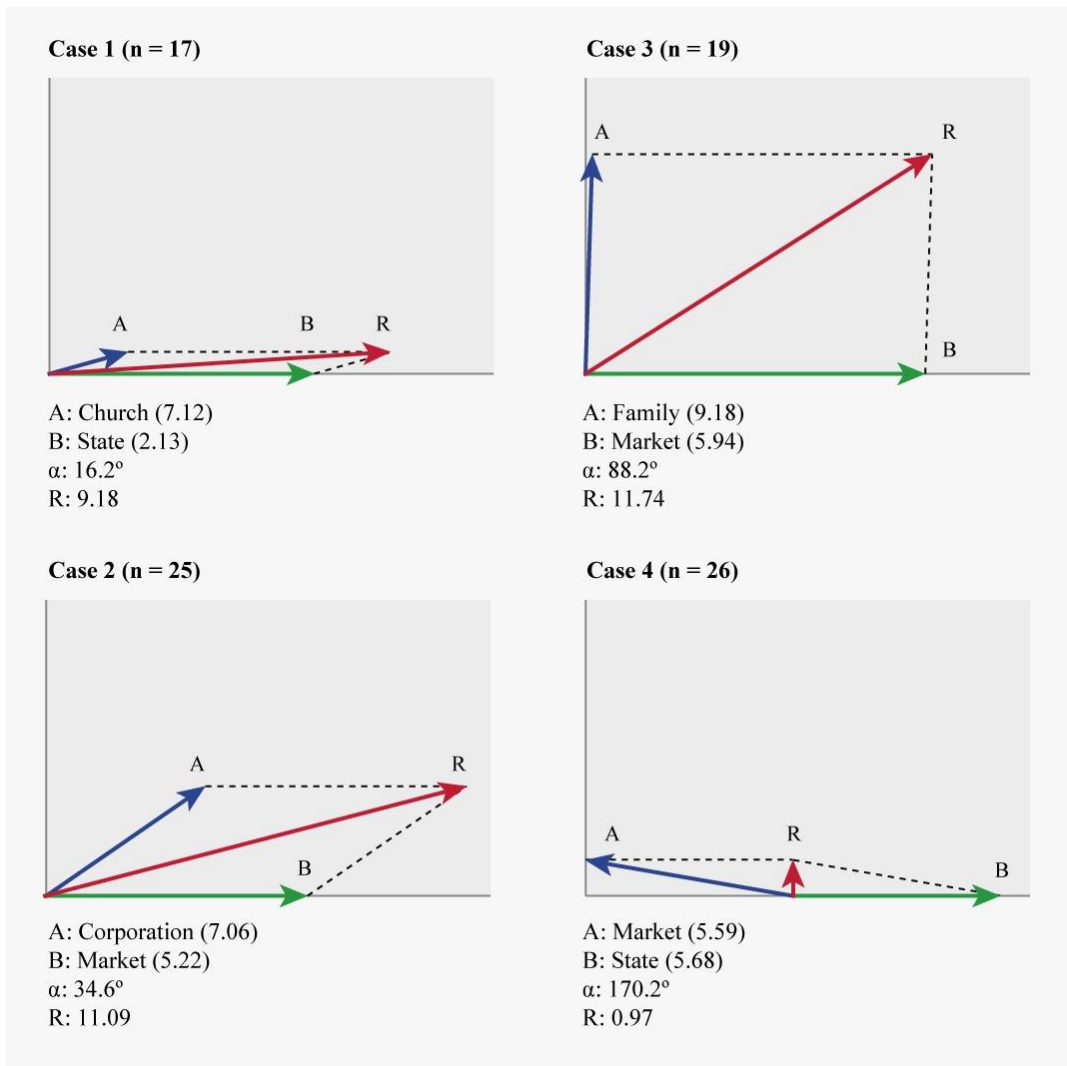
Figure 2 – Cases and their results

For the first case, it is possible to understand that there is one main logic and a secondary, residual logic. Even if the residual logic had a greater degree of divergence, the main logic still would have enough weight in the organizational sensemaking to be prevalent. For this case, although the school network is linked to a religious organization, the parent organization does not impose belief as a central core logic – and most students and faculty are not members of said religious organization. Thus, it is possible to hybridize without further major consequences. This corroborates early hybridization works such as Kraatz and Block (2008), Battilana and Dorado (2010), Besharov and Smith (2012) and Pache and Santos (2013).

