INSTITUTIONAL FRAME SWITCHING:
INSTITUTIONAL LOGICS AND INDIVIDUAL ACTION

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ABSTRACT

In this paper, we examine the underlying processes by which institutional logics influence individual action. We propose that individuals acquire mental representations of institutional logics, much in the same way that individuals acquire mental representations of culture. As such, exposure to cues associated with a particular institutional logic increases the likelihood that individuals will draw on the implicit theories associated with that logic. We label this process “institutional frame switching.” We test our theoretical model with two experiments. In Study 1, cues associated with the market logic (versus family logic) led participants to describe their past and future action in a manner consistent with the implicit theory of self-interest (versus other-interest). In Study 2, cues associated with the market logic (versus family logic) led participants to exert more effort on a subsequent task, but only when there was a match between the implicit theory of action activated by the logic (i.e., self-interest vs. other-interest) and the incentive for action (i.e., money vs. helping others). Our findings contribute to institutional theory by articulating how institutional logics shape individual action and laying a foundation for further research into the psychological underpinnings of institutional logics and institutional explanations of individual action.
Scholars are increasingly interested in explaining how institutional logics – the material practices, assumptions, values, beliefs, and rules that define and shape a particular social world – shape and coordinate action (Friedland & Alford, 1991; Thornton & Ocasio, 1999, 2008; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Thornton, Ocasio, & Lounsbury, 2012). Research to date has focused primarily on how institutional logics influence group- and macro-level outcomes. For example, early studies show that changes in logics are associated with changes in organizational practices (Thornton & Ocasio, 1999), the emergence of organizational forms (Haveman & Rao, 1997), and the founding of new industry associations (Lounsbury, 2002). More recently, research has shown how different logics that co-exist and compete in institutional fields influence organizational behavior (Greenwood, Diaz, Li, & Lorente, 2010; Nigam & Ocasio, 2010; Battilana & Dorado, 2010; Tracey, Phillips, & Jarvis, 2011; Dunn & Jones, 2010; Meyer & Hollerer, 2010; Pache & Santos, 2010). In spite of these advances, our understanding of the underlying mechanisms and processes by which logics influence individual action remain underdeveloped (Thornton et al., 2012; Powell & Colyvas, 2008).

To address these issues, scholars have started to develop different theoretical approaches to understand how individuals interact with the macro institutional environment (Weber & Glynn, 2006; Tost, 2011). Notwithstanding the progress made, two major problems remain. First, scholars have still not articulated the psychological processes by which individuals experience institutional logics. More specifically, while the literature suggests that logics structure the attention of individuals (Thornton, 2004; Thornton et al., 2012), the concrete mechanisms through which logics influence individual action are both theoretically underspecified and empirically untested. Without a better explanation for how individuals experience institutional
logics, we cannot fully understand the relationship between the macro symbolic structure and individual action. Second, the process by which individuals select their actions in institutionally ambiguous situations is underdeveloped. This consideration is increasingly important because individuals draw on different logics in different situations to navigate their pluralistic and complex organizational lives (Greenwood et al., 2010).

In this paper, we construct and test a theoretical model that begins to address these limitations. We build on past work that articulates the relationship between culture and cognition (e.g., DiMaggio, 1997; Fiske & Taylor, 2007; Wyer, 2004) to propose that individuals psychologically experience institutional logics in a manner similar to culture. That is, we explain how individuals internalize institutional logics as interpenetrating sets of schemas related to entities (i.e., persons, objects, and places) and events (i.e., scripts, histories, and implicit theories of action). We explain how exposure to cues related to one element of a particular logic (e.g., a person or place) makes it more likely that other elements of that logic (e.g., scripts or implicit theories) are more psychologically salient to the individual (Bargh, 2006). Furthermore, we propose that one of the most important schemas for institutional theorists to understand concerns implicit theories of action, or theories about why people act the way they do. We contend that the activation of implicit theories of action through exposure to related cues represents one critical way in which institutional logics influence individual action.

In addition, we build on insights from the psychological theory of dynamic constructivism (Hong, Morris, Chiu, & Benet-Martinez, 2000; Hong, 2009; Thornton et al., 2012) to explain how individuals navigate institutionally ambiguous environments. More specifically, dynamic constructivist scholars have found that for bicultural individuals, cues associated with one culture as opposed to another activate perceptions and implicit theories of
that culture that guide individual behavior, a phenomenon referred to as cultural frame switching. Consistent with this notion, we develop the concept of institutional frame switching, which we describe as the process by which cues associated with a particular institutional logic activate implicit theories of action associated with that particular logic, and thereby guide individual action through ambiguous institutional environments.

By developing and testing a theoretical model that explains how institutional logics influence individual action through the activation of implicit theories, and how this activation occurs in ambiguous situations through the process of institutional frame switching, we provide several contributions to institutional theory. First, we respond to recent calls to deepen the understanding of the micro-foundations of institutional theory (Powell & Colyvas, 2008) and institutional logics (Thornton & Ocasio, 2008; Thornton et al., 2012) by articulating an important mechanism (i.e., implicit theories) and process (i.e., institutional frame switching) through which institutional logics influence individual action. Second, we establish a methodological framework grounded in experimental design that institutional scholars can utilize to begin testing the micro-foundations of institutional theory. We believe our approach can serve as a starting point to develop further our understanding how institutions and institutional logics influence individual action.

