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Reconciling institutional theory with organizational theories

How neoinstitutionalism resolves five paradoxes

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Abstract

Purpose – The aim of the paper is to review and compare traditional and new institutional postulates in order to address some of the criticism that this theory has received.

Design/methodology/approach – Throughout this paper, five interesting paradoxes are presented in management contexts of change, the creation of competitive advantages, and organizational behaviour.

Findings – Light is shed on the integration efforts that seek to combine institutional theory with transaction cost theory, the resource-based view of the firm, and the resource dependence theory.

Originality/value – The paper reviews the Oliver contribution work done around neoinstitutional theory. The paper offers a different view of organizational change, the creation of competitive advantage, and organizational behaviour.

Keywords Organizational change, Organizational theory, Competitive advantage, Organizational behaviour

Paper type Research paper

Introduction

Neoinstitutional theory, which possesses strong sociological origins, bases its arguments on the notion that organizations are socially rewarded by legitimacy, resources, and survival based on their acceptance of coercive, normative, and mimetic institutional pressures (DiMaggio and Powell, 1991b; Meyer and Rowan, 1991). This implies the transference of contextual values, ceremonies, and symbols onto the structures, strategies, and practices of an organization, thereby generating isomorphism (Scott, 1987; Zucker, 1987). Organizations are posited to passively succumb to institutional coercive and normative pressures in order to obtain the social support of stakeholders (for example, adhering to regulations designed for environmental protection or requirements demanded by professional associations).

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Such a deterministic approach to institutional theory has been challenged (Kraatz and Zajac, 1996; Dacin *et al.*, 2002). The aims of this paper are twofold. First, it intends to organize the growing body of literature dealing with institutional theory, addressing some of the criticism that this theory has received by means of the presentation of five paradoxes that arise out of the confrontation of this theory with other more "rational" approaches. The second aim of this paper is to defend the utility and power of the theory by showing its ability to inform managerial behaviour by combining institutional accounts with other, seemingly contradictory, theories. Thus, we build upon Oliver's (1991) theoretical arguments regarding the strategic responses to the institutional context. By examining the paradoxes presented here, we enhance the potential of this theory for explaining managerial decisions.

The paper is organized as follows. We begin by discussing the five paradoxes mentioned above, including a brief description of the implications of each paradox, followed by the arguments that support each paradox. The final section draws these ideas together and offers implications for both theory and practice.

Paradoxes in neoinstitutional theory

The following presentation of the paradoxes of neoinstitutional theory is in response to the fact that the literature in this area has addressed relevant modifications to theory, prompted by Oliver's (1991) contributions, which have provoked great interest in researchers and practitioners alike, as reflected in the special issue of the *Academy of Management Journal* (2002) (Dacin *et al.*, 2002; Kraatz and Moore, 2002; Sherer and Lee, 2002). These modifications have resulted in a theory that addresses change, competitive advantage, and innovation in organizations. The selection of these paradoxes was motivated in part by several articles that have proposed the integration of this theory with others that, in origin, are contradictory and divergent.

Oliver's (1991, 1997) contributions have emphasized the integration between the resource-based view of the firm and neoinstitutionalism, supporting paradoxes 1 and 2 (Table I), which are related to the creation of competitive advantages. Integration between transaction cost theory and neoinstitutional theory, presented by Oliver (1996), Pouder (1996), Roberts and Greenwood (1997) and Martinez and Dacin (1999) formed the basis for paradox 3, associated with stakeholders and institutional embeddedness. The determinism of the ecological school, which shares a common origin with neoinstitutionalism, and the integration between this theory and the resource dependence theory (Tolbert, 1985; Ingram and Simons, 1995; Rajagopalan and Yong,

Table I.
Five paradoxes in neoinstitutional theory

Paradoxes	Related to	Theory that triggered the paradox
1. Conformity versus differentiation	Competitive advantage	Resource-based view of the firm
2. Isomorphism versus heterogeneity		
3. Legitimacy versus efficiency	Stakeholders/institutional embeddedness	Transaction cost theory
4. Change versus inertia	Change	Ecological school and resource dependence theory
5. Institutions versus organization	Organizational behaviour	Selznick school (old institutionalism)

1995; Tsai and Child, 1997; Proenca *et al.*, 2000) prompted paradox 4, which deals with change. And finally, paradox 5 was motivated by the necessity of encompassing the study of public and private management, institutional and organizational differences, and the decoupling strategies that are used to obtain legitimacy.