In these works, hybridization is possible especially when there is a clearly central logic. While there is no further definition of what the term central or dominant is and of degree of influence a logic must have to be considered as dominant, the results in this case illustrate that only by assessing the residual weights can one define a logic as dominant. Further studies may introduce more mathematical expressions, derived from larger datasets to better define degree of dominance. The impact on organizational response for a case like this resides mainly in sustaining the residual logic so that it does not disappear (Cornforth, 2020) while not giving it much importance in the overall scheme of things. This may be achieved whenever there are previous strong relationships between the internal stakeholders as well as some space for negotiations (Gillett et al., 2019).

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As for the second case, while not having precisely the same weight, both logics have similar influence in the organizational development. They are somewhat divergent, yet this divergence is not acute, which makes it probably safe to assume that attempting a moderate hybridization process may succeed. On the other hand, the legitimacy effort of giving in to two different pressures may indicate otherwise. One should bear in mind that this case focuses on a cooperative of professionals, in which scale of production is limited to personal hours worked (which substantially differs from the third case, in which production is much less restricted). Most cooperatives have problems with agency, especially opportunistic behaviour (Goodrick and Reay, 2011; Van Puyvelde et al., 2012), and this may be one of the reasons for the divergence between the corporation and market forces. Were the possibility of opportunistic behaviour higher, this homogeneity in the forces might not be present and surface isomorphism on the weaker one emerges.

The third case is of an agricultural cooperative. This is important because little is said about the internal workings of diverging institutional logics between organizations and their customers (Venkatamaran et al., 2016), but even worse, no studies were found that attempt to understand this situation when multiple roles are cast on the same subjects. Cooperatives are complex organizations and their decision-making mechanisms reflect this manifold role (Martins et al., 2019). In cooperatives, members accumulate both the roles of producers and (collectively) as buyers as well as possibly retain some power over the overall mechanics (when members become leaders or members of the board). Things are even more complex to understand when these commercial roles tend to overlap with communitarian leadership.

Cooperatives may be classified in two main categories – 'mutualistic' (members's interest is the focus) and 'quasi-public' (an organizational model close investor-owned firms) (Borzaga and Spear, 2004; Chaddad and Illiopoulos, 2013). This is also important because the most outstanding feature of this cooperative (much like other cooperatives in the Southern areas of Brazil) is the fact that they stem from community-centered, close-knit European immigrants' farmers (Chaddad, 2015; Teixeira and Dea Roglio, 2015) – i.e. cooperative organizational routines overlap communitarian ones. This will enforce a duality (both family and market) that cannot be excluded and, therefore, prevents the cooperative from exercising a decoupling. As such, both the degree of divergence as well as the somewhat equal weight of forces start to make a huge difference in the possibility of hybridisation. If the organization chooses to give in to both and hybridise, it is probably going to be inefficient in its organizational allocation (Reay and Hinings, 2009). This is a possible explanation for the diversification in Brazilian agricultural cooperatives that does not lead to financial performance (Martins and Lucato, 2014; Martins and Lucato, 2018).

The fourth and final case is of an investor-owned firm – a foreign higher education group that bought a few universities and colleges in Brazil. A few things are worth mentioning – first, there is a misalignment between actions taken in the headquarters (subject to different institutional pressures arising from stronger quality institutional environments (Henisz, 2000; Quélin et al., 2017), which, in turn, affects the conflicting actions in the subsidiaries, including liability of foreigness (Martins et al., 2019). This makes the last case to be quasi-antagonistic to the first. In situations along these lines, the institutional logics may not amalgamate harmoniously, to which there is a trove of evidence (Lounsbury, 2007; Marquis and Lounsbury, 2007; Reay and Hinings, 2009; Pache and Santos, 2013).

