

# Research on the Explanatory Adaptation Mechanism of Organizations in Response to Multiple Institutional Logic

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**Abstract:** Modern organizations generally exist in complex fields composed of multiple institutional logics. These logics come from different institutional sources (such as national regulations, market efficiency, professional norms, community beliefs, etc.), coexist, interweave, and even compete with each other, constantly posing strategic, structural, and operational challenges to organizations. This article attempts to explore how organizations adopt an interpretive adaptation strategy to understand, respond to, and control these diverse and even conflicting demands in the face of these challenges. This article argues that organizations are not passive recipients under institutional pressure, but rather active actors in interpreting, selecting, and synthesizing meanings from various logics. The article first reviews the concept of multiple institutional logics and the tense relationships they contain. Secondly, explanatory adaptation strategies for facing the above challenges were introduced, mainly including key steps such as logical identification and construction of meaning, logical screening and selective coupling, dynamic balance and integration of authority, and shaping internal and external legitimacy narratives. The ways in which the above process can be put into practice were also discussed, such as managing the meaning system within the organization, carrying out cross level institutional work, flexibly allocating resources and capabilities, and using identity and relationship strategies. This study deepens the understanding of organizational system adaptability and provides a theoretical perspective that emphasizes active interpretation and strategic adaptation for organizations operating in a diverse institutional environment.

**Keywords:** Multiple institutional logic; Interpretive adaptation; Meaning construction; Legitimacy; Organizational Strategy.

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## 1. Introduction

The environment in which an organization is embedded has never been singular or homogeneous. For a company, non-profit organization, or even a government, they will face institutional requirements from different levels and fields in their operation and development. This institutional requirement is a manifestation of institutional logic, which provides a set of natural rules, norms, and belief systems for actions in a certain field. For example, a public hospital must comply with the administrative logic of national medical and health policies, while also considering the market logic of medical efficiency and financial sustainability. It must also adhere to medical ethics and professional logic, and ultimately meet the needs of patients and society, which is known as community logic [1].

These logics each have their own legitimacy basis and action guidelines, and their coexistence, complementarity, and conflict constitute the core background of the organization's daily operations.

When faced with multiple demand systems, simply obeying or resisting these systems can lead to inefficiency or even loss of legitimacy. Traditional literature sometimes regards organizations as isomorphic objects, emphasizing the influence of institutional contexts on organizations. But more and more research has found that organizations have strong initiative and creativity in the face of multiple institutional requirements. It is not simply receiving and executing instructions from external information, but understanding and interpreting these logics, and forming one's own response based on this.

This process of constructing meaning as the core, responding to, integrating, and even transforming multiple

institutional pressures through cognitive interpretation and strategic actions, can be summarized as an interpretive adaptation mechanism of organizations.

Based on this, we attempt to explore the above mechanisms. Specifically, how does an organization engage in interpretive activities to understand and address the complexity and challenges posed by multiple institutional logics? What are the adaptation processes and mechanisms involved? How are these mechanisms manifested through specific organizational practices? Based on the answers to these questions, this article aims to provide readers with a perspective on how organizations can survive in institutional complexity and how to respond flexibly [2]. Intended to provide an analytical tool that focuses on meaning construction and active practice for the institutional adaptability of modern organizations.

## 2. Theoretical Connotations of Multiple Institutional Logics and Their Challenges to Organizations

Institutional logic refers to the main principles and norms that influence what individuals and institutions in a specific social field consider appropriate, reasonable, and valuable. In society, there are usually many different institutional logics that coexist. For example, there has always been a contradiction between the market logic of maximizing the interests of company shareholders as the core goal and the community logic of emphasizing social responsibility and employee well-being in the business world. For specific organizations, the field in which they operate is often an intersection of various different logics.

In the coexistence of multiple institutional logics, the challenge brought to organizations is primarily cognitive

difficulties. Because the managers of an organization need to understand the set of rules and various value orientations behind two or even more competing institutional logics, and clarify the requirements, boundaries, and relationships between different institutional logics, this means that the organization must conduct sufficient observation and information analysis of the surrounding environment, otherwise confusion or misunderstanding is likely to occur. Secondly, the incompatibility and tension between behaviors [3]. Different logics will guide different strategic decisions and behaviors. Strictly speaking, the logic of low-cost market may conflict with the professional logic of pursuing the best product quality, and there is a competitive relationship in terms of resource investment. Therefore, organizations need to make judgments and choices in practice, which will bring a lot of complexity and uncertainty. Thirdly, ultimately and fundamentally, it is the issue of obtaining legitimacy. Legitimacy is a prerequisite for organizations to obtain resources, support, and even survive. But if an organization faces multiple legitimate demands at the same time, and there are conflicts between these legitimate demands, it falls into a legitimacy paradox. Because overemphasizing one logic can lose the legitimacy of another logic; Excessive balance leads to a lack of prioritization and creates distrust among all parties involved. This legalization pressure has led them to invent more techniques to handle their images and stories in front of different audiences.

