

DIFFERENT ORGANIZATIONAL RESPONSES TO THE  
SAME INSTITUTIONAL COMPLEXITY:  
A STUDY OF U.S. ART MUSEUMS

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Yoonhee Choi

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Mary J. Benner, Adviser

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## **DEDICATION**

*To my muse, my mother*

## **ABSTRACT**

This dissertation develops a theoretical framework to explain the role of organizational discretion in the strategic choices to manage institutional complexity. I suggest that organizations balance multiple logics in different ways (by separating or integrating logics in their practices) or prioritize one logic over the others, depending on the degree of their organizational discretion, which is reflected by their status, resource autonomy, resource richness, and stakeholder configuration. The empirical analysis utilizes a field of U.S. art museums where market and profession logics collide. Using an 8-year longitudinal data of 23 art museums, I find that high-status museums and the museums with low resource autonomy balance competing logics by focusing on one logic in each activity (i.e., separation), while museums with large resources achieve the balance by integrating logics (i.e., integration). I also find that the museums with a dominant stakeholder are more likely to focus on their dominant stakeholders' logic (i.e., defiance) instead of balancing the two logics in their institutional field when they have low resource-autonomy. The dissertation provides a unique and unprecedented information about why organizations within the same institutional field respond differently to their complexity.

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## CHAPTER 1. INTRODUCTION

*“There are different ways of evaluating what’s good. That’s what makes it complicated. That’s the clash. Is it worth doing a lot of work and putting a lot of money into something that has very little popular appeal, but has [scholarly] value? It’s a big issue about how we do that.”*

– Interview with an art museum director

Contemporary organizations face multiple and often conflicting institutional pressures (Kraatz & Block, 2008; Battilana & Dorado, 2010; Pache & Santos, 2010; 2013; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). As illustrated by the interview quote above, organizations are challenged by multiple institutional logics with different interpretations and prescriptions for what constitutes appropriate organizational behavior (Friedland & Alford, 1991; Thornton, Ocasio, & Lounsbury, 2012). For example, microfinance organizations face conflicts between the developmental logic to help those who are in need and the banking logic to be financially sustainable while fulfilling their fiduciary obligations (Battilana & Dorado, 2010). Universities, especially engineering or biosciences schools, face the dilemma between the academic logic to pursue freedom in research and to share their findings with the academic community, and the commercial logic to appropriate knowledge for private use or for making profit (Murray, 2010; Sauermann & Stephen, 2013). It is challenging for organizations to satisfy and address multiple and competing logics—a phenomenon often known as institutional complexity (Greenwood et al., 2011) or institutional pluralism (Kraatz & Block, 2008; Jarzabkowski, Mattiesen, & Van de Ven, 2009). When there are competing logics in a field, internal organizational members may not agree on a primary logic, while external constituencies pressure the organizations to satisfy contradicting demands (Glynn, 2000; Pache & Santos, 2010). Therefore, it is crucial for organizations

to make strategic decisions about managing multiple institutional pressures in order to succeed and survive.

Recently, there has been much academic attention about how organizations respond to such complexity and why they respond in different ways (*see* Greenwood et al., 2011). At the micro-level, some studies suggest that individual cognition and sense-making influence the way individuals perceive and manage institutional complexity, resulting in different organizational responses to the complexity (e.g., Battilana & Dorado, 2010; Binder, 2007; Jay, 2013). At the macro-level, the determinants of different responses can be explained by the nature of institutional complexity, such as conflicts in the goals and means between competing logics (e.g., Pache & Santos, 2010; Reay & Hinings, 2009). While macro field-level studies provide valuable inputs for the inter-field comparison (i.e., comparing different institutional fields), they leave out the within-field comparison. At the same time, micro cognition-level studies propose detailed processes involved in perceiving and responding to institutional complexity, but with only a limited number of cases.

There is a gap in research about the organizational-level differences that allow or limit organizational responses to institutional complexity. Little has been studied about why organizations facing the same institutional complexity balance or prioritize logics differently, and even less has been examined empirically (Greenwood et al., 2011: 339; Kodeih & Greenwood, 2014: 9). Some work on the organizational-level has addressed several organizational differences (e.g., ownership, governance, and structural position) to explain which logic prevails in an organization (e.g., Delmas & Toffell, 2008; Durand & Jourdan, 2012), but not to explain how multiple logics are sustained in an organization,

or which strategies are used to manage the complexity. This dissertation takes a unique approach by focusing on and testing the influence of organizational differences, more specifically the differences in organizational discretion to external institutional demands, on organizational responses to institutional complexity. Thus, this dissertation examines the following questions: *Why do organizations in the same field respond differently to institutional complexity? How does organizational discretion predict different ways of balancing multiple logics or defying logics? How are organizational responses shown in their practices?*

With this dissertation, I propose that organizational discretion plays a major role in strategic choices to manage institutional complexity. Organizations are embedded in their environment and are expected to conform to the logics in their field to gain legitimacy (Scott, 2001). The pressure to conform to institutional demands from external constituencies can be alleviated for organizations with high discretion because organizational discretion enables organizations to pursue their agency and interests, independent of external pressures (Goodrick & Salancik, 1996; Goodstein, 1994; Oliver, 1991). In the context of institutional complexity, where organizations are expected to conform to multiple logics, organizations with high discretion have more control and freedom to maneuver their activities so as to address different institutional demands, whereas organizations with low discretion face stronger pressure to conform to each logic, and have less control in choosing their way to manage complexity. Thus, I suggest that the pressure to address multiple logics created by institutional complexity applies differently to organizations, and organizations pursue different approaches to manage complexity. More specifically, I suggest that the level of organizational discretion,

reflected by status (Greenwood & Suddaby, 2006; Philips & Zuckerman, 2001; Podolny, 1993), resource autonomy and richness (Oliver, 1991; Pfeffer & Salancik, 2003), and stakeholder configuration (Froelich, 1999; Mitchell, Agle, & Wood, 1997), will influence how organizations balance multiple logics (by separating or integrating logics in their practices) and prioritize one logic over the others, thus showing different responses among organizations in the same institutional field.

This dissertation highlights the notion that organizations are not all equal in terms of how they are affected by and can respond to multiple institutional pressures. Recent work on institutional theory has emphasized that organizations have agency to actively engage with and strategically react to institutional pressures, leading to non-isomorphic behaviors (Thornton et al., 2012; Suddaby, 2013). However, it has been implicitly assumed that the organizations in the same institutional field have a similar degree of discretion to execute their agency, and this assumption has rarely been further explored (Joseph, Ocasio, & McDonnell, 2014). This paper suggests that even when organizations are embedded with the same multiple logics, they have varying degrees of discretion that explain different responses to institutional complexity.

Moreover, this dissertation bridges studies in institutional complexity (Greenwood et al., 2011) and resource dependence (Pfeffer & Salancik, 2003) and highlights the importance of understanding multiple external stakeholders and their influence on organizational decision-making in settings of institutional complexity. The resource dependence perspective helps clarify “the sources and levels of complexity,” based on how pressing the demands of multiple external constituencies are (Wry, Cobb, & Aldrich, 2013). Although organizational discretion has been well articulated in prior

research (e.g., Goodrick & Salancik, 1996; Goodstein, 1994; Oliver, 1991), it has only been theorized in the context of single institutional pressures. This paper advances prior work in organizational discretion by applying the conceptualization to the context in which there are several institutional pressures.

Empirically, I utilize the context of U.S. art museums and examine the way they resolve the institutional tension between a market logic (i.e., meeting the financial bottom line) and a profession logic (i.e., preserving the integrity of art and research). Art museums have to accommodate the market logic in order to cover their operating costs, but at the same time, they need to satisfy the profession logic to maintain or enhance their reputation and legitimacy in the art museum community (e.g., museum professionals) and the art world (e.g., art critics, art historians, artists, art patrons, etc.). These conflicting roles and goals are shared and recognized by both external audiences of art museums and internal organizational members (Alexander, 1996a, 1996b; Becker, 1982; DiMaggio, 1991). Therefore, studying how art museums address these multiple logics will facilitate our understanding of organizational responses to institutional complexity.

I collected extensive longitudinal data on the exhibition information of U.S. art museums to closely study the way museums satisfy or defy the market and profession logics in their choice of exhibition type (i.e., popular versus scholarly exhibitions). The empirical analysis shows that middle-status museums are more likely to balance competing logics by focusing on a different logic in each exhibition (i.e., separation) compared to low-status museums, but not compared to high-status museums. The results also suggest that museums are more likely to choose separation when they have low autonomy in how to allocate their resources. Further, I found that museums tend to

balance multiple logics by integrating market and profession logics in every exhibition when they have a large amount of resources to utilize in their operations, independent of the level of their resource autonomy. Lastly, I find that museums with a dominant stakeholder are more likely to focus on their dominant stakeholders' logic (i.e., defiance) instead of balancing the two logics in their institutional field when they are particularly reliant on that stakeholder (i.e., when they have low resource autonomy). The data and results not only contribute greatly to the literature, which has largely remained conceptual or in the form of case studies, but also provide unique and unprecedented information about organizational responses to institutional complexity.

The remaining chapters proceed as follows: in Chapter Two, I review the pertinent literature associated with the theoretical framework developed in this dissertation and formulate the theoretical arguments based on the gaps that I identify in the literature. In Chapter Three, I develop hypotheses based on the theoretical model proposed in Chapter Two. In Chapter Four, I describe the empirical context of the dissertation and provide insights from the field studies of the context in Chapter Five. In Chapter Six, I describe the methods in detail, including the sample, data and variable construction, and the analysis techniques to test the hypotheses. In Chapter Seven, I provide the results of the empirical analyses. I conclude with Chapter Eight, where I provide implications from the empirical results and discuss the theoretical and practical importance of my overall findings, limitations, and possible future directions.



## CHAPTER 2. THEORY DEVELOPMENT

In the first section of this chapter, I provide an overview of the literature on institutional complexity and highlight the areas for expansion that my dissertation addresses. In Section 2.2., I introduce organizational discretion as the key theoretical construct of this dissertation. Next in Section 2.3., I define and describe three organizational responses to institutional complexity by building on prior literature. Finally, in Section 2.4., I develop a theoretical model to propose how organizational discretion predicts different organizational responses to institutional complexity.

### **2.1. Institutional Complexity**

The institutional logic framework, one of the most pioneering theoretical frameworks in institutional theories, provides the foundation for understanding institutional complexity. In their seminal work on institutional logics, Friedland and Alford (1991) suggested that there are various institutional logics (e.g., logics of the family, religion, market, profession, community, etc.), and that these logics have their own interpretation of organizational reality, and the means and ends of success. Thornton and Ocasio (1999) built on Friedland and Alford's paper and asserted that each institutional logic has its own set of principles suggesting what constitutes "socially constructed, historical patterns 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)." Hence, organizations may find multiple and oftentimes competing logics with different interpretations and prescriptions for appropriate organizational behaviors—a phenomenon defined as institutional complexity (Greenwood et al., 2011; Kraatz &

Block, 2008; Thorton & Ocasio, 2008). Frequently in organizational fields with institutional complexity, what is considered as rational and appropriate behavior according to one institutional logic is somewhat or completely irrational and inappropriate according to another logic; yet, both logics are equally important for organizational survival and performance (Thorton, Ocasio, & Lounsbury, 2012). Therefore, institutional complexity creates a challenge for organizations to address multiple and competing logics.

Institutional complexity has been observed in various fields from prior studies. To name a few, Battilana and Dorado (2010) showed that microfinance organizations tend to exhibit conflicts between the developmental logic to help those who are in need, and the banking logic to fulfill its fiduciary obligations. Murray (2010) illustrated the dilemma between an academic logic and commercial logic in enforcing the patents of a scientific discovery. Dunn and Jones (2010) described how the logic of care and the logic of science have created tensions about how to educate medical school students throughout the 20<sup>th</sup> century. A number of additional examples from a wide range of organizational fields (e.g., Reay & Hinings, 2005; Thorton & Ocasio, 1999; Pache & Santos, 2013; Powell & Sandholtz, 2012) indicate that institutional complexity is a commonly observed phenomenon requiring academic attention.

To understand how an organization manages competing logics and demands, studies have examined differences in the nature of institutional complexity, as well as organizational differences. In a review of papers on institutional complexity and organizational responses, Greenwood and his colleagues (2011) suggested that organizations respond to institutional complexity in different ways because they

experience complexity differently, and to different degrees. More specifically, they provide five key organizational characteristics (i.e., field position, structure, ownership, governance, and identity) that can influence how organizations experience institutional complexity. Although these studies provide an important insight in claiming that organizations face institutional pressures to varying degrees, they only describe why some organizations are more sensitive to one logic over others, or which logic prevails in an organization over other logics. There is a dearth of research explaining how multiple logics are sustained in an organization, or which strategies are used to manage the complexity (Greenwood et al., 2011: 339; Kodeih & Greenwood, 2014: 9; Raaijmakers, Vermeulen, Meeus, & Zietsma, 2015: 85).

This is an important gap to fill in the institutional complexity research because organizations in institutional complexity often need to satisfy multiple logics rather than choose one logic. Organizations that embody multiple logics, both within organizational members and external constituencies, are often referred to as hybrid organizations (Battilana & Dorado, 2010; Greenwood et al., 2011; Besharov & Smith, 2014; Battilana & Lee, 2014). The decision-makers of hybrid organizations are challenged to equally attend to multiple institutional constituencies that demand different degrees of effort to achieve unrelated goals. Focusing on these hybrid organizations, this dissertation examines why organizations balance or prioritize institutional logics differently. The following section illustrates organizational discretion as the key organizational difference that leads to different organizational responses in institutional complexity.