Conformity versus differentiation

> *Paradox 1.* Differentiation supports and sustains competitive advantage, but conformity to institutional pressures provides legitimacy, resources, and competitive advantage.

In contexts where institutional and competitive pressures exert strong influences, the strategic decisions of managers result both in conformity to institutional pressures, which leads to isomorphism and legitimacy, and in differentiation, which, following the resource-based view of the firm, can increase the possibility of creating a competitive advantage through heterogeneity in resources and capabilities. Although both alternatives have an effect on performance and the creation and maintenance of dominant market positions, little attention has been paid to the analysis of the effects of conformity on firm performance and competitive advantage.

Differentiation tends to reduce rivalry, increasing the possibility of building competitive advantages, whereas conformity improves the social support of stakeholders and therefore the legitimacy of the firm. Differentiation reduces competitiveness and the fight for scarce resources, thereby improving performance; but on the other hand, conformity makes all organizations similar and, therefore, the competitive pressures are stronger.

The resource-based view of the firm which states that a competitive advantage can be supported by a firm's distinctive strategic resources (Barney, 1991). Differentiation will create benefits and dominant positions that will last until competitors imitate a firm's key resources, and will be restored through the creation of new opportunities that result in a new competitive advantage and new entry barriers (Ogbonna and Harris, 2003). However, a key question arises: how can organizations that face institutional pressures and accept their stakeholders' claims create and sustain competitive advantages? The new lines of institutional thinking answer this question and establish a point of connection with the resources-based view.

Conformity reduces differentiation but, at the same time, reduces risks associated with the loss of legitimacy and helps in resource acquisition. The fact that both points of view – differentiation and conformity – contribute to better understanding of the process of creating competitive advantages, thus integrating strategic and institutional views, reflects an intriguing contradiction: "In markets with strong institutional and competitive pressures, both the differentiation and conformity propositions should be important" (Deephouse, 1999, p. 153). Based on this contradiction, some authors, such as Staw and Epstein (2000), have demonstrated that the acceptance of institutional requirements can be perceived as a means for being competitive.

Oliver (1996) posits that neoinstitutional theory explains heterogeneity and variation. Through institutional embeddedness and interconnection, the creation of competitive advantages can be explained because institutional embeddedness has an impact on organizational behaviour, causing it to seek an economic and social fit (Lounsbury, 1998). Therefore, conformity leads to competitive advantages as a result of the relationship with stakeholders that increases legitimacy (see paradox 3), and the acceptance of exigencies of different stakeholders from the institutional contexts that can result in differentiation.

Isomorphism versus heterogeneity

> *Paradox 2*. Competitive advantage is supported by resource heterogeneity, but institutional isomorphism provides better access to resources, legitimacy, and also competitive advantage.

Traditionally, differentiation has been linked with heterogeneity, and conformity with isomorphism. Neoinstitutionalism introduces a more realistic concept of isomorphism, one that considers it as a response to a strategic process (Dacin, 1997; Haunschild and Miner, 1997). This theory defines isomorphism as a process resulting from the interrelations between the institutional context and the organization. Because organizations, mostly in uncertain environments, tend to model each other, the mimetic processes and generate isomorphism – homogeneity and similarities – in the way they manage firms (DiMaggio and Powell, 1991b). In this sense, no organization has an advantage over others that also blindly conform to institutional prescriptions (the most extreme posture adopted in response to the institutional pressures proposed by Oliver, 1991), and therefore, the creation of competitive positions will be ambiguously explained by the institutional perspective. Isomorphism and, consequently, homogeneity are contradictory to the arguments about heterogeneity that come from the resource-based view.

The resource-based view of the firm explains the acquisition of dominant positions through the heterogeneity of firms' resources. Whereas institutional isomorphism assumes the resource supply exists at the same level between organizations, thus reducing competition and differentiation, resource-based theory assumes variation in resources. Despite this apparent contradiction, Oliver (1991, p. 165), states: "Institutional Theory can explain not only homogeneity and isomorphism in organizations, but also heterogeneity and variability of generated profits." That is, the organization can acquire competitive positions if it manages the institutional context within which its resources lie (Oliver, 1997). In other words, neoinstitutional theory has incorporated the logic of resource-based theory by introducing agency, allowing managers to manage how well they adapt to institutional pressures. The ability to interpret accurately, and to adapt well to, institutional pressures becomes a source of competitive advantage. That is, firms gain advantage from their superior ability to align themselves with their institutional context.