**THE MICROFOUNDATIONS OF INSTITUTIONAL LOGICS**

Inspired by Friedland and Alford’s (1991) observations that the institutional orders of society have different logics, scholars have recently suggested that institutional logics provide socially shared frameworks that shape and direct individual action. This perspective builds on a Weberian understanding of rationality as institutionally contingent (Townley, 2008; Thornton et al., 2012), where an individual’s values are constructed and evaluated differently in distinct
social worlds (Friedland & Alford, 1991; Thornton & Ocasio, 1999, 2008; Jackall, 1989; Kraatz & Block, 2008). Logics describe and prescribe “who gets to do what, for what purpose, in which way, and in what settings” (Green & Li, 2011: 1676). These socially shared descriptions and prescriptions provide the rules that structure the cognitive categories used to build consensus and organize activities (Jones and Livne-Tarandach 2008, Loewenstein, Ocasio, and Jones 2012). In this section, we argue that individuals psychologically experience logics similar to how they experience culture. Moreover, we suggest that logics activate implicit theories of action that represent a critical mechanism through which logics influence individual action. We then develop the concept of institutional frame switching to describe how individuals draw on institutional logics to navigate their complex institutional lives.

**Institutional Logics and Culture**

Theories or descriptions of institutional logics suggest that they operate at two levels. At the macro level, an institutional logic is often described as “the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio, 1999: 804). At the micro level, scholars suggest that individuals experience institutional logics as a type of domain-specific culture (DiMaggio, 1997; Barley, 2010). In particular, situations and domains serve as specific cultural contexts in which individuals learn practices, assumptions, values, beliefs, and rules. Researchers have noted that individuals cognitively represent culture as “a network of distributed knowledge that is produced and reproduced among a collection of interconnected individuals” (Chiu & Hong, 2007: 785). Accordingly, we suggest that people psychologically experience institutional logics in much the same way as culture: in the form of cognitive schemas.
Broadly defined, a schema is a cognitively encoded knowledge structure or mental template that an individual imposes on information to give it form and meaning (Walsh, 1995: 281). People form schemas when they repeatedly observe pairings of related stimuli and mentally encode and organize these associations into a descriptive map. For example, the overarching schema for bird links the concept of “bird” to a variety of categories (e.g., sparrow, canary, blue jay), attributes (wings, feathers, beaks), behaviors (flies, builds nest, eats worms), and environments (forest, park, ocean). Individuals begin acquiring and internalizing schemas for objects and social actions in early childhood (Piaget, 1992; Vygotsky, 1978), and continue to do so through adulthood, often via organizational socialization processes (Van Maanen & Schein, 1977).

These schemas can be organized into two broad categories of knowledge: entity and event (Carlston & Smith, 1996) (see Figure 1). Entity schemas are generalized representations of things (i.e., people, objects, and places), whereas event schemas are generalized representations of temporal or causal relationships (i.e., scripts, histories, and implicit theories of action) (Wyer, 2004). These two categories of schemas interpenetrate one another in what we can think of as an “associative schematic network,” activating each other reflexively in an individual’s mind. As a result, individuals psychologically experience institutional logics through associative schematic networks. For example, exposure to the object of an American flag may activate the script of reciting the pledge of allegiance (Schank & Abelson, 1977). Conversely, reading about the history of the Revolutionary War (Wyer, 2004) may activate the mental representations of certain types of people (e.g., soldiers) or places (e.g., Boston). Thus, to the degree that institutional logics function as a form of domain-specific culture (Thornton et al., 2012), we propose that institutional logics are psychologically experienced by individuals as the
interpenetration of entity and event schemas. While exposure to institutional cues may activate any of these entity and event schemas, we propose that one of the most important schemas for institutional theorists to understand is the activation of implicit theories of action.

Institutional Logics and the Activation of Implicit Theories of Action

When repeated experiences within a particular culture lead individuals to develop causal understandings relating different events, they also develop a particularly important type of event representation: an implicit theory of action (Dweck, Chiu, & Hong, 1995; Dweck & Leggett, 1988). An implicit theory relates to broad, abstract understandings of the world connected through causal relationships. For example,

“…one might have an implicit theory that (a) people with alcoholic fathers feel insecure, (b) these feelings lead them to pursue unrealistically high goals, (c) their failure to attain these goals leads to depression and ultimately drinking, and (d) they wind up becoming alcoholic like their fathers. Each segment encompasses a large number of more specific events and functions as a general concept that can be used to interpret and organize new information.” (Wyer, 2004: 21)

Cues in the environment activate implicit theories. For instance, finding out that a coworker is an alcoholic may activate the implicit theory for how they wound up becoming an alcoholic. In this sense, individuals utilize implicit theories of action to make inferences about new phenomena that may be unclear. Indeed, gathering cues in an ambiguous context invites the
individual to generate possible theories that may account for the underlying causal relationship (Heider, 1958). Moreover, cultural researchers have shown that bicultural individuals learn cultural knowledge from two cultures through simultaneous socialization and thereby store different cultural schemas associated with strikingly different implicit theories of action (e.g., what it is like growing up in North American or East Asia). As such, research has shown that the cultural cues present in an individual’s environment activate which implicit theory of action the individual uses.

Just as individuals can develop multiple implicit theories of action on the cultural level, we propose that individuals can develop multiple implicit theories of action on the institutional level (DiMaggio, 1997; Koo & Choi, 2005). More specifically, we suggest that domain-specific cultural learning leads individuals to develop institutionally-bound understandings of culture that typically revolve around specific objectives, such as the delivery of a product (i.e., the automobile industry) or professional service (i.e., medical or legal profession). As organizational actors develop an understanding of the socially appropriate reasons for acting, these individuals also develop implicit theories that relate to particular institutional logics that dictate what constitutes an appropriate basis for action within that institutional context. These institutionally specific implicit theories of action (e.g., what is it like working on Wall Street or sitting down for a family dinner), in turn, help individuals interpret, explain, and act within ambiguous situations.