## **2.2. Organizational Discretion**

Institutional logics are held by internal and external constituents, and organizations depend on the constituents who provide resources and legitimacy (Durand & Jourdan, 2012; Oliver, 1991). These constituents can exert pressures on organizations, for organizations depend on them and are willing to conform to their demands to maintain survival (Durand & Jourdan, 2012; Oliver, 1991; Pfeffer & Salancik, 2003; Raaijmakers et al., 2015; Scott, 2001).

One of the major determinants of dependence is the extent of organizational discretion over the allocation and use of a resource (Pfeffer & Salancik, 1978). Organizational discretion indicates an organization's level of autonomy and freedom in choosing its goals and means of achieving its goals (Goodrick & Salancik, 1996; Goodstein, 1994; Oliver, 1991). Organizations with high discretion can allocate their resources as they see fit, independent of the demands made by external constituencies; on the other hand, organizations with low discretion will be more susceptible to external institutional pressures. Organizational discretion thus determines whether the organization will conform to institutional pressures, and how it will utilize its resources to accommodate these pressures. In this sense, organizational discretion is an important driver of perceiving and responding to institutional pressures (Goodrick & Salancik, 1996; Goodstein, 1994; Oliver, 1991), and I propose that it can predict a major difference in organizational responses to institutional complexity.

I suggest that organizations will choose different responses to institutional complexity (e.g., separation, integration, and defiance), depending on the organizational discretion. Organizations will find some responses to be more appropriate, attractive, or even viable because their level of control and freedom in how and whether to balance

multiple demands depends on their discretion against the external pressures.

Organizations with high discretion can maneuver their activities so as to address different institutional demands, while organizations with low discretion face stronger pressure to conform to each logic and have less control in choosing how to manage the complexity.

Variance in organizational discretion may originate from the different statuses of the organizations in a field, the levels of resource autonomy, the amounts of available resources or slack, and the degree of dominance a stakeholder has, relative to other constituencies (Oliver, 1991; Pfeffer & Salancik, 2003; Phillips & Zuckerman, 2001).

Organizational theorists suggest that organizations maintain higher discretion when they have high or low status, compared to middle status (Phillips & Zuckerman, 2001), when they are less dependent on external resources and possess more resources to buffer external pressures (Pfeffer & Salancik, 1978), and when there is more ambiguity about the best strategy (Goodrick & Salancik, 1996; Hambrick & Abrahamson, 1995).

Building on prior work, this dissertation examines the effect of organizational status, autonomy independent of external stakeholders, the level of organizational resources, and the presence of a dominant stakeholder on organizational responses to institutional complexity. In the following section, I define and describe three different responses that organizations pursue when they face institutional complexity.

### **2.3. Organizational Responses to Manage Institutional Complexity**

Organizations can respond in diverse ways when faced with conflicting institutional logics (Oliver, 1991; Kraatz & Block, 2008; Pache & Santos, 2010; 2013; Jay, 2013) or paradoxes in general (Poole & Van de Van, 1989; Smith & Lewis, 2011). Despite the imminent tension generated by competing logics, management and

organization scholars suggest that organizations manage to reduce tensions through novel ways (Kraatz & Block, 2008; Smith & Lewis, 2011; Hargrave & Van de Ven, 2012). I draw on prior papers to define the three responses most likely to be found in organizations where both internal and external members of the organizations share multiple logics. Section 2.3.1. illustrates two strategies that organizations can use to balance multiple logics, and Section 2.3.2. describes a strategy that organizations choose when avoiding one logic to focus on the other logic.

### **2.3.1. Balance Strategies**

Hybrid organizations can accommodate competing institutional pressures by either structurally separating their activities, with each activity focused on a single logic, or by blending the two logics into a single activity and addressing both logics at the same time (Greenwood et al., 2011; Seo & Creed, 2002; Thorton et al., 2012). In this dissertation, an activity indicates a type of an organization's operation and practices, through which an organization fulfills its goals, such as a product or service. I use the term activity interchangeably with the term organizational practices. Separating logics into different activities involves addressing multiple logics in a more divergent manner, whereas integrating logics serves the same purpose in a more convergent manner. I describe these two management styles in more detail below.

#### **2.3.1.1. Structural or Temporal Separation**

In this dissertation, I define *separation* as a balance strategy in which an organization divides its activities such that each activity independently addresses a particular logic, so taken together the organization's activities address multiple logics (Pratt & Foreman, 2000; Kraatz & Block, 2008; Poole & Van de Ven, 1989). Through

separation, organizations essentially partition their activities to address different normative orders (Greenwood et al., 2011). Taken-for-granted ideas about what an organization should be and do are retained in separate activities, and the organization as a whole can satisfy multiple logics. Organizations that pursue separation strategy perceives multiple institutional logics to be valuable for the long-term success of the organizations and cannot be ignored.

An organization can compartmentalize its focus by sequentially or structurally dividing its attention to comply with its logics (Kraatz & Block, 2008). More specifically, organizations can temporally attend to different institutional logics by focusing on one logic at a time. These organizations cycle between different institutional logics, sequentially placating different constituent groups. Alternatively, organizations can design separate units, where each unit focuses on a particular logic. These organizations can simultaneously address multiple logics by having different units produce activities that accommodate a different logic. The two separation strategies resonate with how organizations achieve ambidexterity as discussed in the organizational learning literature, which suggests that organizations can temporarily shift their focus between exploration and exploitation (Nickerson & Zenger, 2002; Boumgarden, Nickerson, & Zenger, 2012; Brown & Eisenhardt, 1997) or structurally divide activities for exploration and exploitation (Tushman & O'Reilly, 1996; Benner & Tushman, 2003). Similar to the strategies to achieve ambidexterity, separation strategy attempts to balance an organization's focus on multiple logics in temporal or structural compartmentalization. Pratt and Foreman (2000) illustrated the separation strategy at a managed-care organization, where the organization divided its activities into a non-profit hospital, a

multispecialty clinic, and an insurance company to satisfy community, professional, and business logics. The separation strategy can work to visibly demonstrate an organization's responsiveness to distinct institutional demands.

### **2.3.1.2. Integration (Blended Hybrid)**

I define *integration* to refer to blending prescriptions taken from different logics into a single activity (Binder, 2007; Chen & O'Mahoney, 2006; Tracey, Phillips, & Jarvis, 2011). Integration fuses multiple logics by maintaining the core elements of different logics while addressing these logics simultaneously. Successful integration creates a truly hybrid organization, or a "two-faced Janusian" organization (Pratt & Foreman, 2000: 31). For example, a co-op (co-operative) combines business and community logics by seeking mutual economic benefits among its members (Foreman & Whetten, 2002). Another example is a microfinance organization whose employees are immersed in neither banking nor community logic and start their career with the integrated logic of microfinance (Battilana & Dorado, 2010).

Successful integration is considered the gold standard of institutional ambidexterity (Jarzabkowski et al., 2013). However, it is a challenging task for many organizations because "being all things to all people at all times" is practically difficult to achieve (Kraatz & Block, 2008). In fact, the conflicting nature among multiple logics makes successful blending difficult. In some cases, an attempt to integrate multiple logics may only meet the minimum standards for each logic and can fail to meaningfully satisfy any institutional constituency (Pache & Santos, 2013). It is uncertain whether each constituency will be content with receiving less attention at the expense of satisfying multiple logics at a time.



### **2.3.2. Strategic Avoidance**

In institutional complexity, organizations can pursue a different strategy that does not involve balancing multiple logics. Some scholars have discussed decoupling or selectively coupling as a viable strategic response to institutional complexity, especially when internal organizational members agree on a single identity and are willing to abide by one logic in favor of the other competing logic (Pache & Santos, 2010; Crilly et al., 2012). In this dissertation, I refer to this strategy as *defiance*, which indicates an organization's attempt to eliminate alternative logics and focus its attention on one (Kraatz & Block, 2008). It may be done strategically by pretending to follow one logic while actually following a different logic (e.g., Crilly et al., 2012), or it may be done as a way of "pruning" in order to focus on the logic that is more critical for the organization (Pratt & Foreman, 2000: 30). In this kind of institutional complexity, where the complexity is stable and neither logic is more central than the other, rejecting or abandoning one logic to comply with other is less practical. Scholars have also pointed out that efforts to completely eliminate constituencies may be destructive in the long run (Kraatz & Block, 2008; Thornton, 2002). Nonetheless, depending on the organizations, some may find that concentrating on a single logic is the most viable response to institutional complexity.

### **2.4. Theoretical Model**

In this section, I illustrate the theoretical model of this dissertation by providing an overview of the relationship between organizational discretion and the above response choices to institutional complexity (i.e., separation, integration, and defiance). As mentioned above, each of these response choices has its strengths and weaknesses in

accommodating institutional pressures. I suggest that organizations will strategically choose one of these responses based on their level of discretion to external constituencies.

I expect that organizations with lower discretion will be more likely to choose a separation strategy. They experience greater pressure to satisfy the demands prescribed by different external constituencies. The separation strategy visibly demonstrates an organization's responsiveness to distinct institutional demands, and external constituencies can readily observe the organization's effort to accommodate different logics because the separation strategy targets one logic in each activity. Conforming to a single logic at a time can be done more easily than conforming to multiple logics at a time. However, the separation strategy requires organizations to develop multiple activities or units to focus on each logic, which can be expensive and cumbersome. Moreover, the separation strategy creates tension within an organization as to which logic should receive more attention. Thus, organizations with higher discretion may opt for integrating multiple logics. The pressure for conformity is weaker in these organizations, and they have more freedom to integrate multiple logics in each activity without the burden of signaling to their external constituencies how effectively they address the institutional logics. Additionally, an organization whose high discretion originates from the amount and control over its available resources can take more risk in attempting integration by using its resources in novel and creative ways.

In the kind of institutional complexity where the complexity is stable and neither logic is more central than the other, rejecting or abandoning one logic to comply with the other may be less practical and more destructive in the long run (Kraatz & Block, 2008; Thornton, 2002). However, when organizations have low discretion and heavily depend

on a particular group of external constituents, they may find concentrating on the single logic of that particular group to be a more viable response for survival. The degree to which logics are central to organizational functioning can be different among organizations within the same institutional field (Besharov & Smith, 2014). In some cases, following one logic may be crucial for an organization's survival, while following another logic is less important. The more one logic has higher precedence over another, the more an organization will ignore the less important logic in order to comply with the higher priority logic.

In sum, recent scholarly interest in institutional complexity has enhanced our understanding of possible organizational responses to complexity (Oliver, 1991; Kraatz & Block, 2008; Pache & Santos, 2010; 2013; Poole & Van de Van, 1989; Smith & Lewis, 2011). However, it is still unclear why organizations within the same institutional field balance or prioritize logics in different ways. Given that organizations' susceptibility to institutional pressures critically depends on organizational discretion, I propose that the organizational characteristics that reflect their discretion will play an essential role in making different response-choices to institutional complexity. These organizational characteristics include status, resource autonomy, resource richness, and stakeholder configurations. The relationships that each of these characteristics plays in respect to organizational responses are hypothesized in the next chapter. Figure 1 summarizes the theoretical model of the dissertation.

----- Insert Figure 1 here -----

## CHAPTER 3: HYPOTHESES

### 3.1. Status and Organizational Responses

Organizations in institutional fields need to conform to taken-for-granted prescriptions to be legitimized (Suchman, 1995). Nonetheless, organizations with different levels of status face different pressures to conform. Research on “middle-status conformity” indicates that conformity to existing norms and expectations is high in the middle of the status hierarchy, yet low at the top and bottom. (*cf.* Phillips & Zuckerman, 2001; Phillips, Turco, & Zuckerman, 2013). High-status organizations enjoy a strong social position, in which they benefit from a halo of approval, even when they do not completely conform to institutional logics (Davis & Greve, 1997; Podolny, 1993; Rao, Monin, & Durand, 2003). No one questions their legitimacy (Smets, Morris, & Greenwood, 2012), and they are often beyond the control of regulatory agents (Greenwood & Suddaby, 2006; Kostova, Roth, & Dacin, 2008). At the same time, low-status organizations are less likely to conform to expected behaviors because they are excluded from evaluations, regardless of conformity. Furthermore, they tend not to have wide audiences to which they must appeal (Leblebici et al., 1991; Phillips & Zuckerman, 2001). Thus, low-status organizations do not have much to lose by deviating from normative expectations, and high-status organizations have more freedom to deviate from conventional behavior (Dittes & Kelley, 1956; Hollander 1958, 1960; Phillips & Zuckerman, 2001). In contrast, middle-status organizations are anxious to enhance their social station, but fear disenfranchisement (Phillips & Zuckerman, 2001). Such insecurity fuels high conformity among middle-status organizations, more so because these organizations view conformity as a way of becoming high status (Jensen, 2010).

The context examined in this paper is more complex because there are multiple institutional logics that prescribe different organizational actions. Extending the idea of middle-status conservatism, I expect that middle-status organizations will endeavor to conform to multiple logics and to show their conformity most strongly by separating their activities to respond to the requirements of each logic. Organizations pressured to conform and strive for higher-status endorsement will attempt to be outstanding in multiple institutional norms.

