

**Foundations for a Theory of Institutional  
Entrepreneurship: Solving the Paradox of  
Embedded Agency**

by

**J. Battilana**

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**FOUNDATIONS FOR A THEORY OF INSTITUTIONAL ENTREPRENEURSHIP:  
SOLVING THE PARADOX OF EMBEDDED AGENCY**

**Julie Battilana**  
INSEAD  
Boulevard de Constance  
77305 Fontainebleau CEDEX  
FRANCE  
Tel: 33-1-6072 4317  
Email: [julie.battilana@insead.edu](mailto:julie.battilana@insead.edu)

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**ABSTRACT**

The notion of institutional entrepreneur (DiMaggio, 1988) incorporates the role of actors and interests into institutional theory. However, depending on the assumption that is made about actors' agency, the incorporation of the role of actors and interests in institutional theory may lead to the paradox of embedded agency. To overcome this paradox, and thereby set up foundations for a theory of institutional entrepreneurship within institutional theory, it is necessary to explain how institutional entrepreneurs can emerge, despite institutional pressures. In this paper, I develop a contingent model of the emergence of institutional entrepreneurship that accounts for the dialectical relationship between human agency and institutions. This model helps to reconcile the notion of institutional entrepreneurship with the premises of institutional theory. I conceptualize agency as a temporally embedded process of social engagement, informed by the past, but also oriented toward the future and toward the present. I explain how institutional entrepreneurs, whose agency is primarily oriented toward the present and the future, can emerge in institutional environments. I argue that, depending on contextual factors and on actors' past and present positions in the institutional environment, actors who have the potential to behave as institutional entrepreneurs, may or may not behave as such.

**Keywords:** institutional entrepreneurs, embedded agency, institutional environment, intrainstitutional and interinstitutional heterogeneity

As long as institutional theorists mainly concentrated on explaining organizational conformity, they did not need to develop any explicit theory of action. During the 1980s, institutional theory was primarily used to explain the observed organizational homogeneity within organizational fields (e.g., DiMaggio and Powell, 1983; Tolbert and Zucker, 1983). These early studies emphasized ways in which institutional mechanisms constrained organizational structures and activities. Institutional theorists viewed institutions as external constraints on human agency.

Now that institutional theorists have begun to tackle the issue of change, the question of actors' agency has become central. Among the studies that analyze institutional change processes, some (e.g., Beckert, 1999; DiMaggio, 1988; Fligstein, 1997; Garud *et al.*, 2002; Holm, 1995; Rao, 1998) focus on the role of institutional entrepreneurs. Institutional entrepreneurs are actors who have an interest in modifying institutional structures or in creating new ones, and who have enough resources to do so (DiMaggio, 1988). By developing the notion of institutional entrepreneur, one incorporates the role of actors and interests into institutional theory. However, depending on the assumption that is made about actors' agency, the incorporation of the role of actors and interests to explain institutional change may lead to a theoretical paradox. If actors are assumed to be shaped entirely by their institutional environment, the question to ask is: 'How can actors change institutions if their actions, intentions, and rationality are all conditioned by the very institution they wish to change?' (Holm, 1995). In other words, how can institutional entrepreneurs emerge if all individuals' beliefs and actions are determined by their institutional environment?

This theoretical paradox between institutional determinism and agency is labeled the 'paradox of embedded agency' (Seo and Creed, 2002). It is inherent in institutional theory. To uncover the roots of this theoretical paradox, it is necessary to understand the dialectical nature of the relationship between institutions and agency. Institutions do not merely

constrain human agency; they are first and foremost the product of human agency (DiMaggio and Powell, 1991). As explained by Berger and Luckmann (1967: 60), it is important to keep in mind that the objectivity of the institutional world is a humanly produced, constructed objectivity. Before being ‘objectivated’ (i.e., experienced as an objective reality) by human beings, institutions are produced by them.

It is striking to note that existing studies about institutional entrepreneurs (e.g., DiMaggio, 1988; Fligstein, 1997) have not tackled the paradox of institutional entrepreneurs’ embedded agency. Yet to set up foundations for a theory of institutional entrepreneurship, it is necessary to overcome this paradox by explaining how institutional entrepreneurs can emerge, despite institutional pressures.

Seo and Creed (2002) developed a dialectical model that can be used to partially resolve the paradox of institutional entrepreneurs’ embedded agency. They explained how institutional contradictions may lead embedded agents to take collective action to bring about institutional change. According to their model, individuals cannot behave as active agents if they do not confront contradictory reality. In contrast, I argue that the experience of institutional contradiction is not a necessary condition for active human agency to be aroused, that is, for institutional entrepreneurs to emerge. There are situations that need to be accounted for, in which active human agency is aroused in the absence of any institutional contradiction. The purpose of this paper is to develop a model of the emergence of institutional entrepreneurship that accounts both for situations in which actors experience contradictory reality and for those in which they do not.