**Institutional Logics and Institutional Frame Switching**

Although early research viewed cultural knowledge as a permanent lens through which individuals perceived reality, recent understandings of culture suggest otherwise. In particular, dynamic constructivist scholars have demonstrated that individuals often internalize different sets of cultural schemas that can be made more accessible in certain situations through exposure
to cues such as cultural icons (Hong et al., 2000; Chiu & Hong, 2007; Hong, 2009). Certain bicultural individuals, for example, have internalized understandings of both East Asian and North American understandings of individualism and collectivism (Hong et al., 2000). Such individuals invoke understandings of either culture in different circumstances (Benet-Martínez, Leu, Lee, & Morris, 2002). Recent work extends this concept and shows that individuals with bicultural experience often switch back and forth between cultures, depending on the environmental cues to which they are exposed, a process referred to as “cultural frame switching” (Benet-Martínez et al., 2002). More specifically, frame switching occurs when cues in the environment activate and make accessible and available the knowledge structures linked in a particular associative schematic network.

Similarly, we propose that this same process can occur with institutionally-relevant schemas, through what we call “institutional frame switching.” Specifically, we argue that when an individual confronts a cue with which they are familiar, the cue may activate an associative schematic network (i.e., institutional logic) in the mind of the individual, also making the related implicit theories of action related to that logic more cognitively salient as well. When this occurs, individuals become more likely to interpret incoming cues according to the implicit theories associated with that activated institutional logic. For example, the cue or observation of a man in a tailored black suit walking out of an investment bank may activate the associative schematic network of the market logic. This may lead the observer more susceptible to entity (e.g., bankers,

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1 A clarification of terminology is helpful here as scholars use the words culture, logic, schema, and frame somewhat loosely without defining the specific relationship. We use the terms *culture*, *logics*, and *schemas* as nouns. That is, logics are a domain-specific type of culture. Individuals psychologically experience logics as a network of interpenetrating schemas (e.g., entity and event). As such, schemas are a subset of logics. We use the term *frame* as a verb to depict the process by which individuals shift their focus of attention between logics and their associative schematic network.
money, Wall Street) and event schemas associated with the market (e.g., the American dream of going from rags to riches). Importantly, this activation will also make more salient the dominant implicit theories of action associated with the market logic (e.g., people’s actions are inherently self-interested).

We summarize our theoretical model as follows. When an individual observes institutionally-relevant cues, these cues activate the individual’s associative schematic network (i.e., the institutional logic). Once activated, the implicit theories of action associated with this logic become more cognitively salient and accessible. This activation makes it more likely that individuals will draw on this implicit theory when interpreting, responding to, and explaining ambiguous contexts (see Figure 2).

INSTITUTIONAL FRAME SWITCHING: MARKET AND FAMILY LOGICS

To test this theoretical model empirically, we construct hypotheses about institutional frame switching using two distinct societal logics: the market logic and the family logic. To develop our hypotheses, we describe the generalized entity and event representations associated with each of the logics. We then specifically focus on the implicit theory of action that individuals generally associate with these logics. We use these notions to hypothesize the effects institutional frame switching will have on how individuals interpret their own action as well as decide to act in an ambiguous environment.

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2 We choose these two logics because of their prevalence in society, and the relatively distinct ways individuals and organizations function when they follow the principles of these alternative logics.
Market Logic

Scholars suggest that the market logic is a fundamental institutional order (Friedland & Alford, 1991; Thornton et al., 2012). Individuals learn about the market logic as they participate in market transactions, and, to a lesser extent, from their observation of popular portrayals in media entertainment or news. One of the most important and influential ways that individuals learn about the market logic is through the educational system of economics and business schools. In business schools, students learn about the appropriate ways of interacting in the business world. Table 1 summarizes the cultural representation of the market logic.

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Individuals develop generalized entity representations in the market logic for people and organizations by forming cognitive understandings of roles such as buyer, seller, broker, competitor, and supplier. Individuals develop generalized entity representations for abstract objects such as products and money. Individuals develop generalized entity representations for abstract places such as a store, a marketplace, or a factory. Individuals also form event representations for scripted behaviors such as buying a product, engaging in a negotiation, or manufacturing a product. These generalized representations may diffuse across the community and transition into culturally shared event representations such as the “rags to riches” or “the day trader who either lost everything or became wealthy” stories.

This general understanding of market logic is abstract, and educational institutions teach this general abstract understanding through disciplines such as economics or business administration. The market logic is instantiated more in certain industries than others (Thornton
& Ocasio, 1999). For example, on Wall Street and in trading the market logic often reflects individual understandings of person entities in roles such as traders and brokers. Objects in the field include Excel spreadsheets, Bloomberg terminals displaying security prices, expensive suits and briefcases. Places associated with Wall Street, trading floors, or a brokerage houses. Event representations involve scripts (e.g., what happens at the opening bell and the closing bell, as well as practices traders use to buy and sell securities) and histories (e.g., Black Friday or the financial crisis).

In the market logic, individuals also develop an implicit theory of action that revolves around the concept that individuals act in their own self-interest (Hayek, 2007; Smith, 2003; Wang, Malhotra, & Murnighan, 2011; Wang & Murnighan, 2011). Scholars have studied how actors exposed to social theories that advocate the benefits and rationality of self-interest later accept these theories as normative rules for appropriate social interaction (Miller, 1999).