The integration of neoinstitutional and resource-based theory has thus emphasized the strategic dimension of neoinstitutional theory and provides a better understanding of organizational behaviour and market imperfections (Tolbert, 1985; Oliver, 1991, 1997; Ingram and Simons, 1995; Roberts and Greenwood, 1997; Uzzi, 1997, 1996; Dacin *et al.*, 1999; Martinez and Dacin, 1999).

Legitimacy versus efficiency

> *Paradox 3*. In the pursuit of efficiency, some stakeholder interests are not attended to, thereby reducing legitimacy. However, legitimacy pursues efficiency in the diffusion process and efficiency pursues legitimacy as result of the relationship with stakeholders.

Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 574). The acquisition of legitimacy provides firms with better access to resources, reputation, and advantages in situations involving rivalry (Dowling and Pfeffer, 1975; Epstein and Votaw, 1978; Elsbach and Sutton, 1992; Ruef and Scott, 1998; Sherer and Lee, 2002; Zimmerman and Zeitz, 2002). The question is: can the strategic process and organizational management be explained as leading to efficiency and legitimacy?

There is little doubt that efficiency is a critical measure of performance; however, in recent years, more attention has been paid to the social dimension of performance. The relevance of stakeholders and the necessity of blending symbolic management together with classic management has encouraged firms to try to achieve an economic and social fit. Therefore, in contexts where institutional and technical pressures are acting, firms seek to obtain not only efficiency but also legitimacy, and must identify and satisfy the requirements of their stakeholders (Pfeffer and Salancik, 1978; Neilsen and Rao, 1987; McLarney, 2002).

Both objectives can and must coexist in the management process, but the paradox is derived from the fact that, through legitimacy, organizations can obtain efficiency despite the fact that they appear to be contradictory goals. This occurs as a consequence of institutional embeddedness, which has encouraged the development of research into strategic content because it allows one to envision the role of social context in the explanation of heterogeneity, the achievement of efficiency objectives, and legitimacy (Granovetter, 1985; Baum and Oliver, 1992; Oliver, 1996; Osborn *et al.*, 1998; Dacin *et al.*, 1999; Kostova, 1999). Granovetter (1985) defines embeddedness as economic action within structures of social relations. Oliver (1996) states that it is the process through which strategic and economic activities are developed in an institutional context formed by government, interest groups, public opinion, and business and professional associations.

Embeddedness is a variable that is measured through social capital, which is closely linked with isomorphism and legitimacy (Oliver, 1996). Following Dacin *et al.* (1999), institutional embeddedness allows for the redefinition of competition (Karnoe, 1995). Powell (1996) posits that embeddedness overcomes the classic dualities between the strategic and the institutional, the substantive and the symbolic, and the economic and the social. The acceptance of institutional pressures can create a distinct advantage, and blind acquiescence to the institutional context does not necessarily imply a return to the roots of old institutionalism, although this depends on the passivity of the organization. Institutions offer chances as well as dangers, and the pressures provoke the heterogeneity of the organizational responses (Powell, 1988; Scott, 1995). In conclusion, institutional embeddedness is capable of explaining market imperfections and the process of acquiring and maintaining competitive advantage in firms. Institutional embeddedness and its influence on the creation of competitive advantage is a recent and controversial topic because it determines not only when the sources of heterogeneity and change are based on social embeddedness criteria, but also how the competitive positions can be modified.

We conclude that organizational management and innovation, triggered by legitimate firms (assuming the ability to differentiate), are explained as attempts to obtain efficiency and legitimacy, provided by stakeholders whose interests must be taken into account in the management process (Sherer and Lee, 2002). Firms must develop a substantive and symbolic management that combines both objectives in the management process (Ashforth and Gibbs, 1990). The confrontation between institutional and competitive pressures will influence the decisions of organizations that will obtain competitive positions by attending to the interests of stakeholders. Social corporate responsibility must be managed by firms. Thus, the classic shareholder approach in which the firm pursues efficiency must be replaced by the stakeholder approach, which also analyses the way firms obtain social results and competitive advantages.