The remainder of the paper proceeds as follows. First, I present the paradox of embedded agency in institutional theory and I highlight the problems raised by institutional entrepreneurs’ agency. Second, I suggest that it is necessary to rely on a multidimensional view of human agency (Emirbayer and Mische, 1998) and to take environmental

contingencies into account, to solve the paradox of institutional entrepreneurs' embedded agency. Third, in order to explain how institutional entrepreneurs are enabled by their institutional environment, I develop a dynamic model of the emergence of institutional entrepreneurs. This model demonstrates how institutional entrepreneurs' agency is aroused by contextual factors on the one hand, and by actors' past and present positions in the institutional environment on the other hand. I conclude by discussing the implications and possible extensions of this model.

## **THE PARADOX OF EMBEDDED AGENCY IN INSTITUTIONAL THEORY**

### **An Oversocialized View of Action**

One of the major contributions of the early institutional studies is that they broke with rational actor models (DiMaggio, 1988). They suggested that patterns of action and organization were shaped by institutions rather than solely by instrumental calculations (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). These studies emphasized increasing isomorphism among organizations subject to similar institutional pressures.

In these early institutional studies (e.g., Meyer, Scott, and Deal, 1983; Tolbert, 1985; Tolbert and Zucker, 1983; Zucker, 1983), it was implicitly assumed that organizations and individuals passively adapt to institutions. Human agency was viewed as habitual and repetitive. Institutional theorists emphasized the taken-for-granted quality of knowledge and action that makes organizations relatively stable and resistant to change, once their members have adopted institutionalized organizational forms and practices. As Oliver (1991) noted, institutional theorists aimed at demonstrating how nonchoice behaviors can occur and persist, through the exercise of habit, convention, convenience, or social obligation, in the absence of any ostensible indication that these behaviors serve the actors' own interests. Therefore, early institutional studies ignored the role of interests and agency. *A fortiori*, they ignored the paradox of embedded agency.

In the late 1980s, institutional theorists began to pay more attention to interests and agency. Some of them (e.g., Scott, 1987, 1991; Brint and Karabel, 1991; Friedland and Alford, 1991; Goodrick and Salancik, 1996) posit that interests are shaped institutionally. They consider that actors' actions and intentions are all conditioned by their institutional environment. By taking interests into account, they break with the assumption that individuals' behaviors are nonchoice behaviors. As a result, individuals are regarded as being able to make judgments among alternative possible trajectories of action, depending on their interests.

Yet, in all these studies, individuals' interests are regarded as being institutionally shaped. This assumption has two implications regarding the underlying concept of human agency. First, it implies that individuals cannot do anything but comply with institutional pressures. They have little autonomy in their judgments since they are shaped by their institutional environment. Second, to the extent that individuals' interests are assumed to be institutionally shaped, they are always in accordance with the existing institutional arrangements. Consequently, individuals have no incentives to initiate institutional change. On the whole, human beings are regarded as relatively passive agents who comply with institutional pressures.

By relying on such a passive view of agency, institutional theorists have rendered the development of a theory of action null and void, since actors' behaviors are 'theoretically predefined outcomes of institutional processes' (Oliver, 1991: 174). This lack of a theory of action is at the core of institutional theory's weakness when it comes to explaining change, since institutional theory does not make clear the role of actors and action in the creation, diffusion, and stabilization of institutions (Christensen, *et al.*, 1997). As suggested by Hirsch and Lounsbury (1997), uncertainty about actors' agency raises serious questions about how macrolevel institutional phenomena change. The main problem is that without solid

microfoundations, institutional theorists risk not accounting for institutionalization and deinstitutionalization processes (Zucker, 1991).

### **Bringing Agency back into Institutional Theory**

Contrary to the studies I have presented up to now, which correspond to the ‘new’ institutionalism in organizational analysis, the ‘old’ institutionalism, developed by Selznick (1949, 1957), accounts for active human agency. Selznick (1957) emphasizes the role of human agency in creating institutions by analyzing the role of leaders in the institutionalization process.

Since the 1990s, there has been a tendency among new institutionalists to focus more on the way in which both individuals and organizations innovate, act strategically, and contribute to institutional change (e.g., Barley and Tolbert, 1997; DiMaggio, 1988; Fligstein, 1997; Greenwood and Hinings, 1996; Karnoe, 1997; Kondra & Hinings, 1998; Kraatz and Zajac, 1996; Leblebici *et al.*, 1991). The special research forum on institutional theory and institutional change, published by the *Academy of Management Journal* in February 2002, gathers contributions that analyze the role of individual or organizational actors in institutional change.

Among the various theoretical accounts of active human agency within the framework of institutional theory, the concept of institutional entrepreneurship, proposed by DiMaggio (1988) and developed by Fligstein (1997), has had the greatest impact. Reacting to the neglect of agency by institutional theorists, DiMaggio (1988) introduces the notion of institutional entrepreneurship into institutional theory. He defines institutional entrepreneurs as actors who have an interest in modifying institutional structures or in creating new ones, and who have enough resources to do so. To institutionalize a new organizational form, institutional entrepreneurs need to justify that form’s ‘public theory’. In order to do so, they must mobilize ‘subsidiary actors’ who support their institutionalization project (DiMaggio, 1988: 15).