Separation is the most probable response for such organizations because it allows organizations to divide their activities and have each one focus on a single institutional demand. As mentioned above, separation directly addresses each logic, and thus clearly shows an organization's commitment to each logic. When organizations focus on one institutional demand at a time, it is more likely to be successful at accomplishing what is expected by the specific institutional logic. On the other hand, when an organization tries to address two or more distinct institutional demands through one organizational activity, it may not demonstrate clear fulfillment in any of the multiple logics. Indeed, separating organizational activities helps an organization derive more guaranteed success in satisfying each institutional logic, though each activity cannot satisfy multiple logics at the same time. Therefore, separation can be appropriate when all competing logics are vital to the organization, and when none of the competing logics should be ignored (Pratt & Foreman, 2000). It also helps an organization respond to multiple institutional constituencies through different organizational activities. In the art museum context of this dissertation, each exhibition at an art museum can focus on the market logic or the profession logic. Many museums show multiple exhibitions at the same time, and thus

can have some exhibitions focusing on the market logic and others focusing on the profession logic while running both kinds of exhibitions at the same time. Some smaller museums that can mount only one exhibition at a time can still separately address logics in their exhibitions by focusing on one institutional logic at a time, but alternating between the two logics.

In sum, for middle-status organizations with the highest need to conform to multiple logics, separation is the most likely response to address multiple logics. On the other hand, high- and low-status organizations are not constrained to balance multiple logics through separation because they face less pressure to address multiple constituencies and have more discretion to choose how to balance the logics. Therefore, I hypothesize the following:

*Hypothesis 1: An organization's status influences its choice of balance strategy, in that middle-status organizations, in comparison to high- or low-status organizations, are more likely to engage in activities that separately address different logics.*

### **3.2. Resource Autonomy and Organizational Responses**

Resource autonomy is an important underlying indicator of organizational discretion. Low resource autonomy means that organizations have less freedom in how to utilize their resources. Low resource autonomy is often driven by heavy reliance on external sources to provide the necessary resources for organizational survival and performance (Emerson, 1962; Pfeffer & Salancik, 2003). Organizations with higher dependence on particular external sources face stronger pressure to satisfy the demands of those resource providers (Durand & Jourdan, 2012; Thorton & Ocasio, 1999). Thus, it becomes difficult to resist pressures to ensure resources that are critical for organizations

(DiMaggio & Powell, 1983; Pfeffer & Salancik, 2003). Especially, non-profit organizations are characterized by their reliance on government funding, private donations, and fees. Such dependence on outside resources makes non-profit organizations vulnerable to institutional pressures (Verbruggen, Christiaens, & Milis, 2011).

In the context of institutional complexity, external resource providers are likely to align with different institutional logics. Each resource provider will expect the supported organization to satisfy the norms of its logic. For instance, there are multiple funders for art museums, and these various grant providers often represent different institutional logics (Alexander, 1996c). Corporate sponsors represent the market logic, as they tend to fund museums in order to exhibit popular shows that attract a mass audience because such exhibitions make a larger impact in advertising corporate brands. On the other hand, individual philanthropists mostly stand for the profession logic, as they prefer to maintain art museums' integrity toward the fine arts and the museum's social status as a high-brow, elite cultural organization (Alexander, 1996a; 1996b).

The burden to accommodate multiple logics increases as an organization relies more on external resources. In other words, organizations with low resource autonomy experience a higher intensity of institutional complexity, whereas high resource autonomy reduces the need to conform to institutional logics and provides organizations with more discretion. Therefore, organizations with low resource autonomy will choose to highlight their efforts to explicitly satisfy the demands of different logics by separating their organizational activities. When organizations focus on one institutional demand at a time, they are more likely to be successful at accomplishing what is expected by the specific institutional logic. Thus, I hypothesize:

*Hypothesis 2: An organization's resource autonomy influences its choice of balance strategy, in that the lower the resource autonomy in an organization, the more likely it is to engage in activities that separately addresses different logics.*

### **3.3. Resource Richness and Organizational Responses**

Organizational discretion over a resource is also enhanced when an organization has access to a large amount of resources or when there is sufficient resource slack (Pfeffer & Salancik, 2003). Slack is the stock of resources available to an organization to achieve its goals (George, 2005; Nohria & Gulati, 1996; Voss, Sirdeshmukh, & Voss, 2008). Studies have shown that resources allow the pursuit of exploratory, risk-taking, innovation and experimentation because these resources provide a buffer to protect organizations from the uncertain success of experimentation (Levinthal & March, 1981; Nohria & Gulati, 1996; Singh, 1986; Wiseman & Bromiley, 1996). Organizations with more resources are less constrained by external pressures and have more flexibility to choose their course of action in accommodating multiple demands (George, 2005; Starr & Macmillian, 1991; Thompson, 1967).

In the context of institutional complexity, organizations with ample available resources are more relaxed about conforming to multiple institutional demands. Higher organizational discretion derived from available resources enables these organizations to attempt to satisfy multiple demands simultaneously. They can enjoy more freedom to be creative and explore various ways of combining their responses to different and competing logics. Unlike the separation strategy, which focuses on guaranteed outcomes in satisfying each logic at a time, the integration strategy is aimed at blending or integrating the organization's responses to multiple logics at a time. The integrating strategy is ideal because an organization can satisfy multiple logics at the same time, but



it can be exploratory since the attempt may result in not satisfying either logic. Due to the high-risk and high-return characteristics of the integration strategy, higher levels of resources thus make organizations more capable of opting for the integration strategy, while resource-constrained organizations opt for low-risk and guaranteed strategy.

Furthermore, extra resources allow organizations to make symbolic gestures to placate particular constituencies while focusing on the demands of other constituencies. Organizations can satisfy multiple logics by showing their commitment to one logic in their activity, while making a symbolic gesture that satisfies the other logic to compensate for the fact that the activity reflects their commitment to another logic. Art museums can focus on the profession logic by developing a research-driven exhibition, yet satisfying the market logic in that exhibition by symbolically including a few famous art works that draw public attention. Large resource museums, such as the Metropolitan Museum of Art or the Museum of Modern Art (MOMA) in New York, are skillful at integrating multiple logics. For example, MOMA in New York mounted a research-intensive exhibition on the invention of abstract art, which provided novel insights into art history and introduced many less-known artists, but complemented the exhibition with a number of works by big name artists, such as Picasso, Kandinsky, and Duchamp (Smith, 2012).

Attempting to combine two competing logics into a single activity can be risky in the sense that it does not always result in a successfully blended outcome. Two logics may be combined into one activity, with either logic being ineffectively addressed. In order to avoid such a risk of failing to satisfy either logic, resource-constrained organizations may choose to target one logic at a time through separation. Even when

resource-constrained organizations choose to combine two logics, they are less likely to effectively integrate these logics due to a lack of capability to allow for clear integration, compared to resource-rich organizations. I therefore hypothesize the following:

*Hypothesis 3: An organization's resource richness influences its choice of balance strategy, in that the higher the resource richness in an organization, the more likely it is to engage in activities that integrate different logics.*

### **3.4. Presence of a Dominant Stakeholder and Organizational Responses**

Some organizations may rely on a single resource provider, as opposed to multiple ones. The single resource provider then becomes a dominant stakeholder with a strong influence in the organization's activities. Even when the organization assumes a small amount of resources from the dominant stakeholder, there is notable dependence on the stakeholder due to a lack of alternative resource providers. In other words, the degree of dependence on external resources increases with the concentration of given resources from the provider (Froelich, 1999).

Reliance on a dominant stakeholder representing an institutional logic creates a difficult situation for organizations in institutional complexity. Despite the multiple logics that organizational members share internally, the dominant stakeholder becomes the single most important external institutional constituency and may demand that the organization prioritize its institutional logic in line with that of the stakeholder (Lounsbury, 2001; Dobbin, Sutton, Meyer, & Scott, 1993; Edelman, 1992).

Organizations with a dominant resource provider will therefore focus more heavily on the institutional logic aligned with the provider's interests for its survival and will give less attention to other institutional logics.

In organizational activity, concentration on one institutional logic will appear as the deletion of other logics. Whereas separation attends to multiple institutional logics by focusing on one logic within an activity and involving multiple activities that focus on different logics, defiance is when an organization attends to a single logic throughout multiple activities. Although defiance will lead to a loss of legitimacy in the institutional logic that the organization neglects, it may help the organization maintain its legitimacy and recognition from the institutional logic it addresses.

If organizations have high resource autonomy, the presence of a dominant stakeholder will not minimize its organizational discretion to the extent that the organization needs to pursue defiance. These organizations can balance multiple institutional logics because they enjoy the discretion to use their internal resources as they see fit. On the other hand, dominant stakeholders will have stronger power over organizations with low resource autonomy. Therefore, I expect to see a push toward a single logic when an organization has low resource autonomy and when it has a single dominant stakeholder as its main resource provider. I thus hypothesize the following:

*Hypothesis 4: An organization with low resource autonomy depending heavily on a dominant stakeholder for resources will defy the less dominant logic and focus on the dominant logic.*

## CHAPTER 4: RESEARCH SETTING

### 4.1. Institutional Complexity in the Field of Art Museums

Many cultural organizations are, by their nature, pluralistic and hybrid institutions (Zolberg, 1981; Caves, 2000). They have difficulties reconciling market and profession logics (Lempel et al., 2000), as illustrated by the cases of symphony orchestras (Glynn, 2000), opera houses (Jensen & Kim, 2013; Sgourev, 2011), and theaters (Voss, Cable, & Voss, 2000). Whether they are musicians, opera singers, or actors, artists want to advance their artistic career and expertise by trying new, unconventional, or experimental works; on the other hand, revenue-generating performances are the conventional works that are well known to the public. For example, quoting Martorella (1977), Jensen and Kim (2013) defined the “opera ABC” as those performances bound to bring financial success to opera houses: Verdi’s *Aida*, Puccini’s *La Boheme*, and Bizet’s *Carmen*.

Art museums are a clear example of cultural organizations standing at the intersection of market and profession logics (Feldstein, 1991; Alexander, 1996a; 1996b; McCarthy, Ondaatje, Brooks, & Szanto, 2005). The institutional complexity in art museums is rooted in a conflicting prescription regarding what art museums are, and what offerings art museums should deliver. Although art museums are non-profit organizations and their identities are established on the scholarship of aesthetics, they still depend on financial resources for their operations. A 2012 report released by the American Association of Museums shows that more than 70% of American museums were under financial distress in 2010 and 2011 (*see* Figure 2). Art museums are likely to accommodate the market logic in order to cover high operating costs for art acquisition and conservation, expensive buildings, employee compensation, exhibitions, educational

programs, marketing and fundraising activities, and more. At the same time, museum reputation and curators' professional reputation are also pivotal to art museums.

Museums need to satisfy the profession logic to maintain or enhance their reputation and legitimacy in the art museum community (e.g., museum professionals) and the art world (e.g., art critics, art historians, artists, art patrons, etc.). These conflicting roles and goals are shared and recognized by both external audiences of art museums and internal organizational members (Alexander, 1996a).

----- Insert Figure 2 here -----

#### **4.1.1. Logic Complexity from the External Environment**

Art museums' dependency for financial resources on external funders who align with different institutional logics further complicates institutional complexity. Traditionally art museums have relied mainly on endowment income, private philanthropists, and government agency funding for revenue, which did not emphasize the market logic in museum management (Alexander, 1996a). Nonetheless, in the past couple of decades, the market logic has become crucial with a volatile economy, heightened competition for grants among museums, and increased corporate sponsorship. Admissions, memberships, museum shops, and cafés have risen in importance as sources of revenue (Frey & Meier, 2006; Association of Art Museum Directors, 2007). However, the artwork collections and how they are used via museum activities (e.g., exhibitions) are still considered as one of the most important criteria in determining the quality of art museums (Pachucki, 2012). Hence, priorities between profession and market logics in American art museums continue to clash within organizations (Anderson, 2004), and museum professionals (i.e., both administrators and curators) struggle to keep a balance

between the profession logic to protect the museum's high culture and the market logic to appeal to mass audiences.

#### **4.1.2. Logic Complexity in the Internal Environment**

Curators represent the profession logic inside art museums (Acord, 2010). Most art curators hold advanced degrees in art history, and their prestige depends on the scholarly quality of their work, which is often reflected through the exhibitions they mount (Alexander, 1996a). Many curators believe that art museums should advance scholarship by collecting and researching art works, and that exhibitions should reflect that scholarship (Alexander, 1996a). Exhibitions represent the mechanism through which curators demonstrate their novel points-of-view and aptitude in interpreting art works and artists (Acord, 2010). Curators and art critics have their own normative and mimetic views about what constitutes desirable and appropriate exhibitions (Alexander, 1996a). They often discredit popular exhibitions as “The Dog in Art” shows and believe that such exhibitions distort the true function of art museums (Alexander, 1996a: 98). For that reason, curators carefully select those works that are worthy of aesthetic recognition and demand that exhibitions demonstrate scholarly merit.

On the other hand, administrators or directors frequently represent the market logic inside art museums (Alexander, 1996a). They are in charge of the revenue development activities (e.g., fundraising, public relations, and budget planning), allocation of resources, and marketing (Reid & Karambayya, 2009). One of their most critical concerns is the financial sustainability of their museums. As non-profit organizations, many art museums constantly seek to raise funds, and are thus under pressure to satisfy funders' demands (Alexander, 1996a; 1996b). Corporate sponsors and

government agencies prefer art museums to mount exhibitions that attract large audiences and the mass media. Popular exhibitions also help art museums increase their income from admissions, membership, gift shops, cafes and restaurants, and parking. Subsequently, museum administration offices are encouraged to mount popular and entertaining exhibitions that attract more foot traffic.

#### **4.2. Exhibition Choices: Art Museums' Responses to Institutional Complexity**

The challenge of managing art museums in complex institutional environments is revealed in the choice of organizational offerings. Of many museum programs, exhibitions are the largest-scale organizational offerings through which diverse external audiences interact with museums. Exhibitions are also one of the most visible activities of art museums. Most museums have permanent exhibitions for year-round display and temporary exhibitions that are on display for limited amounts of time. These museums carefully and strategically plan their temporary exhibitions to satisfy different institutional logics, especially when they experience economic stress (*see* Figure 3).