According to the market logic, individuals enter into transactions to increase their profit or utility (Thornton et al., 2012: 56). When individuals need to interpret the actions of others, and when they take action, they do so from an implicit theory that the socially appropriate basis of action is that which advances the individual’s self-interest.

**Family Logic**

Scholars also suggest that the family is a fundamental institutional order of society (Friedland & Alford, 1991; Thornton et al., 2012). Individuals learn about the family through personal experience and primary socialization (Berger & Luckmann, 1967). Individuals develop general knowledge of family based on their particular experiences, but they also develop a generalized understanding of family that includes understandings of entities and events associated with family that form through an individual’s interactions with other people and their
consumption of media such as newspapers, books, television, or movies. For example, individuals develop entity representations for persons related to roles such as father, mother, child, brother, sister, or friend. Individuals develop entity representations for objects associated with the family such as toys, mini-vans, a couch, or a dining room table. Additionally, individuals develop entity representations for places such as a home, a backyard, or a living room, as well as generalized event representations of scripts such as a family dinner or a birthday party. Individuals also develop generalized representations of histories, such as the “black sheep” member of the family or the “profligate father” (see Table 1).

Families exist to procreate and ensure the ongoing existence of the family in the future. Due to this objective, scholarly conceptions of the ideal type of family logic suggest that families seek to increase family honor, that family members derive identity from the reputation of the family in the community, and that individuals gain legitimacy by demonstrating unconditional loyalty (Thornton et al., 2012: 56). We suggest that individuals thus develop an implicit theory of family action that privileges other-interest, thus placing the interest of other family members ahead of themselves.

**Institutional Frame Switching between the Market Logic and the Family Logic**

Conceptions of self-interest are not universal (Thornton et al., 2012). Rather, this implicit theory of market action is more or less associated with different institutional spheres. For example, in a market-based logic, individuals can expect that the active pursuit of their own self-interest will not evoke censure from others. In a family setting, however, that same person may need to subordinate personal interests to a motive of “meeting the needs of children, spouse, or partner.” Indeed, prior research suggests that in a family logic the pursuit of self-interest as a legitimate source of action is subordinate to unconditional loyalty, family reputation, and family
honor (Thornton et al., 2012). These constructs suggest that individuals will subordinate self-interest in a family logic and instead act in ways that meet the interests of others. Thus, self-interest is the implicit theory of action more associated with the market logic, whereas other-interest is the implicit theory of action more associated with the family logic. As such, the presence of a cue associated with one of these two logics (i.e., market vs. family) will more likely activate one implicit theory of action (i.e., self-interest vs. other-interest) compared to another, leading individuals to interpret, understand, and respond in ways that are more consistent with that particular implicit theory of action. We propose that an individual’s description of their past and future actions will reflect their acquisition and use of a particular implicit theory of action.

_Hypothesis 1a:_ Individuals exposed to cues associated with the market logic will describe their past actions as more self-interested relative to individuals exposed to cues associated with the family logic.

_Hypothesis 1b:_ Individuals exposed to cues associated with the market logic will describe their future actions as more self-interested relative to individuals exposed to cues associated with the family logic.

In addition to how individuals describe their past and future action, we are interested in behavior. We hypothesize that when a cue activates a particular implicit theory of action, individuals are more likely to engage in actions associated with this implicit theory, particularly when the situation aligns institutional conditions with a consistent associative schematic network. In particular, if there is a match between the activated implicit theory of action (e.g.,
self-interest vs. other-interest) and the incentive offered (e.g., an opportunity to make money for oneself vs. an opportunity to help others), the individual will exert more effort than when the incentive offered fails to match the activated logic (i.e., implicit theory of action).

**Hypothesis 2:** Individuals exposed to market logic (family logic) cues will exert more effort on a task when the task incentive is consistent with self-interest (other-interest) than when it is not.

**Overview of Studies**

In what follows, we first conduct a pilot study to validate and demonstrate our ability to activate the content of the market and family logic associative schemas described in our hypotheses. We then designed two experimental studies to test our hypotheses directly. We designed Study 1 to test Hypotheses 1a and 1b, and we designed Study 2 to test Hypothesis 2.

**PILOT STUDY**

In preparation for our primary study, we conducted a pilot study to validate the institutionally relevant implicit theories of action that individuals associate with the market logic and the family logic. Although scholars have suggested that these logics and their corresponding implicit theories of action and schematic components differ, we wanted to demonstrate empirically these differences. Specifically, we showed participants one of two pictures: a trading floor (market logic) or a family room (family logic) (see Appendix 1). Our objective was to show participants a typical picture of a place associated with each of these logics, and ask participants about the corresponding knowledge structures. We asked participants to respond to ten questions asking about the importance of self- vs. other-interest if they were in this particular situation (1 = not important at all to 7 = extremely important). We constructed five questions related to self-
interest: 1) increase one’s earnings, 2) maximize one’s ability to make money, 3) demonstrate one’s ability to succeed in a highly competitive environment, 4) become a self-sufficient person not relying on others for the basic necessities of life, and 5) make sure one’s own goals are met ($\alpha = .95, M = 5.34, SD = 1.67$). We also constructed five questions related to others-interests: 1) help others out, 2) provide help to others during a time in need, 3) spend time helping an acquaintance, 4) give time to a friend or family member who needs help moving, and 5) focusing on helping others to achieve their interests ($\alpha = .92, M = 4.19, SD = 1.62$). Eighty-three participants were randomly assigned to either the market or family logic condition (average age = 30.8, SD = 9.82).