Building on DiMaggio's (1988) work, Fligstein (1997) develops a theory of institutional entrepreneurship. According to him, the idea that some social actors are better at producing desired outcomes than others, is the core notion underlying the concept of institutional entrepreneurs. Fligstein (1997) argues that institutional entrepreneurs possess the social skill, that is, the ability to read the current level of organization in the field, in which they evolve, and to respond to it by taking into account the position of other actors in the field. Institutional entrepreneurs are actors who constantly attempt to size up their situations and motivate others to act cooperatively in the production and reproduction of institutions by providing them with common meanings and identities (Fligstein, 1997).

On the whole, institutional entrepreneurs appear to be characterized by a set of three qualities. First, they are 'knowledgeable' (Giddens, 1976) actors. They use their knowledge of the field and a set of tactics that are available to them to produce, and then reproduce, institutions (Fligstein, 1997). Second, they have resources at their disposal that enable them to influence institutionalized rules. Third, institutional entrepreneurs possess a social skill that enables them to motivate others to support the institutionalization project they carry out.

### **Institutional Entrepreneurship and the Paradox of Embedded Agency**

Empirical studies (e.g., Fligstein, 1997; Greenwood, Suddaby and Hinings, 2002) have been conducted that point to the role of institutional entrepreneurs in institutional change. The notion of the institutional entrepreneur seems to be a promising approach for the introduction of active human agency in institutional theory. Yet, up to now, studies about institutional entrepreneurs have not tackled the paradox of institutional entrepreneurs' embedded agency. A central question remains unanswered: 'How can socially embedded, unreflective actors become institutional entrepreneurs?' In other words, what enables the emergence of institutional entrepreneurs?

The theory of institutional entrepreneurship, developed by Fligstein (1997), is based on the assumption that some actors possess the social skill and resources that enable them to be institutional entrepreneurs. It does not, however, explain how institutional entrepreneurs manage to use their social skill and their resources to develop and implement an institutional change project, despite institutional pressures. For this reason, Fligstein (1997) does not really manage to integrate the model of institutional entrepreneurship he develops with institutional theory.

To set up foundations for a theory of institutional entrepreneurship, I argue that it is necessary to overcome the paradox of institutional entrepreneurs' embedded agency by explaining the emergence of institutional entrepreneurs. To do so, one must make a clear distinction between the sources of institutional entrepreneurship (i.e., knowledge, social skill and resources) and the actual exercise of institutional entrepreneurship. The question is to know why, among actors who possess the sources of institutional entrepreneurship, some behave as institutional entrepreneurs whereas others do not.

## **SOLVING THE PARADOX OF INSTITUTIONAL ENTREPRENEURS' EMBEDDED AGENCY**

To overcome the paradox of embedded agency, and thereby to explain the emergence of institutional entrepreneurs, I suggest that it is necessary to rely on a multidimensional view of agency and to take into account the interrelationships between institutional entrepreneurs and their institutional environment.

### **A Multidimensional View of Agency**

The notion of agency is used extensively in social sciences, but it is often given different definitions, thus rendering it a vague term. It is associated with words such as motivation, will, purpose, intentionality, interest, choice, initiative, freedom, and creativity. For example, Scott (2001) considers that agency refers to an actor's ability to intentionally

pursue interest and to have some effect on the social world, altering the rules or the distribution of resources. According to Sewell (1992), being an agent means to be capable of exerting some degree of control over the social relations, in which one is enmeshed, which, in turn, implies the ability to transform those relations to some degree. These definitions view agency as a unidimensional concept that can be represented on a continuum whose extremes correspond, respectively, to the highest level of agency possible (active agency) and to the lowest level of agency possible (passive agency). The problem with these definitions is that they are not clear when it comes to specifying the extent to which an individual should be able to impact the social world for him/her to be regarded as having a high versus a low level of agency. In addition, relying on these unidimensional views of agency, one may be tempted to regard agency as an individual attribute that does not evolve: some people would have a high level of agency whereas others would not. Such a conception of agency is quite a simplistic one. Individuals' level of agency is not a constant attribute. It may vary depending on the context in which these individuals are embedded, and it may evolve through time, accordingly.