A complex situation like this is a cache for possible organizational responses because an organization trying to hybridise is certainly going to have problems. The root cause for this is interfield rhetoric changes (swinging from an institutional pressure to another) (Harmon et al., 2015). When the degree of divergence is too high, organizations will have to face the fact that they spend great amounts of energy into giving in to contradiction logics and at the same time, having a perceived low legitimacy on both fronts. To solve this, they may resort to use different

strategies such such as loose and selective couplings (choosing different actions to cope with diverging institutional arrangement, or sometimes swinging actions according to the situation) (Orton and Weick, 1990; Berente and Yoo, 2012), and decoupling (detaching parts of the business in which each focuses on its stronger space) (Boxenbaum, 2008). These can be interpreted as concealed organizational misalignments that may inhibit organizational sensemaking, learning and performance (Soh and Sia, 2004; De Vaujany et al., 2018).

In here, decoupling starts to make sense – and the same can be said about shifting and loose/selective coupling (in this last instance, considering these logics are far from each other which may incur in penalizations for an organization to lag in shifting or wrong shifting) . Since there is no clear dominance between the logics, organizations may choose decoupling to preserve the benefits of attaining these two different logics. However, most organizations do not choose to decouple. Some because it is not feasible (bound to legal reasons for example) others because legitimacy and rationality in decision making are commonly paradoxical matters – while organizations pursue legitimacy, it may not be rooted in efficiency (Thornton, 2015), but is motivated by mimetic isomorphism – i.e., imitating market standards without fully grasping such organizations sensemaking mechanisms, learning tools, routine enforcements and (mainly) understanding their repercussions (Powell and Dimaggio, 2012).

Understanding the interplay between conflicting institutional pressures is not an easy task. Oversimplified conceptualization and assessment methods have a role in this scenario and these results demonstrate that there is more to it than meets the eye. Organizations need to actively employ sensemaking tools to discern environmental changes lest be taken by surprise in realizing their fit to the institutional space renders their legitimacy efforts close to null.

Conclusions, limitation and future studies

This study is an attempt at giving a more precise explanation of the interplay between different institutional pressures. This has long been a theoretical (as well as practical) necessity that has been hindered by the lack of connection between the pressures and responses. In this sense, the paper proposes a set of propositions to aid in further improvement of theory as well as measurement of said concepts. In this second area, the paper innovates by adapting a mechanism for assessing the weights of different institutional pressures, the degree of divergence thereof and what would be the institutional performance an organization yields.

A few aspects must be considered. First, the cases were chosen in an illustrative capacity only and serve to demonstrate a static view of how actors behave in a given situation. There are ambiguities and idiosyncrasies inside every institutional space which means that these demonstrations should not be taken as a normative, prescriptive and deterministic. Although the evidence for high degree of hybridization is difficult to extrapolate, there is always a certain degree of flexibility in coping with these forces (Smith and Besharov, 2019). The method, as proposed, is not currently capable of modelling fluidity in loose coupling – which may be implemented in further research.

As for future studies, in this paper it was our intention to demonstrate that the interplay between institutional logics is not simple and requires more than mere 2-axis abstractions. Organizations that need to learn from their positioning and their fit with and within a given environment can use this framework of responses to set up strategies. In future studies, using the established method from this paper, to measure external expectations of an organization and internal an infer quantitatively the degree of legitimacy of organizations.

Managerial implications

By using a modified method (FAHP), practitioners may measure the influences of conflicting institutional pressures, analyse the possibility of hybridization, make keener and more analytical response choices and provide means for adjustment in routines. Some aspects,

though, must be considered. First, one should analyse which kind of organization and size it is – current literature points to successful hybridization in smaller, niche organizations. If an organization is not small or niche, then, these strategic responses start to make sense.

Next, organizations should employ internal and external mapping for institutional pressures, and – using a Pareto-like procedure, focus on the main divergences. For that, using the proposed modified FAHP procedure, the organization may have a more faithful picture of its current diverging institutional pressures. Finally, we hope these strategies may help organization derive strategic decision-making on how to deal with such potential divergences.

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