Change versus inertia

Paradox 4. Institutional pressures have traditionally been associated with inertia and passivity, but the new lines of institutional thinking emphasize also how strategic management action and the interplay of these pressures in different contexts both result in change.

The management of change has played a key role in neoinstitutional theory. Traditionally, change has been a controversial issue because the old institutionalism of Selznick did not include ideas of change and adaptation; instead, inertia and persistence were emphasized (Zucker, 1977; Kraatz and Zajac, 1996; Kraatz and Moore, 2002). Institutionalism was criticised mainly because it neglected the managerial role and assumed, therefore the passivity of organizations and determinism of the institutional context (Bada *et al.*, 2004). In this line, Zucker (1983, p. 4) expresses that "the institutional environment limits an organization, determining its internal structure, its growth and fall, and often, its survival." DiMaggio and Powell (1991a, pp. 13-14) describe institutional environments as "those which need conformity and acceptance, a fact that makes the organizations turn into 'iron cages,' prisoners of the institutional isomorphism," suggesting that "the actors, making rational decisions, construct around themselves an environment that constrains their ability to change further in later years" (DiMaggio and Powell, 1991b, p. 148).

Therefore, in origin, the principle of stability inherent in classic institutional theory conflicted with the most active theories of adaptation, which portrayed organizations as continuously changing their structures and practices to fit a dynamic environment.

The new institutionalism, however, as presented by DiMaggio and Powell (1991a), analyses adaptation processes, and, with this postulate, studies have multiplied. The institutional pressures are always changing, and the constant interaction among institutions and organizations means that there is a process of adaptation to new institutional requirements, and, also, that institutional change is a consequence of organizations' actions and dynamics (North, 1995).

Research into change has developed in the last two decades. This growing interest has motivated publication in 2002 of a special issue of the *Academy of Management Journal* in which researchers demonstrated the ways neoinstitutional theory explains change, focusing especially on the sources of institutional change, the factors that influence the way organizations respond, and the processes of institutional change (Dacin *et al.*, 2002; Seo and Creed, 2002). However, some challenges remain that should result in important literature concerning this topic.

In conclusion, even though neoinstitutionalism is not typical change theory, it is a valid approach with which to explain not only the similarity of isomorphism and stability in the organizational field, but also organizational behaviour, heterogeneity, and the creation of competitive position as a response to dynamic and turbulent environments (Greenwood and Hinings, 1996; Park and Krishnan, 2003).

Despite having been considered in its origins a theory with no potential to explain change, we have deduced from institutionalism processes insights related to change and adaptation (Johnson *et al.*, 2000), like the isomorphism, the mimetic processes and the legitimacy.

Institutions versus organizations

> *Paradox 5*. Institutional analysis has traditionally been applied to non-profit and social organizations. However, the growing interests of stakeholders are increasing the validity of applying this theory to other types of organization.

A substantial amount of institutional work focuses on specific sectors such as education and the health sector, indicating that this theory is highly applicable for organizations of this nature, for "although 'institutional' elements are found in all organizations, the non-profit and social services sphere ... are the 'institutional' spheres par excellence" (Brint and Karabel, 1991, p. 342).

The primary reason for the development of the postulate expressed by Brint and Karabel rests on the concept of the institution. Although in much of this work, the institution has been defined in a general way as the field that owns the normative rules and beliefs that form social action, the classic studies of neoinstitutional theory considered such institutions as those organizations that, in that institutional context, pursued social objectives (schools, hospitals, etc.). The remaining organizations under these postulates were envisaged as prosecutors of their own interests that, because of this, were exposed to different degrees of acceptance, and were thus excluded from these kinds of studies. Nevertheless, the growing interest on the part of organizations in attaining social status, and the necessity of satisfying social and economic exigencies, emphasizes the applicability of institutional analysis in all types of firms.

This is an old controversy that has been laid to rest thanks to the development of institutional analysis, which has transferred organizational principles and management techniques from the private to the public sectors, explaining the development and diffusion of what is termed "new public management" (Rocca, 2000). Owing to current features of the environment, all organizations are institutions, to a larger or smaller degree, although the institutional forces to which they are exposed vary according to the nature of their core tasks and activities.