We conducted one-way ANOVAs to analyze the data. We found that participants in the market logic condition ($M = 6.35$) held an implicit theory suggesting that self-interest was significantly more important than participants in the family logic condition ($M = 4.34$), $F(1, 81) = 45.91, p < .001$. In addition, we found that participants in the family logic condition ($M = 5.25$) held an implicit theory suggesting that other-interest was significantly more important than participants in the market logic condition ($M = 3.16$), $F(1, 81) = 57.97, p < .001$. These findings provide preliminary evidence that individuals indeed hold implicit theories of self-interest for the market logic and other-interest for the family logic. While participants hold these implicit theories, this pilot study validated this by overtly asking participants to state these theories explicitly. As a result, for our primary studies, we test our hypotheses by examining whether these implicit theories associated with particular institutional logics influence individual action when cues activate the implicit theory non-consciously.
STUDY 1

The purpose of Study 1 is to examine whether cues in the institutional environment can activate an institutional logic and its corresponding implicit theory of action non-consciously. Once activated, we want to examine whether this implicit theory of action influences individuals’ description of past actions (Hypothesis 1a) and future actions (Hypothesis 1b). To activate institutional logics non-consciously, we used priming methods. Priming methods can be employed either subliminally (i.e., the individual is not aware of the prime) or supraliminally (i.e., the person is aware of the prime but is not aware of its potential influence) (Bargh, 2002).

Consistent with dynamic constructivist scholars examining cultural frame switching with bicultural individuals experimentally (Hong, 2009), we use supraliminal primes to activate implicit theories of action associated with either the market or family logics.

METHOD

Participants and Design

Fifty-four students (25 men and 29 women) from a large West Coast university, ranging in age from 18 to 35 years (\(M = 20.9, SD = 2.54\)), participated in this study. These students were part of the university business school’s subject pool, and received class credit for participation. We assigned participants randomly to one of three conditions: the market logic condition (\(n = 17\)), neutral logic condition (\(n = 20\)), or family logic condition (\(n = 17\)). We included a neutral logic condition to establish a baseline of how students would respond when not primed with an institutional logic. We primed participants with either the market or family logic. Then, in an ostensibly unrelated study, we asked participants to describe why they chose to attend college
and what their future goals were after college.\textsuperscript{3} Participants then answered several demographic questions.

**Logic Manipulation**

We manipulated the institutional logic by asking participants to take the perspective of a member of a particular organization that is clearly associated with either the market or the family logic. We asked participants in the market logic condition to write an orientation letter for new employees entering an investment banking organization that sought to make money by encouraging employees to compete and to deliver individual performance. We asked participants in the family logic condition to write an orientation letter for new employees entering an organization that was a family foundation that sought to bring honor to the family name by engaging in philanthropic work. We asked participants in the neutral condition to click a button in order to proceed (i.e., we did not ask participants in the neutral condition to write an orientation letter). We provide a detailed description of the logic manipulations in Appendix 2. To validate that we activated the implicit theory associated with the logic, we read each orientation letter to assess that what the participants wrote was consistent with our theory. We noted no exceptions.

**Dependent Variable**

For our dependent measure, we sought to measure the degree to which individuals would highlight their material self-interest when describing their past actions and future actions. To

\textsuperscript{3} We chose to conduct our experiment with college students who were business majors because we believe that this population is adequately socialized into both the family and market logics. Furthermore, this population likely maintains multiple implicit theories of action for why they attended college. On the one hand, they could indicate that they chose to attend college in order to increase their earning power, an explanation consistent with the market logic perspective. On the other hand, they could downplay the need to make money and highlight the desire to enjoy relationships and help others, an answer that would satisfy those adhering to the family logic.
quantify the degree of material self-interest used by participants in describing their past actions, we asked participants to respond to five questions asking how important certain factors were when they decided to attend university. Participants responded to the following items (1 = strongly disagree to 7 = strongly agree): 1) increase my potential earnings, 2) maximize my ability to make money, 3) demonstrate my ability to succeed in a highly competitive environment, 4) become a self-sufficient person not relying on others for the basic necessities of life, and 5) learn to become more efficient in achieving my goals” (α = .79, M = 5.93, SD = .87).

To quantify the degree of material self-interest used by participants in describing their future actions, we asked participants to respond to five questions about how important a list of future goals were. Participants responded to the following items (1 = strongly disagree to 7 = strongly agree): 1) find a job that pays me a large salary, 2) find a job that can meet all my material needs, 3) take an internship that opens the door for making lots of money, 4) make sure to live close to friends, even if it means making less money (reverse-coded), and 5) make sure to make a lot of money, even if it means moving away from friends (α = .71, M = 5.63, SD = .98).

RESULTS

To assess our prediction that priming individuals with a specific institutional logic would lead them to describe their past actions in a manner consistent with the implicit theory associated with that logic, we performed an overall analysis of variance (ANOVA) that indicated a significant difference between the three conditions, $F(2, 51) = 4.13, p = .02$ (see Figure 3). Planned contrasts revealed that participants in the family logic condition emphasized material self-interest significantly less ($M = 4.77, SD = .81$) than those in the market logic condition ($M = 5.52, SD = .62$), $t(51) = 2.86, p = .006$. Participants in the neutral logic condition ($M = 5.20, SD = .84$) fell between the market and family logic conditions. They were marginally higher than
participants in the family condition ($p = .09$) and did not significantly differ from participants in the family condition ($p = .21$). These results support Hypothesis 1a.