----- Insert Figure 3 here -----

A popular and mass-appealing exhibition usually indicates that a museum is attempting to satisfy its market logic, whereas a research-based and scholarly exhibition most likely signals the museum's attempt to satisfy its profession logic. Tension between the two logics arises because what is considered as important or well-accepted in one logic is frequently criticized by those aligned with the other logic and because of the fundamental difficulty addressing both logics at the same time. The conflict between the two logics arises as those aligned with the profession logic reprehend entertainment or popular shows for degrading museums' authority in developing professional standards in

art, while those aligned with the market logic criticize research-focused exhibitions for being elitist. Exhibitions of popular or widely-known artists and art movements have been shown by numerous museums, thus the subjects are already exhausted and there is less room for adding a novel curatorial perspective. On the other hand, novel curatorial vision may be appreciated by art critics and professionals, but it is often not well understood by the general public. For example, an exhibition of Monet and Impressionism will easily create a commercial success, but it will also be disapproved of by the professional community for lacking scholarly originality—there have been a number of retrospectives involving Monet and Impressionism throughout the world for decades. On the other hand, an exhibition highlighting research about a neglected artist or art movement may receive academic attention and praise, but may be blamed for being elitist and too unconventional for the mass public (Becker, 1982). Art museums thus need to satisfy both market and profession logics, but have limited resources to mount temporary exhibitions; consequently, they strategically plan how to address these competing pressures in their exhibition choices.

As a solution, a museum may choose to address the pressures from the competing logics by balancing separate responses to each logic (i.e., having several exhibitions with each exhibition clearly focusing on one logic, thus accommodating both logics with different exhibitions), or by integrating both logics into a single exhibition (i.e., having an exhibition that addresses both market and profession logics). Either of these organizational responses may address the institutional logics; however, the difference lies in how the organization achieves this balance. When separating exhibitions to focus on each logic, museums seek to strike a balance between mass-appeal shows and more



academic ones; when museums integrate the two logics, the balance between the two logics is achieved within each exhibition. Art museums' responses to institutional complexity are therefore manifested in whether and how they balance the two logics in their exhibitions.

## **CHAPTER 5: FIELD INTERVIEWS**

This chapter presents a study based on field interviews conducted on how art museums decide what to exhibit, what challenges they face in making the exhibition choices, and how institutional logics are reflected in the chosen exhibitions. The intent of the interviews is not to test the hypotheses but to ground the theory with practice, to incorporate perspectives of practitioners in designing measures for the variables, to assure practical validity of the research question and setting, and to compare and contrast how different art museums experience and manage institutional complexity (Yin, 2014; Van de Ven, 2007).

### **5.1. The Profile of Interviewed Art Museums**

I conducted eleven interviews at eight different museums. The interviewed museums include: Brooklyn Museum, The Jewish Museum, Minneapolis Institute of Arts, Minnesota Museum of American Art, The Museum of Russian Art, The Noguchi Museum, Weisman Art Museum, and Queens Museum. The eight museums vary in organizational size, age, association, location, and more, thus providing a nice range of museums for comparison. Table 1 lists a detailed description of each of the museums. At some of the museums, I conducted multiple interviews with more than one person. The eleven interviews were conducted over ten different interviewees. Six interviewees were museum directors or deputy directors, and the other four interviewees were either chief or senior curators.

### **5.2. Interview Process**

Before I conducted the interviews, I completed an extensive review of the literatures on art museums, the art market, and exhibitions to engage better in

conversations with the interviewees. I developed my interview questions based on this literature review and on the theoretical relationships I had in mind. All interviews were conducted at the interviewees' museums. The duration of the interviews ranged from 30 to 90 minutes. The first interview was conducted in October of 2013, and the last interview was conducted in April, 2014.

The first three interviews were used mainly to clarify my understanding of the art world, to confirm whether art museums face institutional complexity in management, and to get a sense of how seriously museums are influenced by complexity. In the subsequent eight interviews, I focused on asking questions about the decision-making process for exhibitions in order to have more in-depth understanding about how institutional complexity is managed in exhibition choices. The list of questions I used in the interviews is shown in the Appendix 1. All interviews were semi-structured. During the interviews, I tried to go with the flow of conversation rather than asking questions in the listed order so that I could probe beyond my list of predetermined questions. This method helped me to explore beyond my existing perception regarding the phenomenon.

### **5.3. Observations from the Interviews**

#### **5.3.1. Decision-making process on Temporary exhibitions**

All interviewed museums mentioned that they have team meetings for exhibition management. The size of the teams varied among museums. Some museums simply have curators and directors in the team; some have additional members from marketing, fundraising, finance, and education program in the meetings. Many of these teams have weekly meetings to discuss the performance of past or current exhibitions and plans for future exhibitions. To quote:

*“All the curators in our museum meet once a week to discuss which exhibitions to hold. Once we make the decision, we present it to the deputy director and those who represents various parts of the museum. And then we present [the idea] to the director.”*

Some interviewed museums showed strong commitment to plan their exhibitions far ahead of time and to strategically plan the schedules of exhibitions. There are a few large-scale exhibitions that require a long preparation time, in some cases as much as four years. Museums need enough time to contact other museums or individual collectors to borrow art works for the exhibitions and to conduct scholarly research and develop publications for the exhibition. Some exhibitions require a shorter amount of time to prepare, in some cases as short as three months.

Exhibitions are usually chosen from sets of ideas that museum curators bring to the meeting or sets of proposals for traveling shows that other museums sent. The team together decides which exhibition to have and when to have it, but most times a museum director has the final say. Depending on the director’s curatorial experience and leadership style, some directors may have more decision power than others. From the interviews, I noticed three main consideration factors in exhibition choices: budget, attendance, and scholarly quality. Many interviewees mentioned their dedication for all of these factors in every exhibition, as shown in the comment below:

*“Attendance and budget are two of the most important factors in the practical point of view. Attendance should be over a certain level to make the museum worthwhile to be open. And whether or not we can raise the fund to budget the exhibition is of course important. From the point of content, which is parallel to the practical point of view – it’s not less important but is parallel to that, we look for exhibitions that reflect the way we do the exhibitions. That is essentially something innovative, new, fresh, hopefully something that bridges the gaps in collecting area, something that will expand our audience base. And the content has to be excellent, highest scholarship and presentation.”*

### 5.3.2. Institutional complexity in the Art museum field

From the interviews, I found that institutional complexity in the art museum field to be clearly recognized by the internal and external constituencies of the field. Also, most interviewees genuinely acknowledged the challenge to satisfy both market and profession logics. The comment below by an interviewee clearly shows the challenge from the institutional complexity:

*“There are different ways of evaluating what’s good. That’s what makes it complicated. That’s the clash. Is it worth doing a lot of work and putting a lot of money into something that has very little popular appeal, but has some other value? It’s a big issue about how we do that, because it’s still business.”*

The complexity seemed to be intensified as organizations rely on external financial backers for resources. Some interviewees mentioned the importance of funding and how it affects museums management. For example, one interviewee explained:

*“Museums are now working like entrepreneurs. Funding is very important because it is a matter of survival. And in order to secure funding, museums need to please those who provide funds. Most museums these days give great emphasis in the fundraising department, and people in this department research who or which organization has money to support museums, and how much they can potentially fund. ... This makes things difficult when making exhibition choices. There is an ethical dilemma to choose an appropriate exhibition that is not simply a marketing tool for funders.”*

In managing institutional complexity, many interviewees admitted that integrating the two logics would be ideal, but it is difficult to do well in both logics, as illustrated by the two interviewees below:

*“The sweet spot is when you have an exhibition that would bring a lot of people, easy to fund, and it’s a great quality. That would be the ideal.”*

*“We love every exhibition to be perfectly synthetic. You want individual donors to want to support it. You want people to want to come see it. You want reviewers to want to review it. You want to generate new scholarship, new research, new knowledge. In a perfect world, every show you would do all of these. But that’s not the reality.”*

Some said that focusing on one logic at a time is easier because it is less risky and guarantees success. For example, one interviewee mentioned why some museums would focus on the market logic at certain times of the year.

*“Some museums always have big-name artist, popular exhibitions in the fall seasons. They schedule blockbuster exhibitions at that time of the year, because that’s the time people buy [Holiday] presents. You need to have a lot of people visiting museums to increase the (museum) shop sales. You can’t ignore the revenue coming from the shops. More and more museums are offering free admissions and trying to increase revenue through retail. So it’s a huge loss if museums don’t make big sales earning in the fall seasons.”*

Another interviewee mentioned how his museum executed separation as a balance strategy. To quote:

*“We had a really talented director and a great chief curator who was a full partner. They tried to always balance (the market and profession logics). They were just brilliant at it. They would do a big expensive blockbuster, and then at the exact same time, do a scholarly show, and those two things would balance each other out.”*

For the downside of separation, some mentioned that separation can result in criticisms from both market- and profession-oriented constituencies due to the incompatibility of the two logics. For example:

*“Guggenheim is taking a lot of criticism for vacillating wildly between very serious shows that are not much interest to many people and incredibly unserious shows, like the Motorcycle show or some of the fashion shows they have done, where they were just pampering to either a donor or an audience without adding anything to the broader culture.”*

Many interviewees expressed that they are well aware of what makes a popular exhibition, and what makes a scholarly one. They convey that museums try to integrate both popular and intellectual aspect into each exhibition.

*“The average American and the average member of the public are not art specialists. If there is not some sort of a hook for them to know what the exhibition is about, they are inclined not to come (to the exhibition). If there are very famous names, like Matisse or Monet, then they would certainly go. But for those exhibitions with names that they don’t really know or a topic they are not familiar with, they may not come. But the reality is, [these exhibitions have] very important topic to discuss. So we try to find a way to make the exhibitions more attractive.”*

Some interviewees showed clear emphasis on one logic or the other, as the below quote shows.

*“For us, exhibitions do come out of research. We really are research-based. That used to be much more true to all art museums. It has become less and less true for most museums. Unfortunately, [research is] where museums cut back first when they are retrenching. Although the irony is that, relative to everything else, it doesn’t cost very much to do good research.”*

Interestingly, the museums with a focus mainly on a profession logic criticized market-oriented museums for ‘selling out,’ whereas the museums with a focus mainly on a market logic considered profession-focused museums to have a lack of consideration for the mass audience.

Overall, from the interviews, I observed that addressing institutional complexity is a serious management concern for art museums, and that many museums intend to satisfy both market and profession logics. It was also interesting to see museums with different priorities in logics. As for managing institutional complexity, some museums seemed to be very skillful at separating logics into different exhibitions. Some museums seemed to

enjoy the freedom and capabilities to pursue and to achieve integration. Some museums simply seemed to be muddling through exhibitions.



## CHAPTER 6: METHOD

### 6.1. Sample

I collected an 8-year longitudinal dataset of 960 exhibitions from 23 accredited U.S. art museums in the states of California and Pennsylvania over the period from 2005 to 2012. Exhibition data were hand-collected using the exhibition reports on museum websites. Since I am studying organizational level responses to institutional complexity, I aggregated the exhibition-level data to organization-years, producing a total of 97 observations. As I explain later in this dissertation, I also conducted alternative analyses using the more detailed exhibition level data. Explanatory and control variables were developed using information provided by the Cultural Data Project<sup>1</sup>, The Art Newspaper, and membership lists from the American Alliance of Museums (AAM) and the Association of Art Museum Directors (AAMD).

### 6.2. Dependent variables

I use museum exhibition information to measure how organizations respond to institutional complexity through *separation*, *integration*, and *defiance*. Exhibitions are one of the main activities of art museums and the museums strategically plan the exhibitions to address market and profession logics, which makes exhibitions appropriate museum activities to test my theory. Separation and integration are strategies to balance multiple logics, thus they can be observed only when an organization is actually pursuing balance in its responses to the two logics. Organizations show defiance by focusing on a

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<sup>1</sup> I am grateful to the Cultural Data Project, a non-profit organization created to strengthen the arts and culture by documenting and disseminating information on the arts and culture sector, for generously providing access to their dataset. Any interpretation of the data is the view of the author and does not reflect the views of the Cultural Data Project.

single logic throughout multiple activities, with no or little attention to the other logic. Thus, conditional on the idea that an organization is pursuing balance (addressing multiple logics) over defiance (addressing only one logic), an organization then pursues either separation or integration. Separation refers to dividing organizational activities and having each activity individually address one or the other institutional logic, such that both logics are addressed, whereas integration refers to blending the responses to both logics into every activity. To operationalize these different organizational responses, I design three dependent variables: (1) the *degree of separation* (i.e., to what extent two logics are addressed in separate exhibitions during a museum-year); (2) the *degree of integration* (i.e., to what extent two logics are blended in each exhibition during a museum-year); and (3) the *degree of defiance* (i.e., to what extent one logic is defied in a museum-year). The first dependent variable aims to test Hypotheses 1 and 2; the second dependent variable aims to test Hypothesis 3; and the third dependent variable aims to test Hypothesis 4.

To obtain the organizational response variables, I investigate the organizations' level of conformity to their institutional logics in their activities. As mentioned above, exhibitions are the main museum activities through which diverse external constituencies interact with museums. Using the relevant exhibition information, I first capture the degree to which market and profession logics are satisfied in each exhibition on a scale from 1 to 5. Then, I aggregate these scores from each exhibition at the level of museum-year to understand whether a museum is balancing market and profession logics, and if so, whether it is balancing the two logics through separation or integration.