### **3. Explanatory Adaptation Mechanisms for Organizations to Respond to Multiple Institutional Logics**

For these challenges, organizations are not powerless. They will take many explanatory, epistemological, and practical adaptation measures to actively respond to the complexity of the system. This is the process of internalizing various external logics within themselves and making corresponding responses.

#### **3.1. Logical Recognition and Meaning Construction Mechanism**

This is the interpretive adaptation stage. Organizations continuously perceive and understand signals from different institutional sources through leaders, boundary crossers, and internal communication systems. Its task is not just to identify the existing logic, but to establish the significance of these logics for the organization. For example, after the new logic of "sustainable development" is felt by enterprises in different industries, they may give it different meanings: it is an opportunity for technological innovation, perhaps due to practical considerations of supply chain risk control, or perhaps for marketing purposes of shaping brand value. Through negotiation, discussion, training, and other forms within the organization, a common understanding concept system is formed, and abstract external logic is given specific meanings that are compatible with its own vision, resources, and history. Meaning construction is a prerequisite for subsequent strategic action [4].

#### **3.2. Logical Screening and Selective Coupling Mechanism**

Due to the limited resources and attention that organizations possess, it is impossible to treat all logical

requirements equally in this situation. Therefore, they always make strategic choices and arrange combinations of diverse logics based on their core identity and strategic orientation. Selective coupling refers to the intentional connection of internal structures, processes, or activities within an organization to a specific logic, rather than attempting to fit all logics with a unified pattern. For example, a technology company may closely couple its research and development department with a professional logic that emphasizes cutting-edge exploration, its marketing and sales department with a market logic that emphasizes competition and profitability, and its public relations department with a community logic that emphasizes its contribution to social innovation. This kind of 'block processing' allows institutions to fulfill their respective legitimacy needs in different aspects; On the other hand, there will be no direct conflicts within the same system.

#### **3.3. Integration Mechanism of Dynamic Balance and Flexibility**

Because the institutional environment is constantly changing, and organizations themselves are also evolving, their adaptation should also be dynamic. Organizations should adopt varying degrees of attention and response to different logics based on different contexts. This is a transformative ability to integrate, where at certain stages or under pressure, a certain logic dominates and organizational resources are also prioritized. But when the scene changes, the equilibrium point will shift. For example, during the period of strengthened industry regulation, the logic of following rules and regulations will rise to the top priority; In the stage of industry expansion, the logic of market competition will rise. Better integration allows organizations to creatively find connections between different logics and design behaviors or stories that meet dual need [5]. Implementing green production can not only meet the regulatory logic of environmental regulation, but also reduce production costs (efficiency logic) and establish corporate brand (market logic), generating comprehensive value.

#### **3.4. Internal and External Legitimacy Narrative Shaping Mechanism**

Meaning, symbolism, and discourse constitute the means of regulating comprehension. To break through the legitimacy crisis, organizations must become masters of their own stories. Firstly, construct a meaningful framework internally that integrates multiple behavioral motivations, such as "creating social benefits in creating economic value," in order to unify employees' thinking and justify conflicting behaviors. Internally, based on different stakeholders, develop corresponding internal narratives: telling stories to shareholders about the market value of strategy, telling stories to the government about social value, and telling stories to peers about technological value. By controlling these stories well, companies can play appropriate roles in their respective story spaces, which can buffer extreme pressure from logic and strive for more strategic operational space for themselves.

### **4. Practical Path of Interpretive Adaptation Mechanism**

The effective operation of the above mechanism relies on a series of specific organizational practices and capacity building. These practical paths transform abstract adaptation mechanisms into actionable organizational behaviors.

#### **4.1. Construction and Reconstruction of Internal Meaning System Within the Organization**

Explanatory adaptation is based on shared meanings and beliefs within the organization, and organizational leadership is the first person responsible for building the organization's basic concepts and boundaries. It continuously constructs and revises the meaning system of the organization through vision statements, strategic communication, symbol management (rituals, stories), and other means. Building an open and inclusive information communication mechanism to promote communication and exchange between departments and levels can help establish consensus on complex situations. Organizational culture also needs to establish an atmosphere that allows for contradictions and complexity, seeking innovative solutions between seemingly conflicting requirements rather than just choosing between two options [6].

#### **4.2. Strategy Combination for Cross Level Institutional Work**

The theory of institutional work suggests that organizations can actively engage in the institutional field in which they operate, and in response to multiple logics, organizations can adopt institutional work at different levels. At the micro level, discourse work can be used to influence stakeholders' cognitive patterns towards a certain issue; Establish alliances or buffer relationships with different logically representative institutions (government, industry groups, community organizations) through relational work [7]. At the meso level, one can participate in or even lead the development of industry standards and best practices (normative work), attempting to shape their own adaptation model into a new normative template.