To assess our prediction that priming individuals with a specific institutional logic would lead them to describe their future actions in a manner consistent with the implicit theories associated with the particular logic, we performed an ANOVA that indicated a significant difference between the three conditions $F(2, 51) = 3.64, p = .02$ (see Figure 4). Planned contrasts revealed that participants in the family logic condition emphasized material self-interest significantly less ($M = 4.26$, $SD = 1.08$) than those in the market logic condition ($M = 5.17$, $SD = .79$), $t(51) = 2.90, p = .005$. Once again, participants in the neutral logic condition ($M = 4.76$, $SD = .84$) fell between the market and family logic conditions. They did not significantly differ from participants in the market condition ($p = .18$) or family condition ($p = .10$). These results support Hypothesis 1b.

Discussion

Study 1 demonstrates that cues in the environment activate an individual’s implicit theory of action associated with a particular institutional logic. Once activated, we demonstrated that individuals automatically describe their past actions and future actions in a manner consistent with that implicit theory and logic. While Study 1 establishes a straightforward test of our theory,
we next develop Study 2 in order to test whether our theory has implications in more institutionally ambiguous environments.

**STUDY 2**

The purpose of Study 2 is to extend our previous findings into a situation where the institutional environment is more ambiguous. Specifically, we examine what effect institutional logics and their associated implicit theories have on subsequent behavioral outcomes when we vary incentives from emphasizing self- to other interests. The institutional ambiguity individuals face comes from whether the non-consciously activated implicit theory matches (or does not match) the incentive provided to participants. To the extent that they do match, we predict that individuals will exert more effort because the implicit theory of action makes sense when they are appropriately incentivized (Hypothesis 2).

**METHOD**

**Participants and Design**

One hundred and fifty-two students (96 men, 56 women, one unidentified) from a large West Coast university, ranging in age from 18 to 33 years ($M = 20.93$, $SD = 2.59$) participated in this study. Participants were part of the university business school’s subject pool and received class credit for participation. The study employed a 2 (institutional logic: market logic versus family logic) X 3 (task incentive: self-interest incentive, other-interest incentive, no incentive) between-subjects design. We randomly assigned participants to one of the four conditions, resulting in the following cell sizes: market logic prime/self-interest frame ($n = 25$), market logic prime/other-interest frame ($n = 22$), market logic prime/neutral frame ($n = 26$), family logic prime/self-interest frame ($n = 20$), family logic prime/other-interest frame ($n = 33$), and family logic prime/neutral frame ($n = 26$).
After priming participants in the same manner as in Study 1, we asked participants to perform a word search task. Vigilance and detection tasks, such as a word search, typically yield consistent effects for incentives by maximizing the difference between the skill of the individual and the complexity of the task (Bonner, Hastie, Sprinkle, and Young 2000). The use of this vigilance and detection task also minimizes potential confounds with the manipulations used to operationalize the different institutional logics and task incentives because this type of manipulation is not associated with any specific logic. After the word search task, we asked participants to fill out a survey that included demographic information.

**Manipulations**

As noted, we manipulated the market and family logic using the same materials and procedure described in Study 1. After participants wrote the orientation letter, in an ostensibly unrelated study, we asked participants to find words in a word search task. We held the task constant, but invoked different incentives for each condition. In the self-interest incentive condition, participants read the following: “You will have the chance for personal gain from this task—for every word you find you will receive a raffle ticket which will be entered into a drawing to receive $15. So the more words you find, the better your chances of receiving the money.” In the other-interest incentive condition, participants read the following: “You will have the chance to help us out by doing this task—for every word you find you will help us with our future study, as we are wanting to see how many words people can find. So the more words you find, the more helpful it is to us.” Finally, in the no incentive condition, participants read the following: “We are piloting the following word search task for use in a future study. For the task, simply identify and write down as many words that have 5 or more letters as you can. The words
may read up and down, across, diagonal, or backward. Please find a minimum of one word before moving on to the next page; the maximum number of words is 20.”

**Dependent Variable**

We measured the amount of effort participants exerted in two ways. First, we measured the amount of time spent by the participants searching for words. Second, we counted the number of words correctly identified in the word search. We created standardized Z-scores for each measure and combined them for a combined measure of effort. Results for each individual measure yielded consistent results. As such, we report only the combined measure.

**RESULTS**

One participant did not complete the priming essay as instructed and we excluded this participant from our analysis, dropping our total number of participants to 151. To assess our prediction that individuals exposed to market logic (family logic) cues will exert more effort on a task when the task incentive is consistent with self-interest (other-interest) than when it is not, we organized the participants into two separate conditions. First, the matched condition included participants’ whose institutional logics matched the task incentive (i.e., market and self-interest incentive; family and other-interest incentive). Second, the mismatched condition included participants whose institutional logics did not match the task incentive because either the wrong incentive was provided (i.e., market and other-interest incentive; family and self-interest incentive) or no incentive was provided (i.e., market and no incentive; family and no incentive). We then assessed the effect of condition on overall effort.

As expected, an analysis of variance (ANOVA) indicated that when participants’ were offered an incentive that matched their activated logic, they exerted significantly more effort ($M = .30$) than when it did not ($M = -.18$), $F(1, 150) = 12.75, p < .001$. We next examined whether
this pattern held consistent across both the market and family logics (see Figure 5). When examining only the participants primed with the market logic, our results show that they exerted significantly more effort when provided with a self-interest incentive \((M = .64)\) than when they were not \((M = .12)\), \(F(1, 72) = 10.62, p < .01\). Similarly, when examining only the participants primed with the family logic, our results show that they exerted significantly more effort when provided with a other-interest incentive \((M = .04)\) than when they were not \((M = -.24)\), \(F(1, 77) = 4.14, p < .05\). These findings provide support for Hypothesis 2.