----- Insert Table 2 Here -----

Table 2 shows the scaling system and the information used to measure how museums' actions conform to these logics. Each logic is represented on an orthogonal scale, with higher numbers indicating a stronger match between exhibitions and the logic. I constructed the scale from comments during my interviews with museum professionals. The main determinant for measuring a high or low market logic orientation was whether an exhibition featured famous and popular artists, and whether its theme was entertainment related (e.g., a theme from a movie, fashion, celebrity, etc.). The main determinant for measuring a high or low profession logic orientation was whether there existed a publication (e.g., a book or a catalogue) about the exhibition and a curatorial team's effort to mount a novel and research-based exhibition.

For instance, the Tim Burton show (from November 2009 to April 2010) at the Museum of Modern Art in New York portrayed a clear focus on addressing the market logic with its entertainment theme. The exhibition displayed the movie props and cartoon drawings of Tim Burton, a famous American movie director and producer. No research publications accompanied the exhibition, and the museum did not make any scholarly statement about the exhibition. In this paper, such an exhibition typically received scores of 5 (highest) in the market logic and 1 (lowest) in the profession logic.

The market and profession logic scores are used to calculate three dependent variables, as shown in the following three equations. Each equation measures the *degree of separation*, the *degree of integration*, and the *degree of defiance*, respectively.

$$Separation = \frac{\sum_{n=1}^N |Market - Profession|_{t,i}}{N_{t,i}} \quad (\text{Eq. 1})$$

$$Integration = \frac{\sum_{n=1}^N (Market + Profession)_{t,i}}{N_{t,i}} \quad (\text{Eq. 2})$$

$$Defiance = |(\sum_{n=1}^N \mathbf{Market}) - (\sum_{n=1}^N \mathbf{Profession})|_{t,i} \quad (\text{Eq. 3})$$

Where *Market* = Market score for each exhibition,  
*Profession* = Profession score for each exhibition  
*N* = Total number of exhibitions in year *t* of a museum *i*,  
*t* = year, and  
*i* = museum

Equation 1 calculates the absolute difference between the market and profession scores in each exhibition and averages that value using the total number of exhibitions in the museum-year. The purpose of this equation is to capture whether a museum balances market and profession logics by using separate exhibitions to conform to the two logics. The absolute difference between the market and profession scores in each exhibition indicates whether separation was intended in each exhibition. By averaging the absolute difference using the total number of exhibitions in the museum-year, the equation suggests the museum's annual degree of separation. The higher the value, the more focused each exhibition is toward one logic; the lower the value, the more combined two logics are in each exhibition. Thus, a higher value indicates that the museum is using a separation strategy.

A high value in the *degree of separation* may reflect either defiance or separation; thus, this value needs to be considered together with the *degree of defiance* in order to distinguish whether the museum is pursuing defiance or separation. To do so, I design a cut-off point to dichotomize whether a museum is balancing two logics or defying a logic in a focal year. Then, with a subset of the sample that pursues a balance, I calculate the degree of separation. I explain this further in the model estimation section.

A low value in the *degree of separation* suggests that the museum is not focusing on one logic over the other in each exhibition. However, the value does not tell us

whether each exhibition successfully blends market and profession logics or simply meets the minimum standards of the two logics. Equation 2 captures how strong both market and profession logics are represented and integrated in each exhibition, and thus informs whether the attempt to combine the two logics is successful or not. Equation 2 sums the market and profession scores in each exhibition and averages that value using the total number of exhibitions in the museum-year. By averaging the summed score using the total number of exhibitions in the museum-year, the equation suggests the annual degree of a museum's integration. A higher value in this equation indicates that each exhibition integrated both logics; however, a lower value indicates that each exhibition either focused on one logic or did not focus on either one.

Equation 3 calculates the total scores of market and profession logics in a museum-year and takes the absolute difference between the two values. A tendency to focus on either a market or profession logic throughout multiple exhibitions in a year—defiance—will thus be captured in Equation 3. The higher the value, the more likely it is for one logic to be defied; the lower the value, the more balanced the logics are.

### **6.3. Independent variables**

#### **6.3.1. Status**

I design three-levels of *status* variables: low, middle, and high. Following the line of argument by Phillips and Zuckerman (2001) and Podolny (1993), high status is derived from affiliation with other high-status actors, I utilize affiliation information to measure a museum's status. More specifically, I categorize an art museum as low status if the museum is not accredited by the largest museum association, the American Alliance of Museums (AAM). AAM has more than 700 members in the United States with different

specialties (e.g., history museums, science museums, children's museums, arboretums, etc.). Similar to AACSB<sup>2</sup> for business schools, AAM membership indicates that its members are accepted by its community as legitimate field players. Next, I categorize an art museum as middle status if the museum is accredited by AAM, but is not a member of the Association of Art Museum Directors (AAMD). AAMD is an association with membership only to art museums, and a potential member museum must meet the eligibility requirements established by the trustees of the association. There are approximately 230 members in AAMD. Compared to AAM, AAMD requires its members to maintain strict quality standards in museum management. High-status museums are members of both AAMD and AAM. I created dichotomous variables for each status level to compare the effect of different status on organizational responses, and separately created a dummy variable for middle status to examine its effect in comparison to high and low status. *Status* may vary over time, as membership in these associations changes over time; however, I did not observe such a change in my sample.

### **6.3.2. Resource Autonomy**

I used the proportion of endowment relative to revenue to capture the level of *resource autonomy* of a museum in a year. Endowment is a pivotal asset for art museums. Usually a museum is established on a sizable bequest from the museum's founder, and the museum generates future revenue streams by investing the endowment in a financial portfolio (Lindqvist, 2012). Endowments can operate as a buffer throughout times of financial uncertainty and can provide a sense of security regarding the museum's future existence. Since an endowment is the museum's internal assets,

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<sup>2</sup> Association to Advance Collegiate Schools of Business

museums have relative freedom to use it as they see fit. On the other hand, museum revenue is largely generated from funding from external sources. The external funding often comes with strings attached, and museums have to accommodate the funders' requests in terms of the particular activities for which the money should be used. Therefore, I expect that a museum with a high proportion of endowment compared to revenue will enjoy higher autonomy in resource allocation to address market and profession logics. Any missing value in endowment or zero value in endowment was separately captured with a dummy variable and included as a control. The financial information was provided by the Cultural Data Project.

### **6.3.3. Resource richness**

The financial resources that an organization holds represent its ability to utilize such resources in addressing institutional demands. I measure *resource richness* by using the total revenue of a museum. Large organizations tend to have more resources (Damanpour, 1992), and large financial resources enable museums to purchase or borrow expensive art works and hire high-quality curators with solid work experience or educational backgrounds. The financial information was provided by the Cultural Data Project.

### **6.3.4. Presence of a dominant stakeholder**

Art museums, in general, rely on several different sponsors to operate (e.g., the government, foundations, individuals, and corporations), and the amount of funding may vary among these sponsors. If the funds are evenly spread out among sponsors, there will be no dominant stakeholder. However, if there is one funder that provides a significant proportion of the total funding to a museum in a year, that funder is likely to have some

power over and influence in the museum's exhibition choices to reflect the funder's demands. I calculate a Herfindahl-Hirschman index (HHI) of concentration at the museum-year level to capture whether there is a *dominant stakeholder*, and if so, how dominant it is. Then, to facilitate an interpretation of the coefficients, I recoded it as (1 minus HHI). The financial information was provided by the Cultural Data Project.

#### **6.4. Control Variables**

There are several more museum characteristics that may influence museums' choice of organizational response. I control for the *total number of exhibitions* in a focal year because museums may choose different balance strategies or may show a higher likelihood to balance than defy if they have a higher number of exhibitions per year. The *location* of a museum may also influence responses to institutional complexity. For instance, museums in big cities such as Los Angeles face different institutional challenges than museums in smaller towns. Thus, I control for the population size where the museum is located. I also include *year dummies* to account for macroeconomic factors that affect all museums in the panel during a particular year. There are several other organizational aspects (e.g., organization age, size, museum type, etc.) that can be used as control variables, but were taken out due to high collinearity with other variables in the study. When these variables were replaced with the correlating variables, the results for the independent variables stayed the same.

#### **6.5. Unit of Analysis**

In the primary analysis, I aggregated the exhibition data to the museum-year level. The museum-year level analysis matches the conceptual model of the dissertation. Nonetheless, exhibition-level information can provide more detailed data to explain why



some exhibitions show the characteristics of separation, while others show those of integration. For instance, the number of artists in an exhibition, the length of an exhibition, or whether the exhibition is a traveling show or not can also influence the management team's decision to have the exhibition focus on a singular logic or combine two logics. I therefore conduct a supplementary test at the individual exhibition level. I explain more about the results of the supplementary test in the next chapter.

## **6.6. Estimation Models**

When testing Hypotheses 1, 2, and 3, I use a two-equation estimation procedure to address self-selection bias (Heckman, 1976; Shaver, 1998). Since separation or integration can only be observed when the museum is pursuing balance, I designed a probit model to first test whether a museum balanced market and profession logics in a year, then with the sample of museums that chose balance over defiance, I test their balance strategy (separation and integration), controlling for the hazard of nonselection (i.e., the inverse Mills ratio). For the probit model estimating the probability of choosing balance over defiance, I use the same explanatory variables that determine the degree of defiance. To conduct this first-stage equation, I need a dichotomous variable that divides the sample into the balance group versus the defiance group. Thus, I create a cut-off point based on the defiance variable. Any observation higher than the mean plus one standard deviation of the defiance variable is selected into the defiance group, and the rest are selected into the balance group. I used the mean plus one standard deviation as the cut-off point because defiance had a low mean and most museum-years showed balance rather than defiance. Thus, any observation below the mean plus one standard deviation is likely to suggest that the museum is pursuing balance over defiance in the

year. Based on the results of the probit model, I constructed an inverse Mills ratio by dividing the probability density function by the cumulative distribution function (Hamilton & Nickerson, 2003). As a subsequent step, I include the inverse Mills ratio as an additional control variable in the second-stage equation that estimates the type of balance strategy with a subset of the sample that pursues balance. For the second-stage equation, I use a feasible generalized least squares (GLS) estimation method with panel-specific autocorrelation. Since the sample includes multiple observations for the same museum, adjusting for the non-independence of observations using a robust variance estimator for clustered data is important (Wooldridge, 2003). GLS for pooled cross-sectional time-series data (Stata `xtgls`) accounts for heteroskedasticity across the panels and first-order autocorrelation by adding the option of `corr(psara)` (e.g., Bednar, Love, & Kraatz, 2014; Lee & Song, 2012).

For Hypothesis 4, I use a different estimation model. Since *defiance* shows over-dispersion characteristics (i.e., high variance relative to the mean) and is composed of all integer numbers, a Negative Binomial model is most appropriate (Kennedy, 2003). For the model specification, I use population-averaged generalized estimating equations (GEEs) regression. GEEs produce efficient and unbiased regression estimates for use in analyzing longitudinal data for dependent variables with a non-normal distribution, such as a negative binomial distribution (Ballinger, 2004; Liang & Zeger, 1986). Moreover, GEEs control for organization-level heterogeneity by accounting for within-subject correlation (cluster), and they also account for autoregressive correlation (Liang & Zeger, 1986). I used the `xtgee` command in STATA with a first-order autoregressive correlation structure (AR 1) and robust standard errors for the negative binomial estimator.

## CHAPTER 7: EMPIRICAL ANALYSIS

### 7.1 Descriptive Statistics and Pairwise Correlations

Tables 3 and 4 present the descriptive statistics and correlations of the variables used in the analysis.<sup>3</sup> Pair-wise correlations among the variables are generally as expected. The values in Table 4 indicate that status and resource autonomy are weakly related (0.255,  $p < .01$ ), as are resource autonomy and resource richness (0.212,  $p < .01$ ); while status and resource richness show strong positive correlations (.696,  $p < .01$ ). The regression results for all four hypotheses are presented in Table 5.

----- Insert Tables 3, 4, and 5 here -----

### 7.2 Estimation Results

In Hypothesis 1, I propose that middle-status organizations are more likely to choose separation as a balance strategy, compared to low- or high-status organizations. Model 1 compares the effect of middle status with that of low status. It shows positive and statistically significant coefficients for middle and high status ( $b_1 = .206$ ,  $p < .05$ ;  $b_2 = .584$ ,  $p < .01$ ), suggesting that middle- and high-status museums are more likely to choose separation than the low-status museums. Nonetheless, in Model 2, which compares the effect of middle status with that of high- and low-status museums combined, shows that the coefficient on the middle-status dummy variable is statistically insignificant. The result indicates that there is no effect of middle status on the choice of

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<sup>3</sup> Some data on the museum characteristics that may influence the museums' choice of response to institutional complexity were collected in this study, but were not included in the regression analysis due to multicollinearity with the explanatory variables. The descriptive statistics of these characteristics are reported in Appendix 2. The variables include the art category of the museum (e.g., encyclopedic, modern, contemporary, ethnic, and others), organizational age, number of full-time employees, and square footage of owned museum space. The statistics show that the sample of this study includes museums with varying characteristics.

balance strategy when comparing to the combined group of low- and high-status museums. In contrast to predictions, the two models imply a linear relationship between status and separation strategy, suggesting that the higher the status of the museums, the more likely they are to choose separation over combination (i.e., addressing logics through separate exhibitions rather than blending logics in each exhibition).

Hypothesis 2 states that the lower the resource autonomy in organizations, the more likely the organizations will choose separation over combination. As expected, resource autonomy shows a negative and statistically significant coefficient ( $b=-.007$ ,  $p<.05$ ) in Model 3, thus supporting Hypothesis 2. The effect of resource autonomy remains consistent in the full models with status effects.