The reasons why the social services sectors have been the main objective of institutional analysis were (Zucker, 1983): they are normally organizations in which activity is linked to a high degree of risk; these are sectors in which perfect information does not exist about input-output relationships, the connection between resources and goals, technologies, or what production standards must be; finally, in these sectors, constituents require what might be termed a high level of security. That is, becoming legitimate is essential, even more so than reaching the efficiency criteria of the technical environments (Meyer and Rowan, 1991). The quest for a social fit is prioritised over the efficiency criterion (Hinings and Greenwood, 1988).

Nevertheless, the growing interest of stakeholders in knowing if an organization is acting according to institutional rules has generated in institutional analyses a true revolution in the consideration of the context of organizations. Environmental dynamics and the consideration of elements such as normative values or the symbols of normative and social prescription have led to a recognition of the importance of symbolic management (Neilsen and Rao, 1987; Pfeffer, 1981).

Owing to this emphasis on symbolic management, neoinstitutional theory has much to offer outside the social sector, not only because of the great number of competitive firms that can be viewed using institutional analysis, but also because of the challenge of analysing in greater depth the active behaviour of those that were considered classical, such as examples from the healthcare and educational sectors.

Symbolic management is closely linked to the concepts of social responsibility, trust, commitment, and ethics, referring to the key contributing factors of legitimacy. As more time passes, organizations are increasingly aware that it is critically important to maintain social support from those who represent their key source of vital resources.

Also, social responsibility and symbolic management have increased the degree of accountability that firms must show to their agents, who must be informed about their management in order to provide social support. This implies that the organization must behave in congruence with the institutional requirements. From the classical conception, in which the organization was mainly focused on customers, employees, and shareholders, comes the stakeholder theory, one which also considers pressures from government, the media, and public opinion. The key members then reach a special importance under neoinstitutionalism, and specifically in dynamic and uncertain environments (Freeman, 1984; Donaldson and Preston, 1995; Henriques and Sadorsky, 1999).

Discussion and implications

Theoretical and methodological contributions

From the integration into institutional analysis of rational, economic, and strategic approaches, we derive two conclusions, one related to the integration effort and the other to methodological issues. The first conclusion considers the institutional explanation of:

(1) change;

(2) competitive advantage; and

(3) organizational behaviour.

- Neoinstitutional theory, as currently developed, presents a dynamic perspective by which to explain change. This apparently breaks away from the previous deterministic view that accepts the passivity of organizations and their conformity to institutional pressures. Attending to Oliver's claims, future research should continue to focus on the integration of strategic and institutional theories in order to explain change in a processual and longitudinal way. Specifically, longitudinal studies must be undertaken (Powell, 1991); conformity and acceptance should be studied in combination with strategic action (Hrebiniak and Joyce, 1985); the technical and institutional changes in context must be analysed together (Scott, 1991); the strategic side of institutional responses must be taken into account (Denekamp *et al.*, 1999); more empirical evidence is necessary (Greening and Gray, 1994); and finally, studies should evaluate the impact of the institutional context on performance, emphasizing the importance of both variables (Scott, 1991; Scott and Meyer, 1991; Meyer *et al.*, 1992).

- The strategic view of neoinstitutional theory is now emphasized. The social view of this perspective has led to an explanation of the creation of competitive advantage through the ability of managers to interpret and respond to the institutional mechanisms of the context. Both legitimacy and institutional embeddedness with respect to stakeholders and institutions offer ways to reduce transaction costs, and therefore, create positions of competitive advantage. This implies encouragement of two institutional streams – social and strategic. One is focused on social capital and symbolic management aimed at supporting the interests of the stakeholders; simultaneously, the second emphasizes the strategic side of institutionalism through the explanation of heterogeneity and market imperfection. Consequently, some authors (Sherer and Lee, 2002) propose both scarcity of resources and legitimacy as valuable sources of innovation.
- Efforts to integrate rational theories and institutional perspectives highlight what we have termed paradoxes, which reveal that future research should focus on how combining seemingly contradictory theories improves our understanding of how organizations behave. The complexity of some organizational phenomena, such as the occurrence of organizational fads or the adoption of some but not all practices and strategies, is better understood using the postulates of the institutional approach than by using economic theories alone.

Finally, according to Miller (1996), if changes are institutionally analysed through longitudinal studies, important methodological changes will be required. Investigations using institutional analysis must be developed under longitudinal, processual, contextual, and qualitative methodologies (Pettigrew, 1995; Tsai and Child, 1997).