Discussion

While Study 1 demonstrated that the activation of an implicit theory of action associated with a particular institutional logic influences individual action, Study 2 demonstrates that the institutional context qualifies this effect. More specifically, when cues activated participants’ implicit theory associated with the market logic (family logic), they exerted more effort but only when motivated with an incentive based on self-interest (other-interest). These findings provide evidence for the idea that institutional logics can indeed influence individual action through the mechanism of implicit theories, but only when the environmental (e.g., task) conditions are suitable for the exercise of that specific type of action.

GENERAL DISCUSSION

We proposed that individuals internalize socially shared institutional logics as an associative schematic network that links entity representations (i.e., persons, places, and objects) and event representations (i.e., scripts, stories and histories, and implicit theories). We suggested
that when activated, an individuals’ schema for an institutional logic makes certain implicit theories regarding the basis for action more salient, and that individuals use these implicit theories to interpret cues and to select behaviors in ambiguous situations. We tested these predictions with two experiments. In Experiment 1, we investigated the influence of institutional logics on two types of individual action (i.e., description of past and future action). We found that individuals primed with the market logic deployed the implicit theory of action associated with that logic (i.e., self-interest), and thus, described past and future action more extensively in terms of material self-interest. In Experiment 2, we examined how individual behavior was affected by the degree to which the task incentive matched the institutional logic activated. We primed participants with two different logics (i.e., the market logic and the family logic) and then provided two alternate task frames (self-interest and other-interest). We found that individuals exerted more effort when the task incentive aligned with the implicit theory associated with the institutional logic schema invoked by the cues to which participants were initially exposed.

**Theoretical Contributions**

Scholars have recently noted the need to investigate the micro-foundations of institutional theory (George, Chattopadhyay, Sitkin, & Barden, 2006; Powell & Colyvas, 2008) and the institutional logics perspective (Thornton & Ocasio, 2008; Thornton et al., 2012). Answering this call, we posit a theoretical model that draws from both sociology and psychology to describe how institutional logics influence individual action. Our model and findings suggest that individuals have internalized schemas that associate generalized entity cues (i.e., persons, objects, and places) and generalized event cues (i.e., scripts, stories and histories, and implicit theories). This model allows researchers to test the influence of institutional logics on individual
action. Our findings and model offer several important theoretical implications for the institutional logics perspective.

First, we provide insight into the mechanisms by which institutional logics constrain individuals (Ocasio, 1997; Thornton & Ocasio, 1999; Haveman & Rao, 1997). Literature to date has not identified mechanisms by which logics focus the attention of actors, and actors exclude alternative notions of rationality from consideration. In a structural account of how logics influence decision-making, for example, we have yet to understand the micro-mechanisms by which logics focus the attention of decision-makers. In our model, we begin to answer this question by showing that observable cues in the environment activate an individual’s access to the socially shared representations of cultural knowledge for that institutional field. These socially shared representations for institutional logics circumscribe dialog and thereby influence individual perceptions, goals, and behaviors. These socially shared schemas for institutional logics thus form common expectations for community interactions and serve as building blocks that individuals and organizations use to construct social consensus.

A second theoretical implication of our work suggests that individuals and organizations can use broadly shared societal logics to influence individual action. Although the original formulation of the logics perspective emphasized that institutional logics emerged from different fundamental spheres of social interaction (Friedland & Alford, 1991), much of the empirical work testing the logics perspective examined either the level of the institutional field (i.e., Thornton & Ocasio, 1999, Haveman & Rao, 1997, Lounsbury, 2002) or the organization (i.e., Battilana & Dorado, 2010, Greenwood et al., 2010). Our findings suggest that individuals internalize and have access to multiple socially shared institutional logics. Consequently, when organizations assemble entity cues that evoke societal institutional logics, individuals access the
implicit theories associated with those observable cues. For example, a venture capital funded
digital advertising agency that labels employees as “traders” and configures office space to look
like the trading floor of a stock exchange encourages individuals to act in accordance with the
motives associated with the market logic. Individuals and organizations thus can strategically
draw on these broadly shared forms of rationality to advance strategic interests such as building
an organizational culture and architecture that promotes autonomous and independent actions or
a culture that encourages collective or team based outcomes (Powell, Lovallo, & Fox, 2011).

Third, our paper develops a conceptualization of institutional logics that enables
researchers to test additional theoretical mechanisms that can improve our understanding of the
impact of institutional logics on individual action. In particular, the notion that individuals
psychologically experience logics as associative schematic networks enables researchers to
respond to various scholarly calls to clarify the micro-mechanisms of macro processes (George
et al., 2006; Miller & Tsang, 2010; Powell & Colyvas, 2008; Thornton et al., 2012). Our model
provides conceptual scaffolding for developing a more comprehensive theory that may explain
how logics are constructed, perceived, institutionalized, and deconstructed.

Limitations and Future Directions

There are some limitations to our paper. Although our conceptual model allows for both
the constraining and enabling functions of logics, we have empirically tested only the structural
or constraining influence of logics. Consequently, we have not investigated mechanisms that
might describe how actors choose to deliberately invoke or alter particular logics in particular
situations (DiMaggio, 1997). Our findings, however, do provide insight into the ways scholars
might study how actors strategically deploy and construct new logics, as well as actively respond
to competing logics. By employing experimental methods, researchers can study how individuals
either enact or respond to different configurations of observable cues. By varying the presence and coherence of the cues within each observable element and the coherence between the observable elements, researchers can improve theories of how individuals both passively and actively deal with conflicting logics in pluralistic contexts.