Hypothesis 3 states that the more resources an organization possesses, the more likely it will choose integration as a balance strategy. In support of Hypothesis 3, resource richness shows a positive and statistically significant coefficient ( $b=.331$ ,  $p<.01$ ) in Model 5.

In Hypothesis 4, I propose that an organization will be more likely to defy one logic when there is a dominant stakeholder at the time of low resource autonomy. I mean-centered the stakeholder configuration and resource autonomy variables when creating the interaction term to avoid potential multicollinearity (Aiken & West, 1991). In support of Hypothesis 4, Model 6 shows support for the interaction effect ( $b=.213$ ,  $p<.01$ ).

In a limited dependent variable regression model, however, the interaction term cannot be fully understood by the sign or statistical significance of the estimated coefficient on the interaction variable in the model (Wiersema & Bowen, 2009; Ai &

Norton, 2003). Therefore, following the suggestion of Wiersema and Bowen (2009), I examine the marginal effect of resource autonomy at a low, mean, and high value of stakeholder configuration, keeping other variables in the model at the sample mean. A low value of the stakeholder configuration variable indicates that the financial resource providers of museums are evenly distributed, while a high value of the stakeholder configuration variable indicates that there is a single dominant financial resource provider. The results are reported in Table 6; they show that the marginal effect of resource autonomy on defiance is lower for museums with proportionately distributed resource providers, compared to the marginal effect for museums with a dominant resource provider. The marginal effects were statistically significant at all three levels. Thus, the marginal effect tests strengthen my findings from the GEE regressions.

----- Insert Table 6 here -----

### **7.3. Robustness tests**

I conducted several robustness tests to further validate the results. First, I examine an alternative measure of museum status using attendance figures. The original measure of status captures museum status based on affiliation (Podolny, 1993); however, it suffers from a lack of variation within and across organizations. Compared to a higher number of high-status museums (55% of the sample), middle- and low-status museums are less represented in the sample (21% and 24%, respectively). Alternatively, the amount of market share can reflect the status of an organization in its field (Jensen, 2008), and the number of attendance has been used in prior studies to capture the status of museums (e.g., Ertug, Yogev, Lee, & Hedstrom, 2016). Thus, I used attendance and its squared term to measure status and examined how status influences museums pursuing

separation over combination. The number of attendance figure in my sample ranges from approximately 2,000 to two million visitors. The results are presented in the Table 7. As hypothesized, the results show a positive and statistically significant coefficient for attendance and a negative and statistically significant coefficient for attendance-squared, showing an inverted-U shape, thus supporting Hypothesis 1.

----- Insert Table 7 here -----

Although my analysis with organizational-level data is consistent with the theoretical mechanism that I illustrate in the paper, the decision to balance (i.e., separation and integration) is essentially a choice made at the exhibition level. There is a loss of information when averaging multiple exhibitions in a year to create organization-level observations. As mentioned before, exhibition-level information can provide more information to explain why some exhibitions show the characteristics of separation, while others show those of integration. Thus, I examine whether the results for Hypotheses 1, 2, and 3 still hold when tested at the exhibition-level. Hypothesis 4, which examines why organizations choose defiance over balance, cannot be examined at the exhibition-level because defiance can only be observed by considering multiple exhibitions together. Using a Heckman two-stage model, I examine the balance strategy at the exhibition level. The results are presented in Table 8. The effect of resource autonomy on separation was consistent with the organization-year models, but the effect of status became weaker in the exhibition-level analysis. More specifically, the results show that high-status museums are more likely to pursue separation than middle- or lower-status museums ( $b=.137, p<.1$  in Model 1;  $b=.173, p<.05$  in Model 3), but there is no indication that middle-status museums pursue separation more than higher- or lower-status museums.

This may be due to higher variance in the balance strategy with limited variance in status, especially since status does not change over time, but the variance for the balance strategy increases as we go from the organization level to the exhibition level. Unlike what I expected, the additional exhibition level controls (i.e., the length of an exhibition, the number of artists in an exhibition, and traveling exhibition) showed no effect on the choice separation. On the other hand, a negative and statistically significant coefficient on the length of an exhibition in Model 5 suggests that the integrated exhibitions tend to be shorter than the non-integrated ones.

----- Insert Table 8 here -----

I conducted two additional regression analyses using the museum-quarter and museum-month as the units of analysis. It may be that museums' responses to institutional complexity are achieved over a quarter or a month, rather than annually. Table 9 shows the results at the museum-quarter level, and Table 10 shows the results at the museum-month level. The effects of status, resource autonomy, and resource richness were all supported and stayed the same as in the main analysis.

----- Insert Tables 9 and 10 here -----

I conducted another robustness check using modified dependent variables. The original dependent variables were developed using market and profession scores of each exhibition. The scores that range from 1 to 5 are useful to distinguish the degree of orientation that an exhibition shows in the two logics. However, one may argue that, since they are measures on an ordinal scale, a one-point increase is not equally distributed. To address this weakness, I designed dichotomous measures for market and profession logics – 1 if there is any commitment to each logic, and 0 otherwise. Using

the dichotomous measure of market and profession focus, I then developed dependent variables to reflect separation, integration, and defiance. The regression results using the modified dependent variables are reported in Table 11. The effect of middle and high status on the choice of separation became weaker, but the rest of hypothesized relationships were supported and stayed the same as in the main analysis.

----- Insert Table 11 here -----



## CHAPTER 8: DISCUSSION

In this dissertation, I set out to understand why organizations in the same institutional field respond differently to institutional complexity. In doing so, I examine organizational discretion as the key theoretical construct to predict the different levels of susceptibility to institutional pressures. I propose that organizational choices in different responses to manage institutional complexity are based on the necessity to conform to institutional logics and their capability to blend multiple logics. This dissertation provides important and novel insights in understanding organizational behaviors facing institutional complexity. Recent studies in institutional complexity have highlighted that organizations find different management responses available, depending on the nature of the institutional complexity (Pache & Santos, 2010) or the cognitive processes within organizational members to manage the complexity (Battilana & Dorado, 2010; Jay, 2013). Yet, little is still understood concerning the factors at the organizational level that lead to different responses, given that these organizations are immersed in the same institutional field with the same competing institutional logics. Moreover, how these different responses are reflected in the organizations' main practices has been rarely examined empirically. In response to these gaps in the literature, I asked: *Why do organizations in the same field respond differently to institutional complexity? How does organizational discretion predict different ways of balancing multiple logics or defying logics? How are organizational responses shown in their practices?*

In this chapter, I first interpret the empirical results in Section 8.1. I then discuss the contributions to theory and practice in Section 8.2. Lastly, I conclude with the limitations and some directions for future research in Section 8.3.

## **8.1. Discussion of Research Findings**

The results provide some evidence that middle-status organizations are more likely to address multiple logics by focusing on one logic at a time, compared to low-status organizations, but not compared to high-status organizations. Contrary to the middle-status conservatism literature and what has been hypothesized in this dissertation, the results suggest that it is high-status organizations that pursue a separation strategy to balance multiple logics more so than middle-status organizations, suggesting that high-status organizations are under more pressure to conform to external expectations than middle- or low-status organizations. The results may suggest that the expectations of external constituencies and the pressure to conform to expectations are highest for more visible organizations, such as high-status ones. This finding speaks to the debate between whether high-status organizations are more likely to conform to external expectations (e.g., Adut, 2005; Jensen, Kim, & Kim, 2011; Graffin, Bundy, Porac, Wade, & Quinn, 2013) or deviate (e.g., Philips & Zuckerman, 2001; Guler, 2007). The former group of papers suggests that high-status actors are more visible to the audience; thus, they carry more burden to conform to external demands. Also, they contend that high-status actors have more to lose by deviating because they experience greater scrutiny and criticism when doing so. Consistent with this argument, the art museum professionals from the interviews suggested that large audiences for high-status museums create more pressure to conform to external demands for such museums. On the other hand, a few interviewers suggested that some low-status organizations lack the capabilities to choose separation strategy because they are simply muddling through to find opportunities to make exhibitions. Compared to high-status museums, who plan their exhibitions far

ahead of their show schedules, low-status museums had fewer exhibitions planned out due to their lack of symbolic and financial resources. Based on the findings of this study and the mixed results of prior studies on the effect of status on conformity, I suggest that future studies put a special focus on organizational visibility and capabilities in examining this topic.

Next, I find that resource autonomy and richness, the organization's discretion to utilize its resources and buffer external institutional pressures, are important predictors of how organizations manage institutional complexity. The results suggest that organizations with low resource autonomy balance multiple logics by separating each logic into different activities to show their external resource providers that they are clearly addressing the logics that the funders' prioritize. At the same time, organizations with high resource richness balance multiple logics by integrating multiple logics in an activity to satisfy multiple logics simultaneously.

The results indicate that low resource autonomy, and therefore low organizational discretion in the allocation of resources, can result in strong commitment to a single logic in each exhibition, rather than combining market and profession logics. Conformity to multiple logics may happen because organizations with low resource autonomy will try to secure continuous streams of resources from diverse external resource providers, or they will try to attract new funders with an agenda. Diverse funders of art museums often have a clear agenda about how their financial support should be utilized in museum activities. Indeed, many corporate sponsors of art museums represent the market logic, whereas individual philanthropists mostly stand for the profession logic (Alexander, 1996a; 1996b). Museums that lack unrestricted internal resources, such as an

endowment, tend to be driven by the demands of resource-providing funders. For example, a senior curator of an art museum mentioned how important internal resources and endowments are for a museum's autonomy. He comments:

*“There are some museums that benefits from so much endowment. The curatorships are endowed, the publications are endowed, [and] exhibition support is endowed. So it's all paid for. There is nothing forcing them to do things that are not what they believe as the best interest of the work, the field, the institution. There is nothing mitigating against the need to do that.”*

On the other hand, high organizational discretion derived from the sheer amount of resources to utilize allows organizations to explore the possibilities to blend multiple logics. An exhibition that integrates market and profession logics is viewed as innovative and ideal, as mentioned by a deputy director of an art museum. She explains:

*“We try to make our exhibitions with strong content, that means they are research-driven, and at the same time generate interest. Not all our exhibitions actually succeed in pleasing the [art professional community] and the public. But we try to make our exhibitions both scholarly and approachable because that's what we aim to be. That's the goal.”*

The results imply that resource richness enables organizations to combine multiple logics and successfully integrate the logics, whereas the blending effort of a resource-constrained organization may result in a poor combination. In fact, many exhibitions that attempted integration showed low quality in both the market and the profession logics.

The empirical analysis also reveals that organizations with low resource autonomy and a dominant stakeholder are more compelled to delete one logic and to give more emphasis to the dominant logic. In the field of art museums, where funders are powerful, it makes sense that some museums choose to focus on the logic of the

dominant stakeholder. In some museums, the founders or the founding board members exert power to keep the museums research-oriented, while other museums are pressured to keep their exhibitions popular and market-oriented by certain funders. It is also important to note that defiance is observed only when two conditions are met: the organization has low resource autonomy and there is a dominant stakeholder. If the organization has enough autonomy to allocate its resources as it sees fit or if there is no stakeholder with an overriding pressure against other stakeholders, an organization will not yield to defiance. The data also reveal that most museums tend to balance both logics and rarely opt for strong defiance, which implies that the institutional complexity is stable and recognized through multiple constituencies in the field.

In sum, I suggest and find that organizational discretion leads to different ways of balancing multiple logics (i.e., separation and integration), and can also lead to defying other competing logics (i.e., defiance). I examine the level of organizational discretion against external pressures using organizational status, resource autonomy, resource richness, and stakeholder configuration. The results show that these four organizational characteristics explain different strategies in managing institutional complexity.

## **8.2. Contributions for Theory and Practice**

Research in institutional theory has recently highlighted the role of agency in organizations to explain institutional change and the non-isomorphic behaviors of organizations within a field (*cf.* Suddaby, 2013). Extending the literature, this paper suggests that even when organizations are embedded with the same multiple logics, they have varying degrees of discretion that explain different responses to institutional complexity. The focus on organizational discretion in this paper bridges the literature of

institutional complexity and resource dependence (Pfeffer & Salancik, 2003). Both institutional complexity and resource dependence literatures emphasize the role of the environment and external pressures on organizational behaviors. Both literatures also state that organizations face different demands or expectations from multiple constituencies, and they need to satisfy these demands or expectations for survival (Greenwood et al., 2011; Pfeffer & Salancik, 2003; Suddaby, 1995). In reviewing these two literatures, Wry and his colleagues suggested that “the means through which logics create complexity at the organizational level cannot be adequately theorized without a more precise conceptualization of the environment and the mechanisms that link external pressures to organizational action (Wry, Cobb, & Aldrich, 2013: 464).” This dissertation provides an empirical setting to examine resource dependency theory and institutional complexity together and suggests an important insight in understanding the sources of institutional tensions and the degree of these tensions in that respect. Moreover, although there have been studies using resource dependence and institutional arguments to suggest that organizations conform to pressures from constituents on whom the organization depends for resources and legitimacy (Durand & Jourdan, 2012; Oliver, 1991), it was not clearly addressed how the organizations will respond when facing conflicting pressures from multiple constituents (Raaijmakers et al., 2015). The dissertation fills this gap by focusing on organizations in the institutional complexity that is stable and the pressure from multiple constituents is more or less equal.