The combination of these strategies enables organizations to transform from passive adaptors to active participants in the field, thereby shaping a favorable institutional environment to some extent.

#### **4.3. Adaptive Adjustment of Resource Allocation and Capability Configuration**

Explanatory adaptation requires corresponding resources and capability support. Organizations need to dynamically arrange and reconfigure their human, financial, information, and other resources to support their selective coupling and discretionary integration strategies. For example, establishing a department specifically responsible for government relations or social responsibility is to allocate dedicated resources for coupling regulatory logic or community logic [8]. The flexible arrangement of resources is the foundation, and the key to transforming it into sustained competitive advantage lies in whether the organization can develop dynamic and integrated capabilities that match it. Firstly, dynamic capabilities can help enterprises timely detect signs of changes in the institutional environment (such as new laws, regulations, industry standards, and social values changing) and the opportunities or challenges arising from them, and quickly capture the opportunities or threats contained in these changes, namely the ability to continuously monitor the institutional environment, predict possible situations and how to respond, and the ability to quickly learn and experiment; Secondly, after perceiving changes in the institutional environment, dynamic capability also manifests as the

flexibility to adapt to changes in multiple logical relationships based on existing resources and processes (such as business structure, technological path, internal organization, etc.); And comprehensive ability - the ability to comprehensively apply different functional departments or knowledge fields to address challenges. The above-mentioned capacity building is a prerequisite for the effective implementation of interpretive adaptation mechanisms.

#### **4.4. Active Application of Identity and Relationship Networks**

Organizational identity is the link between external institutional requirements and internal behavior. A clear and flexible organizational identity (such as 'we are a company that achieves both business success and social impact') can provide a stable foundation and flexibility to meet diverse logics. Corresponding to the shaping of internal identity is the proactive shaping and strategic use of external relationship networks [9]. Organizations do not deal with institutional logic alone, but are carried and interpreted by certain interest related collectives, such as government departments, associations, professional societies, media, non-governmental organizations, and local communities. Consciously managing and coordinating the network of relationships between these different entities is an important social behavior of interpretive adaptation. This network is primarily an important source of information and knowledge. Firstly, "bridge" characters or trust relationships in different social fields with different logics can provide organizations with earlier and deeper interpretations of expected changes in institutions, and based on this, make advance layouts; Secondly, the relationship network is also a supportive resource for legitimacy. When an organization's behavior is challenged based on one logic, public support or endorsement from key partners in other logics can effectively buffer legitimacy crises. For example, a new technology that increases costs but meets environmental standards may be questioned by investors due to market logic, but if it can be recognized by authoritative environmental organizations or government agencies, it can greatly increase its legitimacy. In different logical circles, organizations have their own trusted partners or spokespersons, which can provide them with more interpretive perspectives, earlier warning signals, and more general support when facing legitimacy challenges. Strategically establishing and maintaining a network of relationships is an essential social resource for explanatory adaptation.

### **5. Conclusion**

The multiple institutional logics shape a complex environment, in which the survival and development of an organization increasingly depend on its interpretive adaptability. This article explores the process mechanisms and methods by which organizations respond to this challenge. The author's research indicates that effective interpretive adaptation is not a compromise or wall riding behavior, but rather a behavior of actively constructing meaning, including logical recognition and meaning construction, screening and coupling, as well as dynamic balance and integration. And interpretive mechanisms related to legitimacy storytelling, which transform external complexity into manageable strategic options internally.

This process also fully demonstrates the organizational

initiative. Organizations are not passive recipients of institutional arrangements, but active interpreters and conscious actors who implement interpretive adaptation mechanisms through the management of internal meaning systems, the development of institutional work at different levels, flexible arrangement of resource capabilities and activity modes, and the application of identity and relationship networks. This adaptation is not a one-time equilibrium state, but a dynamic process that occurs continuously with the evolution of the institutional environment and the organization itself.

For management practice, this study also provides useful references. It inspires managers not to be limited to passively meeting various and even conflicting requirements, but to enhance their own interpretive ability and flexibility in responding to different requirements. Emphasis should be placed on creating a learning atmosphere, developing the ability to handle multifaceted information, establishing an organizational structure that can integrate multiple requirements, and skillfully using storytelling to achieve internal consensus and external persuasion. Finally, organizations that are adept at handling institutional complexity are those that can transform multiple logical conflicts into innovation and sustainable development [10]. Future research can further explore how interpretive adaptation mechanisms operate in different cultural backgrounds and types of organizations, as well as their similarities and differences in effectiveness, in order to further expand our understanding of the significance of this significant organizational phenomenon.

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