Instead of viewing agency as a unidimensional concept, I suggest that we should view it as a multidimensional concept. Relying on the definition developed by Emirbayer and Mische (1998), I define agency as the actors' engagement (in the social world), which, through the interplay of habit, imagination, and judgment, both reproduces and transforms the environment's structures. From this definition, it follows that agency comprises three different constitutive elements: iteration, projectivity, and practical evaluation (Emirbayer and Mische, 1998). The 'iterational element' refers to the selective reactivation by actors of past patterns of thought and action, as routinely incorporated in practical activity. The second dimension of agency, i.e., projectivity, encompasses the imaginative generation by actors of possible future trajectories of action, in which received structures of thought and action may

be creatively reconfigured in relation to actors' hopes, fears, and desires for the future. Finally, the 'practical-evaluative element' of agency corresponds to actors' capacity to make practical and normative judgments among alternative possible trajectories of action, in response to emerging demands, dilemmas, and ambiguities of presently evolving situations (Emirbayer and Mische, 1998: 970-971).

Therefore, agency is conceptualized as a temporally embedded process of social engagement, informed by the past (in its habitual aspect), but also oriented toward the future (as a capacity to imagine alternative possibilities) and toward the present (as a capacity to contextualize past habits and future projects within the contingencies of the moment). All three of these constitutive dimensions of agency are to be found, in varying degrees, within any concrete empirical instance of action. The metaphor of the chordal triad can be used to illustrate this multidimensional view of agency: all three dimensions of agency resonate as separate, but not always harmonious, tones (Emirbayer and Mische, 1998: 971-972).

### **Institutional Entrepreneurs' Agency**

The problem with all the early institutional studies I have presented in the first section of this paper is that they are based on a truncated view of agency. They focus primarily on the iterational dimension of agency, thereby assuming that actors are invariably passive, and that they always conform to institutional pressures.

However, over the last ten years, institutional theorists have taken into account more and more—at least implicitly—the projective and practical-evaluative dimensions of agency. The definition of institutional entrepreneurs, proposed by DiMaggio (1988), and developed by Fligstein (1997), has two implications regarding institutional entrepreneurs' agency. First, to behave as institutional entrepreneurs, individuals must perceive that they have an interest in changing the existing institutional order. To do so, they must be able to take some distance with the existing institutional arrangements. Therefore, institutional entrepreneurs are

assumed to be able to make critical judgments about the reality they face, which means that the practical-evaluative component of their agency (Emirbayer and Mische, 1998: 970-971) plays an important role. Second, by introducing the concept of institutional entrepreneurs who develop and carry out new institutionalization projects, institutional theorists implicitly take into account the projective dimension of human agency. Therefore, institutional entrepreneurs are characterized by greater practical-evaluative and projective capacities than other actors. Their ‘agentic orientation’ (Emirbayer and Mische, 1998: 964) is both practical-evaluative and projective. Using the metaphor of the chordal triad, one can say that the dominant tone of institutional entrepreneurs’ agency is both practical-evaluative and projective. The question is now to know why, at some point in time, in a particular environment, some actors are characterized by a practical-evaluative and projective agentic orientation, while others are characterized by an iterational agentic orientation. In other words, one must explain how some individuals can display an agentic orientation that is not exclusively iterational, despite institutional pressures.

### **Interrelationships between Institutional Entrepreneurs and their Institutional Environment**

The problem with the assumptions made by DiMaggio (1988) and Fligstein (1997) about actors’ agency is that they do not take into account the whole complexity of interrelationships between actors’ agency and actors’ institutional environment. They implicitly assume that some actors–institutional entrepreneurs–have a practical-evaluative and projective agentic orientation, without explaining why they can have such an agentic orientation, despite institutional pressures.

To address the issue of agency in institutional theory and to conceptualize the interrelationships between actors and institutions, many scholars (e.g., Beckert, 1999; DiMaggio and Powell, 1991; Hirsch and Lounsbury, 1997; Oakes, Townley and Cooper,

1998; Schmidt, 1997) proposed using the theoretical frameworks provided by Bourdieu (1977; 1984) and/or Giddens (1976, 1979, 1984). It seems to me that the theoretical framework provided by Bourdieu cannot be used to overcome the paradox of institutional entrepreneurs' embedded agency. In contrast, I argue that the theoretical framework developed by Giddens provides guidelines that can be used to build foundations for a theory of institutional entrepreneurship.

The theoretical framework developed by Bourdieu is built around two main notions: 'field' and 'habitus'. These two notions are related. Fields are 'game spaces that offer stakes' (Bourdieu, 1984: 34). Each field is characterized by specific social relations, stakes, and resources that are different from other fields. Habitus is a system of temporally durable dispositions, predisposed to function as frameworks that generate and regulate practices and ideas (Bourdieu, 1977). Habitus is acquired through a relationship to a certain field. Through habitus, social structures are imprinted in individuals' mind and body. In *Questions de Sociologie* (1984: 75), Bourdieu compares habitus to 'computer programs'. The notion of habitus implies that individual actions are socially determined. Talking about his 'theory of practice', Bourdieu (1984: 75) states, 'All the dimensions of individual history, even the most singular ones, are socially determined'. Therefore, there is, in fact, no room for agency in Bourdieu's 'theory of practice'. As noted by Sewell (1992: 15), Bourdieu's habitus retains an 'agent-proof quality'. For this reason, I do not believe that Bourdieu provides a theoretical framework that can help to overcome the paradox of institutional entrepreneurs' agency.