Moreover, this dissertation extends the literature on organizational discretion (Goodrick & Salancik, 1996; Goodstein, 1994; Oliver, 1991) to the context of institutional complexity and its effect on organizational responses. Prior studies on

organizational discretion have contributed by theorizing organizational responses to individual institutional pressures. On the other hand, in this dissertation, I theorize organizational responses to multiple institutional pressures and how these responses differ, depending on their organizational discretion. The dissertation also contributes to the literature on status and conformity (Phillips & Zuckerman, 2001), as it illustrates the challenges that middle- and high-status organizations find in managing multiple institutional logics.

Lastly, the dissertation benefits from using a unique dataset of 960 temporal exhibitions at 23 U.S. art museums and supplementary interviews. As one of the very first large-scale empirical studies in the institutional complexity literature, this dissertation adds greatly to the literature, which has largely remained conceptual or in the form of case studies. The dissertation also speaks to practitioners in cultural organizations and non-profit organizations in contemporary society. Many of these organizations experience management challenges to accommodate different institutional demands and expectations. The study provides certain insights to applicable strategies for these organizations in managing their complex environments.

### **8.3. Limitations and Directions for Future Research**

#### **8.3.1. Limitations**

There are several limitations in this study. Many institutional complexity researchers have emphasized the role of conflicting identity within organizations and how it relates to organizational choice in managing institutional complexity (e.g., Pache & Santos, 2010; Pratt & Foreman, 2000). In this paper, I assume that both market and profession identities are represented in organizations, respectively by museum

administration office and curators. It is a common perception that the administration offices represent the market logic and that curators represent the profession logic (Alexander, 1996a; 1996b). Nonetheless, depending on the museum director's work or educational background, art museums may experience institutional complexity differently. The information about work or educational background of museum directors was not available to collect for my dataset, but I expect the information will certainly help developing argument for strategic choices in response to institutional complexity.

Another weakness of this dissertation is that the theoretical and empirical framework was limited to examine complexity of two institutional logics. From the interviews, it was certain that market and profession logics are the most dominant logics in the art museum field. Nonetheless, community logic is also important for many art museums (DiMaggio, 1991). Community logic prescribes museums' roles to educate the public and to support growth of local artists. Museums respond to community logic by holding lectures, opening museum libraries for the public, and offering local outreach programs. In future works, considering market, profession, and community logic is recommended to better capture the institutional complexity in the art museum field.

### **8.3.2. Future Research**

There are multiple research questions that naturally follow this paper. One is to study performance consequences of different organizational responses. The purpose of examining organizational performance is (1) to compare which organizational response leads to better performance and (2) to test whether the same response strategy has similar or different effect on performance depending on the organizational characteristics.



Examining the performance consequences will provide further implications regarding strategic choices for institutional complexity.

It would be also interesting to explore the competitive dynamics of non-profit organizations. There is a growing academic interest in managing non-profit organizations in a market environment. Exploring how the number of similar organizations in geography and product or service category impact non-profit organizations' revenue generation activities will enhance our knowledge about strategic management in institutional complexity.

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**Table 1. The Profiles of Interviewed Museum**

	<b>Year founded</b>	<b>Revenue*</b>	<b>Number of employees*</b>	<b>Approximate number of visitors*</b>	<b>Location</b>	<b>Art category</b>	<b>Affiliation</b>	<b>Art community association</b>
<b>Minneapolis Institute of Art</b>	1883	33,422,323	361	456,410	Minneapolis, MN	General	No affiliation	AAMD, AAM
<b>Weisman</b>	1934	Not available	22	Not available	Minneapolis, MN	General	University of Minnesota	AAMD, AAM
<b>The Museum of Russian Art</b>	2004	498,448	7	33,000	Minneapolis, MN	General, Ethnic	No affiliation	None
<b>The Noguchi Museum</b>	1985	2,198,389	23	29,024	New York, NY	Sculpture, Single artist	No affiliation	AAMD, AAM
<b>The Jewish Museum</b>	1904	12,279,060	112	157,583	New York, NY	General, Ethnic	No affiliation	AAMD, AAM
<b>Brooklyn Museum</b>	1823	52,797,369	274	495,535	Brooklyn, NY	General	No affiliation	AAMD, AAM
<b>Queens Museum</b>	1972	11,440,955	32	266,749	Queens, NY	General	No affiliation	None
<b>Minnesota Museum of American Art</b>	1894	605,306	3	Not available	Saint Paul, MN	General, Ethnic	No affiliation	None

\*These numbers are the records in 2012.

**Table 2. Measurement for the Degree of Market and Profession Logic Orientation**

<b>Scale</b>	<b>Market logic-oriented exhibition</b>	<b>Profession logic-oriented exhibition</b>
<b>5 (Strong orientation to the logic)</b>	Featuring at least one of the top five most highly valued* artists of their era	Publishing a book or a catalogue about the exhibition
<b>4</b>	Featuring at least one of the top ten most highly valued* artists of their era; or Crowd-drawing entertainment related theme shows (e.g., movie/Hollywood, celebrity, fashion, pop culture related, kitsch, commercial, low brow, comics, etc.)	Publishing an essay or a brochure about the exhibition; or Indicating the exhibition as research-based, scholarly examination, first major or comprehensive survey in the exhibition description
<b>3</b>	Featuring at least one of the top 30 most highly valued* artists of their era; or Crowd-drawing event shows (e.g., art sale, benefit party, auction, etc.)	Indicating that the exhibition is the first comprehensiveness or in-depth study of artists, art movements, or art works in the exhibition description
<b>2</b>	Featuring local artists; or Locals- or tourists-drawing shows (e.g., local history related, exhibition time coincides with city-wide events, educational for school children, or local students' works)	Indicating the exhibition is a first of its kind in the exhibition description
<b>1 (Weak orientation to the logic)</b>	None of the above	None of the above

\* Multiple sources were used to determine the top 5, 10, and 30 most highly valued artists of their era. Price of artworks was the key determinant for the list. In the list, art historical eras are divided into seven periods: Old masters (e.g., Leonardo da Vinci), European masters (e.g., Gustave Courbet), Modern masters (e.g., Marc Chagall), Impressionist masters (e.g., Vincent Van Gogh), Postmodern masters (e.g., Francis Bacon), Contemporary artists (e.g., Jackson Pollock), and Emerging artists (e.g., Damien Hirst).

**Table 3. Descriptive Statistics**

Variables	Mean	Std. Dev.	Min	Max
Defiance	4.68	4.22	0	20
Separation	1.14	0.81	0	3.67
Integration	3.39	1.03	2	7
Status	2.28	0.85	1	3
Resource autonomy	3.46	7.44	0	45.46
Resource richness	15.40	1.76	12.54	19.04
Stakeholder configuration	0.47	0.18	0	1
Number of exhibitions	9.90	6.95	1	39
City population	12.58	1.48	10.03	15.17
Missing endowment	0.26	0.44	0	1
Attendance	252311	400095	2000	2176973

**Table 4. Correlations**

	Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(1)	Defiance	1										
(2)	Separation	0.483**	1									
(3)	Integration	0.470**	0.681**	1								
(4)	Status	0.177**	0.541**	0.438**	1							
(5)	Resource autonomy	0.0326	0.0859**	0.0605+	0.255**	1						
(6)	Resource richness	0.132**	0.658**	0.528**	0.696**	0.212**	1					
(7)	Stakeholder configuration	-0.161**	-0.136**	-0.154**	-0.105**	0.0189	-0.175**	1				
(8)	Number of exhibitions	0.373**	0.823**	0.957**	0.341**	0.0256	0.443**	-0.180**	1			
(9)	City population	0.192**	0.628**	0.558**	0.549**	0.195**	0.751**	-0.309**	0.488**	1		
(10)	Missing endowment	-0.0128	-0.274**	-0.301**	-0.316**	-0.282**	-0.460**	0.123**	-0.309**	-0.377**	1	
(11)	Attendance	0.293**	0.696**	0.629**	0.522**	0.122**	0.740**	-0.144**	0.537**	0.699**	-0.389**	1

\*\* p<0.01, \* p<0.05, + p<0.1

**Table 5. Two-stage GLS and Negative Binomial GEE Estimations**

VARIABLES	DV: Separation				DV: Integration	DV: Defiance
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<b>Middle status</b>	0.206*		0.293**			
	(0.099)		(0.114)			
<b>High status</b>	0.584**		0.700**			
	(0.138)		(0.145)			
<b>Middle status Dummy</b>		-0.156		-0.127	0.023	
		(0.106)		(0.131)	(0.106)	
<b>Resource autonomy</b>			-0.007*	-0.007+	0.019**	0.003
			(0.003)	(0.004)	(0.006)	(0.008)
<b>Resource richness</b>					0.331**	
					(0.052)	
<b>Stakeholder configuration X Resource autonomy</b>						0.213**
						(0.072)
<b>Stakeholder configuration</b>						-2.093**
						(0.701)
<b>Number of exhibitions (t)</b>	0.025**	0.030**	0.006	0.006	0.017+	0.042**
	(0.007)	(0.008)	(0.009)	(0.009)	(0.009)	(0.010)
<b>City population</b>	0.149**	0.224**	0.177**	0.274**	-0.016	-0.086
	(0.043)	(0.040)	(0.044)	(0.044)	(0.052)	(0.096)
<b>Missing endowment</b>			-0.258+	-0.360*	0.069	-0.211
			(0.136)	(0.161)	(0.150)	(0.323)
<b>Lambda (Inverse Mill's Ratio)</b>	1.035**	1.138**	0.780**	0.788**	0.876**	
	(0.154)	(0.167)	(0.154)	(0.162)	(0.200)	
<b>Year Dummies</b>	Yes	Yes	Yes	Yes	Yes	Yes
<b>Constant</b>	-3.802**	-4.413**	-1.480**	-2.063**	-1.990**	2.925+
	(0.712)	(0.729)	(0.511)	(0.604)	(0.622)	(1.695)
<b>Observations</b>	73	73	65	65	65	88
<b>Number of Groups</b>	19	19	17	17	17	23
<b>Chi2</b>	576.6**	406.9**	1150**	472.9**	5389**	148.3**
Standard errors in parentheses						
** p<0.01, * p<0.05, + p<0.1						

**Table 6. Moderating effect analysis of stakeholder configuration on the marginal effect of resource autonomy on defiance**

Stakeholder configuration	Marginal effect of Resource autonomy on Defiance	Z-stat
Evenly distributed stakeholder (low)	0.014	2.40*
Mean	0.021	2.34*
Dominant stakeholder (high)	0.026	1.96*

**Table 7. Effects of the Number of Attendance on Choosing a Separation Strategy  
Estimation Method: Two-stage GLS Regression**

DV: Separation			
VARIABLES	Model 1	Model 2	Model 3
Attendance	0.000** (0.000)	0.000** (0.000)	0.000** (0.000)
Attendance^2		-0.000** (0.000)	-0.000** (0.000)
Resource autonomy			-0.006+ (0.003)
Missing endowment			-0.197* (0.092)
Lambda (Inverse Mill's Ratio)	0.951** (0.109)	0.780** (0.113)	0.825** (0.073)
Year Dummies	Yes	Yes	Yes
Constant	-2.121** (0.507)	-1.792** (0.525)	-1.732** (0.509)
Observations	73	73	71
Number of Groups	19	19	19
Chi2	629.7**	922.6**	451.6**
Standard errors in parentheses			
** p<0.01, * p<0.05, + p<0.1			

**Table 8. Balance strategy at Exhibition-Level**  
**Estimation Method: Heckman Two-stage Regression**

Variables	DV: Separation				DV: Integration
	Model 1	Model 2	Model 3	Model 4	Model 5
<b>Second stage</b>					
<b>Middle status</b>	-0.036		-0.032		
	(0.093)		(0.108)		
<b>High status</b>	0.137+		0.173*		
	(0.073)		(0.069)		
<b>Middle status Dummy</b>		-0.127		-0.145	
		(0.111)		(0.146)	
<b>Resource autonomy</b>			-0.012*	-0.010*	0.019**
			(0.005)	(0.005)	(0.005)
<b>Resource richness</b>					0.124**
					(0.025)
<b>Missing endowment</b>			-0.128	-0.111	
			(0.281)	(0.378)	
<b>Length of exhibition</b>	0.000	0.000	0.000	0.000	-0.001**
	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
<b>Single-artist exhibition</b>	0.046	0.043	0.041	0.039	0.099
	(0.055)	(0.055)	(0.076)	(0.087)	(0.071)
<b>Traveling exhibition</b>	0.092	0.118	0.062	0.095	0.389+
	(0.141)	(0.133)	(0.160)	(0.153)	(0.202)
<b>No orientation</b>	-2.413**	-2.429**	-2.405**	-2.426**	-2.956**
	(0.112)	(0.112)	(0.111)	(0.107)	(0.197)
<b>Lag DV</b>	0.037*	0.042*	0.037*	0.044*	0.006
	(0.017)	-0.017	(0.017)	(0.018)	(0.026)
<b>Year dummy</b>	Yes	Yes	Yes	Yes	Yes
<b>Constant</b>	2.273**	2.374**	2.278**	2.400**	3.054**
<b>First stage (DV: Balance)</b>					
<b>Stakeholder configuration</b>	3.183	3.157	3.437+	3.368+	3.170+
	(2.147)	(2.104)	(2.020)	(1.938)	(1.770)
<b>Resource autonomy</b>	0.107	0.104	0.112	0.107	0.100*
	(0.075)	(0.068)	(0.093)	(0.085)	(0.048)
<b>Stakeholder config. X Resource autonomy</b>	-0.157	-0.143	-0.222	-0.195	-0.242
	(0.745)	(0.721)	(0.755)	(0.723)	(0.581)
<b>Number of exhibitions (t)</b>	0.244**	0.246**	0.241**	0.244**	0.193**
	(0.066)	(0.065)	(0.078)	(0.079)	(0.062)
<b>Missing endowment</b>	-0.235	-0.244	-0.216	-0.222	-0.223
	(0.461)	(0.458)	(0.448)	(0.446)	(0.382)
<b>Lag balance</b>	-0.123	-0.121	-0.110	-0.106	-0.136
	(0.150)	(0.151)	(0.147)	(0.149)	(0.108)
<b>Constant</b>	-2.597*	-2.592*	-2.715*	-2.700*	-2.173*
	(1.179)	(1.158)	(1.169)	(1.143)	(1.080)
Lambda	0.200	0.169	0.282	0.282	0.906
Rho	0.236	0.200	0.336	0.336	0.767
Number of observations (Stage 1)	760	760	760	751	751
Number of censored observations	95	95	95	95	95
Number of uncensored observation (Stage 2)	665	665	665	656	656
Standard errors in parentheses					
** p<0.01, * p<0.05, + p<0.1					