Moreover, we have made the assumption throughout the paper that individuals gain access to information about institutional logics as they experience and participate in society. Future research could investigate the key societal forces that shape people’s views and assumptions about what types of actions are appropriate in what types of institutional settings. Following Weber, we suggest that studying the influence of the media on shared societal motives may complement the more traditionally conceived institutional sources of the state, family, and professions (Hennis, 1998). In addition, peer groups, educational background, and geographic and cultural settings seem like possible forces that generate and/or perpetuate commonly shared assumptions about which motives are appropriate in various institutional settings.

The present studies indicate that mere exposure to observable cues associated with institutional logics shape people’s perceptions, goals, and behaviors. However, individuals do not always conform to such primes. Future research should examine variables that moderate the influence of exposure to societally shared institutional logics on individual action. For example, we suspect that factors such as individual traits (e.g., self-monitoring, need to belong, etc.), prior personal experiences, and significant social events covered in the media can moderate the effect of situational cues in important and significant ways.

**Conclusion**

Classic institutional theorists built on the work of scholars such as Mead (1934) and Mills (1939, 1940) to challenge fundamental assumptions of social science that considered humans to
be utility-maximizing economic actors. These scholars instead suggested that society constructs values and notions of rationality that become real to individuals (Berger and Luckman 1967, Meyer and Rowan 1977). Early research used experiments to show how social conventions became institutionalized within individual cognition to form a taken-for-granted reality (Zucker, 1977). In this paper, we attempt to build on this foundation to develop the psychological foundations of institutional theory by explaining how individuals experience institutional logics, and how institutional logics influence individual action.
REFERENCES


### TABLE 1
Overview of the associative schematic network for the market and family logics

<table>
<thead>
<tr>
<th>Institutional Cues</th>
<th>Market Logic</th>
<th>Family Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons</td>
<td>Buyers</td>
<td>Father and mother</td>
</tr>
<tr>
<td></td>
<td>Sellers</td>
<td>Children</td>
</tr>
<tr>
<td></td>
<td>Brokers</td>
<td>Brothers and sisters</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>Friends</td>
</tr>
<tr>
<td>Objects</td>
<td>Products</td>
<td>Toys</td>
</tr>
<tr>
<td></td>
<td>Money</td>
<td>Pictures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Couch</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dining room table</td>
</tr>
<tr>
<td>Places</td>
<td>Marketplace</td>
<td>Home</td>
</tr>
<tr>
<td></td>
<td>Store</td>
<td>Backyard</td>
</tr>
<tr>
<td></td>
<td>Factory</td>
<td>Living room</td>
</tr>
<tr>
<td>Scripts</td>
<td>Opening bell</td>
<td>Family dinner</td>
</tr>
<tr>
<td></td>
<td>Closing bell</td>
<td>Playing with the kids</td>
</tr>
<tr>
<td></td>
<td>Bidding practices</td>
<td></td>
</tr>
<tr>
<td>Histories</td>
<td>Rags to riches story</td>
<td>The black sheep relative</td>
</tr>
<tr>
<td></td>
<td>Day trader stories</td>
<td>Profligate father</td>
</tr>
<tr>
<td>Implicit theories</td>
<td>People operate based on self-interest</td>
<td>People operate based on other-interest</td>
</tr>
</tbody>
</table>
FIGURE 1
Institutional logics psychologically experienced through schemas

Entity Schemas

- People
- Objects
- Places

Event Schemas

- Scripts
- Histories
- Implicit theories of action

FIGURE 2
A model of institutional frame switching

Institutional cues → Associative schematic network (i.e., logic) activated (e.g., implicit theories of action) → Individual action
FIGURE 3
Degree of Self Interest for Past Actions

FIGURE 4
Degree of Self Interest for Future Actions
FIGURE 5
Effort Exerted in Ambiguous Context

Market Logic
Family Logic
APPENDIX 1
Materials used in pilot study

Family Logic

Market Logic
APPENDIX 2
Materials used to prime institutional logics

Participants in the market logic condition read the following:

*Picture yourself as an investment banker at Goldman Sachs. Your firm operates with the primary purpose of maximizing profit. In order to do this, the CEO encourages employees to compete with each other and pursue their own self-interest. The more that employees seek to increase their own personal salaries and bonuses, the better they (and the bank) will perform. Overall, the CEO works hard to foster a culture of efficiency, self-interest, and competition. Part of your job is to embody each of these values and communicate them to incoming employees.*

You have been asked to write an orientation letter for several new incoming employees to let them know what it is like to work in the company. In the space below, please write out the letter that you would create in order to instill the values and expectations that the CEO has for employees.

*Note: Please aim to write for about 5 minutes. After three minutes, the arrow will appear and you may move on to the next page, but please continue writing as long as it takes to provide a meaningful response.*

Participants in the family logic condition read the following:

*Picture yourself as a member of a family foundation. Your foundation is a family-based charity organization that provides financial contributions to good causes and operates with the primary purpose of bringing honor to the founding family through helping others. In order to do this, the founder encourages employees to cooperate and become friends with each other and show loyalty, both to each other and to the foundation. The more that employees seek to help others and show loyalty to the foundation, the better they (and the foundation) will perform. Overall, the founder works hard to foster a culture of care, loyalty, and treating everyone as a part of the family. Part of your job is to embody each of these values and communicate them to incoming foundation employees.*

You have been asked to write an orientation letter for several new incoming employees to let them know what it is like to work in the family foundation. In the space below, please write out the letter that you would create in order to instill the values and expectations that the founder has for employees.

*Note: Please aim to write for about 5 minutes. After three minutes, the arrow will appear and you may move on to the next page, but please continue writing as long as it takes to provide a meaningful response.*