In contrast, structuration theory (Giddens, 1976, 1979, 1984) can be fruitfully used to conceptualize the interrelationships between institutional entrepreneurs and their institutional environment. Giddens' structuration theory is a process-oriented theory that views structure as both a product of and a constraint on human action. For this reason, Giddens (1976, 1979, 1984) regards structures as 'dual'. The notion of duality of structure can be applied to

institutions. Institutions shape people's practices, but it is also people's practices that constitute (and reproduce) institutions. Actually, from this perspective, agency and institutions, far from being opposed, presuppose each other. According to Giddens, structures (institutions) are enacted by 'knowledgeable' human agents (i.e., people who know what they are doing and how to do it), and agents act by putting into practice their necessarily structured knowledge. Hence, 'structures must not be conceptualized as simply placing constraints on human agency but as enabling' (Giddens, 1976: 161). This conception of human agents as 'knowledgeable' and 'enabled' implies that these agents are capable of putting their structurally formed capacities to work in creative or innovative ways (Sewell, 1992: 4).

Relying on Giddens' work, I propose that institutional entrepreneurs are enabled by their institutional environment. To understand how they are enabled, it is necessary to know the characteristics of the institutional environment in which they are embedded. In general, the institutional environment in which individuals are embedded, is not homogeneous. It is composed of a plurality of organizational fields, which correspond to recognized areas of institutional life (DiMaggio and Powell, 1983). As a result, the institutional environment is composed of a variety of institutional arrangements that are heterogeneous. The heterogeneity of institutional arrangements is the variance in the characteristics of these different institutional arrangements. Two different levels of institutional heterogeneity can be distinguished. On the one hand, institutional arrangements that are internal to a given organizational field may be heterogeneous, and on the other hand, those that exist in different organizational fields may be heterogeneous. In the former case, heterogeneity can be said to be *intrainstitutional* because it is internal to a recognized area of institutional life, whereas in the latter case, it is *interinstitutional* because it involves different recognized areas of institutional life.

Most individuals are not embedded within a single organizational field. They are simultaneously embedded in multiple organizational fields, which may be either independent or interrelated. For example, an individual who works for a pharmaceutical company, who is a member of a not-for-profit organization that helps disabled people, and who practices sport in a club, is simultaneously embedded in three different organizational fields. The organizational field that comprises pharmaceutical companies and the one that comprises sports clubs are independent. In contrast, the organizational field that comprises pharmaceutical companies and the one that comprises not-for-profit organizations that help disabled people might be related. Indeed, pharmaceutical companies may produce specific medicines that disabled people need.

In addition, individuals' positions in their institutional environment evolve over time. They are not always embedded in the same set of organizational fields. For example, an individual may quit a sports club and later join a not-for-profit organization that aims at protecting the environment, thereby exiting one organizational field and entering a new one. In general, throughout their lives, individuals are embedded in multiple organizational fields, either simultaneously or successively.

To explain how institutional entrepreneurs are enabled by their institutional environment, I propose to develop a contingent approach to the emergence of institutional entrepreneurship that accounts for the interrelationships between institutional entrepreneurs and their institutional environment. The objective is to explain why, at some point in time, in a particular organizational field, institutional entrepreneurs emerge.

## **A CONTINGENT MODEL OF THE EMERGENCE OF INSTITUTIONAL ENTREPRENEURSHIP**

Once one breaks with the assumption that actors are invariably passive or active, responses to the institutional environment become cast as predicted behaviors, rather than

theoretically predefined outcomes of institutional processes (Oliver, 1991: 174). As a result, it becomes possible to develop foundations for a theory of institutional entrepreneurship by showing that one can predict actors' agentic orientations.

Emirbayer and Mische (1998) propose that actors' agentic orientations may vary in dialogue with the different situational contexts to which they respond. In other words, depending on the situational context in which actors are embedded, they may be primarily oriented toward the past, the future, or the present. They may then switch from one agentic orientation to another. I argue that the emergence of institutional entrepreneurs, whose agency is oriented toward the present and the future, is dependent on key characteristics of organizational fields on the one hand, and on the actors' past and present positions in the institutional environment on the other hand. In the model I develop, the heterogeneity of institutional arrangements plays a central role, both within organizational fields (intra-institutional heterogeneity) and across organizational fields (inter-institutional heterogeneity).