Management contributions

The apparent disconnect that exists between old and new institutional concepts has motivated recent investigations and resulted in some useful conclusions that can be applied to management practice. These implications can help managers to understand better the management process in the following ways:

- Competitive advantage can be obtained not only through differentiation, heterogeneity, and change, but also through social capital, stakeholders, and accommodation of institutional pressures that provide legitimacy, resources, and competitive positions. Neoinstitutional theory explains an organization's actions within an institutional and strategic vision and as a response to both institutional and competitive pressures. Neoinstitutional theory explains the way in which both sets of pressures shape organizational behaviour, which changes depending on the power relations and legitimacy provided by stakeholders. This explains the structural and strategic changes as well as the innovation in practices prompted by legitimate firms.
- Legitimacy and efficiency are not contradictory objectives in the management process. In the diffusion process, legitimacy follows efficiency;

and in the relationship with stakeholders, efficiency follows legitimacy because of greater access to resources. Legitimacy, not only efficiency, is emphasized as a resource that explains the behaviour of organizations. This results in the necessity of managing the contextual pressures – competitive and institutional – in order to obtain the social support of stakeholders.

- Departing from management analysis, this position assumes that firms must identify the organizational field and the stakeholders that provide power, and they must equalize their interests in order to resolve potential conflicts.
- The institutional forces of the context do not always result in passivity and homogeneity of organizations as a consequence of the mimetic processes that result in occasions of innovation and differentiation. The institutional processes of isomorphism, conformity, and institutional diffusion can generate change and strategic action in organizations, particularly in an international context, when the institutional pressures exist across fields, industries, and countries with different institutional contexts. The confluence of multiple institutional contexts, and the confrontation of these with technical ones, result in change and the possibility of firms' strategic responses. Thus, institutional dynamics can be explained through the confluence of multiple institutional forces.

In conclusion, this paper proposes the relevance of applying institutional principles to different types of industries and firms, even to those that have formulated their objectives in a competitive way. This implies that the new streams of institutionalism have recently been combined with more rational, strategic theories of change supporting novel research lines. This paper reaches conclusions that shed light on the redefinition of neoinstitutional theory toward a more realistic approach congruent with the new environmental requirements.

Neoinstitutional theory is proposed as an approach that explains the creation of competitive advantage. Its strategic nature is a consequence of the institutional embeddedness of a firm, supposing that a dominant position is reached not only through the differentiation linked with heterogeneous resources but also through the management of institutional pressures associated with homogeneity. Finally, some classic institutional principles such as inertia, conformity, and determinism have been disputed, enriching management research in accordance with the contextual characteristics of the moment as they are applied to internationalization, strategy, and issues of change.

In this paper, our central purpose has been to review the literature around neoinstitutional theory, clarifying the position of this theory in relation to some key organizational phenomena. The main aim of the paper is to show that, paradoxically, neoinstitutional theory is not so far from other classic and apparently divergent theories (Table II).

By means of this paper we have shown that, although neoinstitutional theory has not become the recognised theory for explaining certain organizational phenomena, the dynamism that some theorists and authors have given to institutionalism have resulted in new views and contributions to the management field. This paper helps to respond to the criticisms aimed at the static character of this theory and encourages the development of research that explains the way firms simultaneously manage the institutional and technical contexts.

	Divergent points	Convergent points
Resources-based view	Isomorphism versus heterogeneity	Explanation of competitive advantage
	Nature of the environment	Strategic choices
	Motivation of individuals	Strategic institutional resources
	Choices of organizations	
	Variability of resources and strategies	
	Legitimacy	
Transaction costs theory	Nature of the theory	Institutional economic theories (origins)
	Unity of analysis	Analysis of interorganizational relationships
	Mode of analysis	
	Use of transaction costs	
	Assumption of individuals	
	Role of the environment	
Ecological school	Adaptation versus selection	Birth and death of organizations
	Criterion of identification of stakeholders	Importance of contextual factors in change
	Source of isomorphism	
	Unity of analysis	
Theory of dependence on resources	Criteria of definition of interests	Organizations seek legitimacy
	Character of the environment	Organizations are driven by interests
	Capacity for action	The organizational choice is conditioned by external pressures
	Nature of pressures	
	Isomorphism versus adaptation	

Table II. Integration between the neoinstitutional theory and theories of the organization

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