**Table 9. Balance strategy at Quarterly-Level  
Estimation Method: Two-stage GLS Regression**

VARIABLES	DV: Separation		DV: Integration
	Model 1	Model 2	Model 3
<b>Middle status</b>	0.312 (0.208)	0.088 (0.428)	
<b>High status</b>	0.447** (0.167)	1.571** (0.283)	
<b>Resource autonomy</b>		-0.756* (0.366)	0.103** (0.025)
<b>Resource richness</b>			1.278** (0.169)
<b>Number of exhibitions (per quarter)</b>	0.048+ (0.026)	1.065** (0.074)	3.262** (0.088)
<b>City population</b>	0.170** (0.060)	0.278* (0.118)	-0.333* (0.169)
<b>Missing endowment</b>		0.478+ (0.254)	1.440** (0.345)
<b>Lambda (Inverse Mill's Ratio)</b>	0.929** (0.263)	2.404** (0.753)	1.888* (0.842)
<b>Year Dummies</b>	Yes	Yes	Yes
<b>Constant</b>	-1.202 (1.202)	-4.413* (2.088)	-17.636** (3.629)
<b>Observations</b>	259	259	255
<b>Number of Groups</b>	23	23	23
<b>Chi2</b>	131.1**	455.1**	2206**
Standard errors in parentheses			
** p<0.01, * p<0.05, + p<0.1			

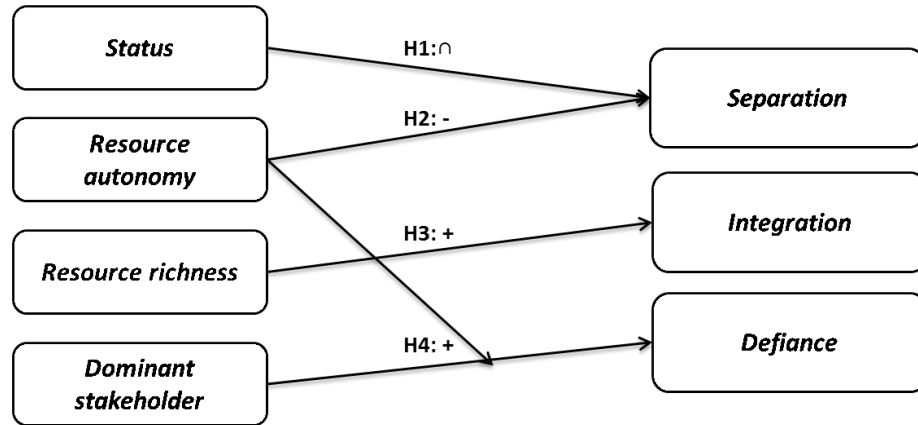
**Table 10. Balance strategy at Monthly-Level  
Estimation Method: Two-stage GLS Regression**

VARIABLES	DV: Separation		DV: Integration
	Model 1	Model 2	Model 3
<b>Middle status</b>	0.347+ (0.195)	0.288 (0.266)	
<b>High status</b>	0.568** (0.208)	0.935** (0.242)	
<b>Resource autonomy</b>		-0.911* (0.420)	0.086 (0.570)
<b>Resource richness</b>			0.470** (0.085)
<b>Number of exhibitions (per month)</b>	1.163** (0.076)	1.196** (0.085)	3.073** (0.108)
<b>City population</b>	0.041 (0.063)	0.090 (0.064)	0.154+ (0.084)
<b>Missing endowment</b>		0.548+ (0.324)	0.404 (0.431)
<b>Lambda (Inverse Mill's Ratio)</b>	1.583** (0.586)	2.211** (0.650)	1.859* (0.867)
<b>Year Dummies</b>	Yes	Yes	Yes
<b>Constant</b>	-1.902 (1.507)	-4.376+ (2.370)	-13.293** (3.826)
<b>Observations</b>	426	426	410
<b>Number of Groups</b>	24	24	20
<b>Chi2</b>	405.8**	275.2**	1171**
Standard errors in parentheses			
** p<0.01, * p<0.05, + p<0.1			

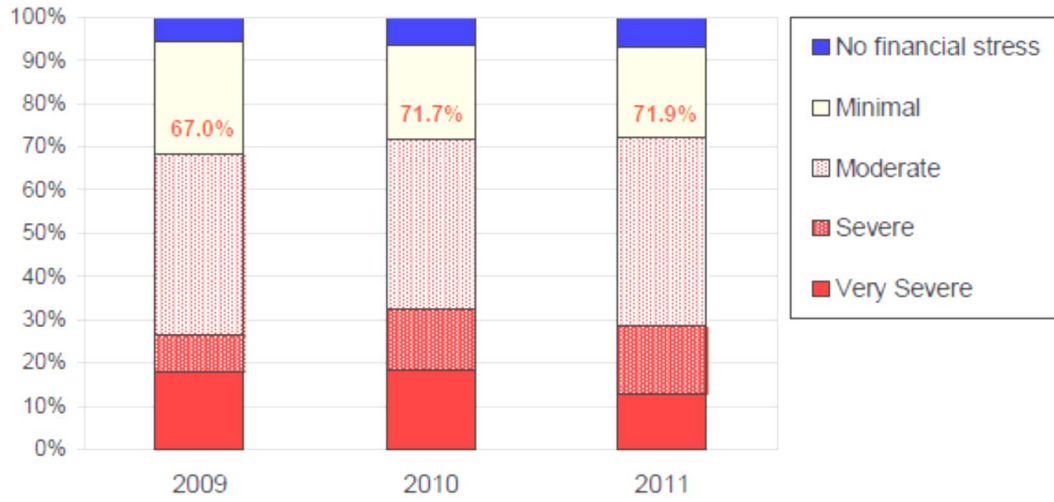
**Table 11. Robustness Check with Modified Dependent Variables**  
**Estimation Method: Negative Binomial GEE Estimations**

VARIABLES	DV: Separation		DV: Integration	DV: Defiance
	Model 1	Model 2	Model 3	Model 4
<b>Middle status</b>	0.257 (0.344)	-0.013 (0.338)		
<b>High status</b>	0.472+ (0.263)	0.367 (0.301)		
<b>Resource autonomy</b>		-0.009+ (0.005)	0.042** (0.011)	-0.003 (0.011)
<b>Resource richness</b>			0.425** (0.128)	
<b>Stakeholder configuration X Resource autonomy</b>				0.207* (0.090)
<b>Stakeholder configuration</b>				-1.575** (0.597)
<b>Number of exhibitions (t)</b>	0.104** (0.016)	0.102** (0.015)	0.069** (0.012)	-0.059** (0.021)
<b>City population</b>	0.008 (0.072)	0.046 (0.066)	-0.273 (0.181)	-0.167+ (0.090)
<b>Missing endowment</b>		-0.222 (0.263)	0.663 (0.584)	-0.448+ (0.264)
<b>Lambda (Inverse Mill's Ratio)</b>	0.624* (0.304)	0.533+ (0.273)	0.550+ (0.305)	
<b>Year Dummies</b>	Yes	Yes	Yes	Yes
<b>Constant</b>	-82.133 (88.707)	-61.545 (83.081)	41.91+ (249.615)	70.661 (93.286)
<b>Observations</b>	76	75	75	97
<b>Number of Groups</b>	22	23	23	24
<b>Chi2</b>	259.2**	293.5**	153.6**	21.40**
Standard errors in parentheses				
** p<0.01, * p<0.05, + p<0.1				

**Figure 1. Research Model**



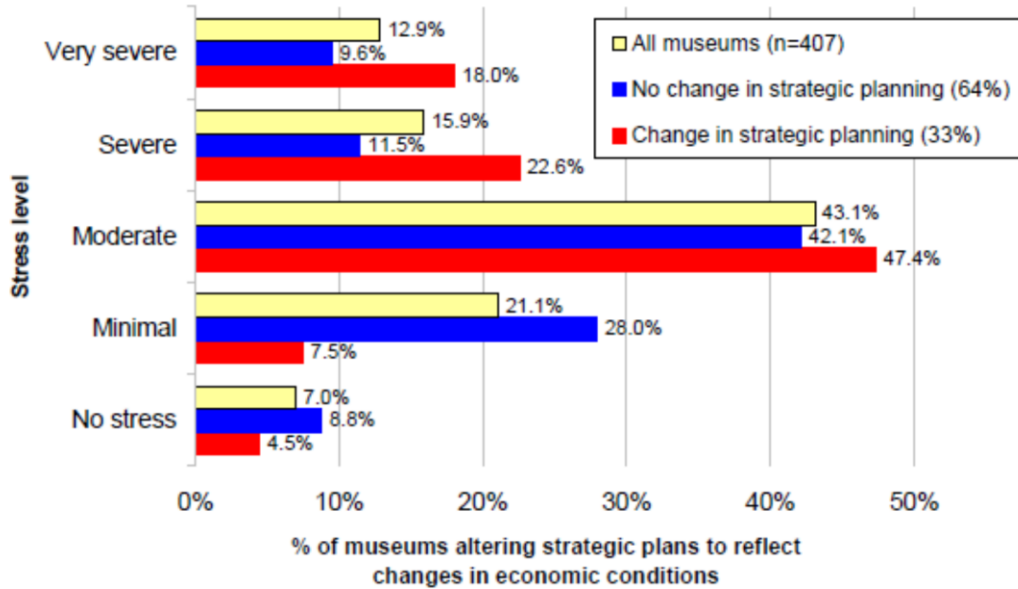
**Figure 2. Museum Financial Stress (2009-2011)**



\*Percentage indicate moderate to very severe stress

Source: American Alliance of Museums, “Museums and the American Economy 2011” (April 2012)

**Figure 3. Economic Stress and Strategic Planning in 2011**



\*Percentages do not equal 100% because “not sure” responses are excluded

Source: American Alliance of Museums, “Museums and the American Economy 2011” (April 2012)

## Appendix A. Interview Questions

Topic	Questions
<b>General management</b>	<ul style="list-style-type: none"> <li>• What are some regular programs designed by your museum?</li> <li>• How would you describe the mission of your museum? In what ways is your museum fulfilling that mission?</li> <li>• What would you consider critical for art museums to maintain survival?</li> <li>• What other performance are considered important in this field?</li> <li>• What are some challenges in this field to survive and perform?</li> <li>• What are some strategies to cope with these challenges?</li> </ul>
<b>Experiencing institutional complexity</b>	<ul style="list-style-type: none"> <li>• Are there conflicting opinions about how museums should be run in your field? Any conflicting ideas among organizational members?</li> <li>• How are conflicting logics or opinions being reconciled?</li> <li>• In what ways does your museum experience the institutional pressure from market or profession logics?</li> <li>• What are the organizational goals in market logic and in profession logic?</li> <li>• What are some ideal organizational offerings based on market and profession logics?</li> <li>• What kind of organizational characteristics would influence the way institutional logics affect art museums?</li> <li>• Is there any logic that has not been mentioned yet, but should be considered in managing art museums?</li> </ul>
<b>Managing institutional complexity</b>	<ul style="list-style-type: none"> <li>• Do you think that market or institutional logics influence decision-makings in art museums?</li> <li>• Are there one or two logics that are more influential than the others? What is most important institutional logic to your museum and why?</li> <li>• How do you respond to multiple institutional logics?</li> <li>• How do you balance these logics?</li> </ul>
<b>Exhibition management</b>	<ul style="list-style-type: none"> <li>• Please describe the decision process of your museum exhibitions.</li> <li>• Who are involved in choosing which exhibitions to mount?</li> <li>• If there is more than one factor that influence exhibition choices, which one is most important and why?</li> <li>• If multiple factors are important in exhibition choices, how does your museum try to manage/perform in those multiple dimensions?</li> <li>• How many temporary exhibitions do you have per year, and how would you categorize them?</li> <li>• Does your museum plan exhibitions in annual basis or other time frame?</li> <li>• How long is an exhibition in average? What would cause the variance in the length of the exhibitions?</li> </ul>
<b>Interviewee information</b>	<ul style="list-style-type: none"> <li>• What is your role in this museum?</li> <li>• How long have you worked in this museum?</li> <li>• What kind of work/education experience did you have prior to joining this museum?</li> </ul>

**Appendix B. Descriptive Statistics of Museum Characteristics in the Sample**

<b>Variables</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
Art museum type				
<i>Encyclopedic</i>	0.37	0.49	0	1
<i>Contemporary art</i>	0.32	0.47	0	1
<i>Modern art</i>	0.12	0.33	0	1
<i>Ethnic art</i>	0.03	0.17	0	1
<i>Other</i>	0.15	0.36	0	1
Museum age	61.65	38.02	7	136
Number of full time employees	76.40	115.57	2	368
Owned museum space (square foot)	71078	121140	0	420119