### **The Triggering Role of Intra-institutional Heterogeneity**

Among the organizational fields' characteristics that are likely to impact the emergence of institutional entrepreneurs, the degree of intra-institutional heterogeneity is the most important one. When there are intra-institutional heterogeneities, institutional incompatibilities that are internal to a given organizational field are more likely to emerge. Such incompatibilities are a source of internal contradictions. A contradiction can be defined as a pair of features that together produce an unstable tension in a given system (Blackburn, 1994). Many scholars have suggested that institutions can develop contradictions with their environment, and that these contradictions can be a source of institutional change (e.g., Clemens and Cook, 1999; Friedland and Alford, 1991; Jepperson, 1991; Seo and Creed, 2002; Sewell, 1992). For example, relying on the dialectical framework developed by Benson

(1977), Seo and Creed (2002) propose that the ongoing experience of contradictory reality may trigger 'praxis', which is the free and creative reconstruction of social patterns on the basis of a reasoned analysis of both the limits and the potentials of present social forms. They view 'praxis' as a particular type of collective human action situated in a given socio-cultural context but driven by the social contradictions that characterize this context. The problem is that the concept of 'praxis' covers both human agency and collective human action. To have a more fine-grained understanding of the processes that lead to the emergence of institutional entrepreneurs, I suggest that it is necessary to concentrate on human agency and to view it as multidimensional.

The existence of contradictory institutional arrangements in a given organizational field may constitute an opportunity for active human agency. Indeed, the ongoing experience of contradictory institutional arrangements is likely to trigger a more conscious and critical practical evaluation of those arrangements, which, in turn, will impact both the iterational and projective dimensions of agency. Individuals facing contradictory institutional pressures will have to decide which ones they will accept to comply with and which ones they will ignore. As a result, they will stop seeing existing institutional arrangements as taken-for-granted and they will take some critical distance with them. For this reason, the reactivation of the institutionalized patterns of thought and action is likely to become more and more selective, which means that the iterational dimension of agency will be undermined. In contrast, the projective dimension of agency is likely to be triggered by the experience of contradictory reality. When institutional arrangements are in contradiction with one another in a given organizational field, their power of constraint is considerably weakened. Consequently, individuals may decide not to comply with them anymore, but to innovate without being afraid of facing harmful consequences. Therefore, I suggest that the ongoing experience of contradictory reality is likely to shift actors' agentic orientation from an iterational orientation

to a practical-evaluative and projective one, which characterizes institutional entrepreneurs. Thus, I propose the following:

*Proposition 1: The higher the degree of intrainstitutional heterogeneity, the more likely institutional entrepreneurs are to emerge in a given organizational field.*

### **The Impact of Actors' Past and Present Positions in the Institutional Environment**

If intrainstitutional heterogeneities most of the time cause contradictions because they generate unstable tensions, interinstitutional heterogeneities are not necessarily sources of contradictions. Indeed, interinstitutional heterogeneities do not necessarily lead to tensions and conflicts. In many cases, they actually result in mutual indifference, because the actors who are embedded in a given organizational field do not know, and do not care, about what is happening in other organizational fields. For example, the organizational fields of shipbuilding and foodprocessing may display a high level of interinstitutional heterogeneity, but most of the actors in each of these two organizational fields are indifferent to what is happening in the other organizational field.

However, there may be situations in which individuals are not indifferent to interinstitutional heterogeneities. I argue that, depending on their past and present positions in the institutional environment, individuals may increase their awareness of different institutional arrangements and their knowledge about them. This awareness and knowledge will, in turn, impact their agentic orientation. In other words, depending on the individuals' positions, the presence of different institutional orders or alternatives in different organizational fields may constitute an opportunity for agency.

Actors who are embedded in multiple organizational fields are aware of the existence of different institutional arrangements, and they have knowledge about them. They know the 'schemas' or 'rules' that characterize the different organizational fields they were, and are, involved in (Sewell, 1992: 8). These actors' awareness of interinstitutional heterogeneities is

likely to enhance their practical-evaluative agentic capacities. Knowing that there exist many different types of institutional arrangements, these individuals may take some distance with the different institutional pressures to which they, themselves, are subject.

In addition, the schemas that make up institutions are ‘generalizable’, which means they can be transposed or extended to new situations when the opportunity arises (Sewell, 1992: 8). To say that schemas are ‘transposable’ (Sewell, 1992: 17) means that they can be applied to a wide, and not fully predictable, range of cases outside the context in which they are initially learned. Thus, actors who are embedded in multiple organizational fields and who have knowledge about the schemas that characterize these different organizational fields, can transpose them from one organizational field to another. Sewell (1992: 18) regards such transpositions as creative applications of existing schemas to new contexts. Actors may either transpose existing schemas from one organizational field to another or use several schemas that exist in different organizational fields to create a new one. Therefore, because they have knowledge about multiple transposable schemas, actors who are embedded in multiple organizational fields are more likely to enhance their practical-evaluative and projective agentic capacities, and develop greater capacities for critical and creative intervention (Emirbayer and Mische, 1998: 1007). In other words, they are more likely to develop the practical-evaluative and projective agentic orientation that characterizes institutional entrepreneurs. As already emphasized, actors may be embedded in multiple organizational fields either simultaneously or successively. For this reason, this discussion leads to the following two propositions:

*Proposition 2a: Actors who are simultaneously embedded in multiple organizational fields are more likely to become institutional entrepreneurs.*

*Proposition 2b: Actors who have been successively embedded in multiple organizational fields are more likely to become institutional entrepreneurs.*

Of course, these two propositions are not mutually exclusive. Actors may be simultaneously embedded in multiple organizational fields, while embedded in other organizational fields before.

Another way for actors to be aware of and to know about other organizational fields, without being part of them, is to have contacts with others who are embedded in other organizational fields. Through these contacts with others, who are external to the organizational field in which the actor is embedded, an actor may have access to other institutional schemas. As a result, he/she may become aware of interinstitutional heterogeneities. I have already explained how such an awareness can shift individuals' agentic orientation from an iterational orientation to a practical-evaluative and projective one. This discussion leads to the next proposition:

*Proposition 3: Actors who have contacts with others, who are external to the actors' organizational field, are more likely to become institutional entrepreneurs.*

### **The Applicability of Institutional Schemas from one Organizational Field to another**

Institutional entrepreneurs not only take some distance with the existing institutional arrangements, but they also come up with new institutional projects. They then try to diffuse these institutional projects throughout the focal organizational field, that is, the organizational field they aim to change. If individuals take some distance with the existing institutional order in a given organizational field without proposing a new institutional project, they cannot be regarded as institutional entrepreneurs. To develop new institutional projects, institutional entrepreneurs transpose institutional schemas that exist in other organizational fields to the focal organizational field. As already stated, they may either transpose one or several institutional schemas from one field to another or use several schemas that exist in different fields to create a new one.

However, it is not always possible to transpose one or several institutional schemas from one or several organizational fields to the focal organizational field. For such transpositions to be possible, the institutional schemas must be applicable to the focal organizational field. Therefore, individuals have to make inferences as to the applicability of institutional schemas used in other organizational fields to the focal organizational field. This is a situation of learning transfer: individuals learn about institutional schemas used in some specific settings (other organizational fields) and transfer them to another setting (the focal organizational field). I argue that the degree of heterogeneity between these different settings, i.e., the degree of interinstitutional heterogeneity between the different organizational fields, is an important predictor of the likelihood that an actor will become an institutional entrepreneur.

At low levels of interinstitutional heterogeneity, the institutional schemas characterizing the focal organizational field and those characterizing other organizational fields an individual knows about, are so similar that the other organizational fields may not provide any alternative institutional schemas to those used in the focal organizational field. In such cases, the projective dimension of agency is less likely to be aroused. At high levels of interinstitutional heterogeneity between the focal organizational field and the other organizational fields an individual knows about, inferences as to the applicability of institutional schemas from the other organizational fields to the focal organizational field may become more difficult to make, and, when made, they may be more likely to generate inappropriate generalizations. This is typical of learning transfer situations in which there is a high degree of heterogeneity between the setting from which knowledge is transferred and the one to which it is transferred (Cormier and Hagman, 1987; Gick and Holyoak, 1987; Zollo and Winter, 2002). Therefore, at high levels of interinstitutional heterogeneity, the projective dimension of agency is also less likely to be aroused.

In contrast, at intermediate levels of interinstitutional heterogeneity between the focal organizational field and the other organizational fields an individual knows about, the institutional schemas that characterize the different organizational fields differ, yet share, some components. In such situations, the degree of similarity between the different institutional schemas is high enough to render them applicable from one organizational field to another, but low enough to provide alternative institutional schemas to the ones used in the focal organizational field. In such situations, the projective dimension of agency is more likely to be aroused. This discussion leads to the following proposition:

*Proposition 4: There is an inverted U-shaped relationship between the likelihood that an actor will become an institutional entrepreneur and the degree of interinstitutional heterogeneity between the focal organizational field and the other organizational fields this actor knows about.*

As already stated, organizational fields can be either independent or interrelated. Among the actors who are embedded in multiple organizational fields, those who are embedded in related organizational fields enjoy a strategic position that is highly likely to impact their agentic orientation. Because they are embedded in different organizational fields that are related, it can be said that they are positioned at the intersection of those organizational fields. The degree of interinstitutional heterogeneity between related organizational fields is likely to be lower than the degree of interinstitutional heterogeneity between independent organizational fields because related organizational fields must adopt some common rules that enable them to coordinate. Meanwhile, even when they are related, organizational fields often display important institutional differences. For this reason, the degree of interinstitutional heterogeneity between related organizational fields is more likely to be intermediate. Thus, from Proposition 2a and Proposition 4, it follows that:

*Proposition 5: Actors who are at the intersection of related organizational fields are more likely to become institutional entrepreneurs.*

## **DISCUSSION**

I began by noting that, while there is an increasing number of studies about institutional entrepreneurs (e.g., Beckert, 1999; DiMaggio, 1988; Fligstein, 1997; Garud *et al.*, 2002; Holm, 1995; Rao, 1998), none of them has yet addressed the paradox of institutional entrepreneurs' embedded agency. In this paper, I have set up foundations for a theory of institutional entrepreneurship by overcoming this paradox, and I have developed a model which explains how institutional entrepreneurs can emerge, despite institutional pressures. Relying on a multidimensional view of agency, I have explained how the degree of intrainstitutional heterogeneity in a given organizational field and the actors' past and present positions in the institutional environment, may arouse the agentic orientation that characterizes institutional entrepreneurs. In addition, I have explained how the degree of interinstitutional heterogeneity between the focal organizational field and the other organizational fields an individual knows about, may affect the likelihood that this individual will become an institutional entrepreneur.

Before discussing the model of the emergence of institutional entrepreneurship that I have developed, it is important to make it clear that I do not pretend that the actions of institutional entrepreneurs are the only sources of institutional change. I *do* agree with Jepperson (1991) when he states that successful influence attempts by a delimited actor, carrying a specific interest, represent only one category of possible social change explanations. Institutional change processes are complex processes, in which different types of forces are involved. Institutional entrepreneurs' actions correspond only to one type of forces that might affect the institutional order. Yet, their role should not be overlooked. For this reason, it is important to set up foundations for a theory of institutional entrepreneurship.

A number of issues need to be addressed regarding the model of the emergence of institutional entrepreneurship. First, it explains why actors who possess the qualities of institutional entrepreneurs may or may not actually exercise institutional entrepreneurship. Therefore, the model suggests that not every actor confronts the conditions that favor the emergence of institutional entrepreneurship or possesses the skills and resources to exploit them.

Second, it is important to keep in mind that all individuals who possess the skills and resources to become institutional entrepreneurs will not respond exactly in the same way to similar situations. In particular, each individual may have a slightly different perception of the level of interinstitutional heterogeneity between the focal organizational field and the other organizational fields he/she knows about. The perceived similarity of two settings cannot be determined by simply referring to the objective properties of these two settings. Perceived similarity will be influenced by many psychological factors (Gick and Holyoak, 1987), such as the knowledge or expertise of the person performing the transposition of an institutional schema from one setting to another.

Third, an important issue regarding the contingent model of the emergence of institutional entrepreneurship is whether it can be applied to both individuals and organizations. Like the theoretical framework developed by Emirbayer and Mische (1998), the model that I have developed deals with human agency. The use of the model at the organizational level raises some problems because organizational and individual agentic processes are not equivalent. For example, the processes underlying organizational routines are not the same as those underlying individual habits. Therefore, the processes leading to a shift from an iterational orientation to a practical-evaluative and projective one are different for organizations and for individuals. Further research is needed to analyze the cognitive processes and the organizational processes that are involved in the determination of human

agentic orientations on the one hand, and organizational agentic orientations on the other hand.

Last but not least, another important issue that needs to be addressed, concerning the model, has to do with the definition of the institutional environment. In the framework of this paper, I consider that the institutional environment, in which individuals are embedded, is composed of multiple organizational fields, which correspond to recognized areas of institutional life (DiMaggio and Powell, 1983). It may be interesting to use the model to study the emergence of institutional entrepreneurs at the intraorganizational level. Intraorganizational institutions can be defined as taken-for-granted beliefs that arise within and across organizational groups and delimit acceptable and normative behavior for members of those groups (Elsbach, 2002). If we transpose the model at the intraorganizational level, the organization as a whole will correspond to the institutional environment, which, in this case, will be made up of multiple organizational groups, such as departments, teams, or divisions. It would be interesting to see whether the model I have developed could be used to predict the emergence of institutional entrepreneurs at the intraorganizational level.

## **CONCLUSION**

The contingent model of the emergence of institutional entrepreneurship that I have developed contributes to overcoming the paradox of embedded agency in institutional theory. It helps to reconcile the notion of institutional entrepreneurship with the premises of institutional theory, by accounting for the dialectical relationships between agency and institutions. Contrary to the model developed by Seo and Creed (2002), it does not regard the experience of contradictions as a necessary condition for the emergence of institutional entrepreneurship. It shows that both the characteristics of the organizational field and individuals' past and present positions in the institutional environment may enhance their practical-evaluative and projective capacities, thus enabling the emergence of institutional

entrepreneurs. These institutional entrepreneurs may then transform the institutional environment.

Resolving the paradox of embedded agency has an important theoretical implication. It enables institutional theorists to take into account the role of individuals in institutional change processes, thereby allowing them to develop a more fine-grained understanding of institutionalization and deinstitutionalization processes. Scott (2001) concludes his book, *Institutions and Organizations*, by highlighting what he regards as the indicators of progress of institutional theory. He considers that, over the last fifteen years, institutional theory has grown from adolescence (Scott, 1987) to a promising, youthful adulthood. One indicator of progress he uses is related to actors' agency. The model of the emergence of institutional entrepreneurs contributes to further developing institutional theory by making action endogenous to it. By doing so, the model sets up the foundations for a theory of institutional entrepreneurship. The development of this theory is all the more important as it will render institutional theory more actionable by explaining how, in some situations, individuals may shape institutions.

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