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TOWARD A DYNAMIC THEORY OF INTERMEDIATE CONFORMITY*

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ABSTRACT

The issue of conformity to social norms has been a major focus of research. Yet, intermediate conformity, which refers to actors who are neither total conformers nor non-conformers, has received scant attention even though the behavior is likely widespread. This paper aims to extend the literature on conformity to social norms by laying the foundations for a tractable theory of intermediate conformity. Here, a set of key factors hypothesized to lead actors into intermediate conformity is identified and formal arguments about the dynamic-legitimacy and reputational effects of their intermediate conformity moves are formulated. Important building blocks include a taxonomy of norms that allows for norm heterogeneity and a recognition that conformity may change over time. The developed framework provides a new conceptual lever for better understanding how intermediate conformers cope over time with social norms of different types and importance.

Keywords: institutional logics, intermediate conformity, legitimacy, organization theory, reputation, social norms.

The study of conformity to external expectations is a cornerstone of organizational theory research (e.g., DiMaggio and Powell, 1983; Mitchell et al., 1997; Pfeffer and Salancik, 1978). This interest is longstanding and can be traced to works by Durkheim (1895) and Weber (1922), for instance. This interest is also not surprising, because external expectations exist in almost every dimension of social life, although sometimes they go unnoticed (Dinitz et al., 1975). To illustrate, in many societies individuals may be expected to greet colleagues when entering a meeting, to come prepared if given a task, or to avoid using offending language. Likewise, organizations are expected to respond to external expectations, such as reducing their environmental footprint, promoting diversity, or improving work conditions of sweatshop workers.

Researchers have sought to identify the drivers and consequences of conformity to social norms, i.e. external expectations. However, our understanding of determinants of individual or organizational conformity and assessments of conformity or defiance may be limited. In particular, whereas past research has shown that individuals and organizations are targeted by a range of social norms (e.g., O'Reilly and Chatman, 1996), the key implications of this observation are underexplored. To begin, if individuals and organizations must respond to diverse social norms, complete defiance is likely rare, since uniform defiance to all norms is both challenging for individuals and organizations, and uncommon in fields with at least one proscriptive norm. Furthermore, complete conformity may be rarely observed, because, for instance, actors may find it challenging to completely conform, especially when norms conflict with resource commitments or when norms from different institutional logics conflict. While past research has often assumed overall conformity to social norms (see Oliver, 1991), recent research on institutional logics, and in particular on institutional complexity, has been developing models that consider how actors cope with conflicting norms and institutional logics (for a review, see for instance Greenwood et al., 2011). Despite its impressive contributions, research on institutional logics has typically focused on (or assumed) binary

conformity models; that is, it has generally focused on how (or assumed that) actors, in a field, replace one logic and its set of norms with a conflicting set, or embrace altogether conflicting logics and their associated norms. Taken together, our understanding of how actors deal with norms may be sketchy if we accept that actors likely neither fully follow nor reject all social norms. We thus lack detailed accounts that focus systematically on what is likely widespread behavior, namely, intermediate conformity whereby actors, in a field, are neither solely full conformers nor non-conformers.

This paper seeks to address this gap by developing a framework for the foundation of a theory of intermediate conformity. Here, we examine its drivers and dynamic-legitimacy as well as reputational effects, under conditions of potential changes in conformity over time. Developing such a framework can shape our understanding of how individuals and organizations deal with multiple norms, the repercussions of changes in individual and organizational conformity patterns, and how everyday behaviors of intermediate conformity may produce long-term field-level effects.

PRELIMINARY DEFINITION OF KEY TERMS

In every society, *social norms* – defined from Scott (2001) as shared expectations prescribing and/or proscribing behavior, and defining legitimate means to pursue valued ends – generally cluster around major and/or recurrent activities. This clustering may reflect an institutional logic and its associated social norms (referred to hereafter as norms), suggesting that norms constitute “a critical dimension” of institutional logics (Thornton and Ocasio, 2008, p. 106). *Institutional logics*, or the “broad cultural beliefs and [norms] that structure cognition and fundamentally shape decision making and action in a field” (Marquis and Lounsbury, 2007, p. 799), define institutions’ content and meaning (Thornton and Ocasio, 2008).

A *field*, an area that comprises sets of subject positions bound by the same norms (Lawrence, 1999), represents the arena in which a set of norms prevails. It is characterized by

one or multiple institutional logics, and consists of three central participant types. Those called “*actors*” are individuals or organizations coping with conformity expectations. The second and third participant types, namely “second” and “third” parties, are individuals or organizations enforcing norms. Thus, they perform the work of sanctioning. *Third parties* can punish defiance and reward conformity, but are *not* directly affected by an actor’s defiance/conformity (Bendor and Swistak, 2001).ⁱ *Second parties* have the same sanctioning power as third parties, but are directly affected by actions of the defying or conforming actor. Further, relationships between a second party and an actor can be horizontal (e.g., network ties among peers) or vertical (e.g., authority relationship).

We believe, following recent conformity-to-norm research, that norms permeate organizations and that norms also decisively populate individuals’ landscapes (e.g., Berger and Luckmann, 1967). We also recognize, in line with a Selznickian view of organizations, that individuals ultimately make organizations material, carry out organizational decisions, and can influence organizational reality, by forming a dominant coalition or engaging in power-laden negotiation processes.

Fields are hierarchical and can be subject to specific institutional logics. Further, they are often nested within or associated with an institution (Friedland and Alford, 1991; Thornton, 2004). For instance, many fields in the U.S. are nested within the society-level capitalist market institution. To the extent that the “U.S. stock market” is a *field*, which includes publicly-traded firms and other field participants such as outside investors, nested within the capitalist market *institution*, this field can be seen as characterized by one or more *institutional logics*. For Zajac and Westphal (2004), this field’s prevailing logic is shareholder-value maximization. This logic provides publicly-traded firms with *norms*, such as the “anti-conglomeration” norm. Publicly-traded conglomerates violating this norm risk punishment: a “conglomerate discount” by *third parties* like security analysts and by *second parties* like outside investors.

Second and third parties may disagree in private about norm appropriateness. They may be skeptical about a norm (Zhu and Westphal, 2011), personally dislike it (Bicchieri and Fukui, 1999), or value beliefs and behavioral patterns that contradict it (Sauder, 2008). In these situations, their belief that others support the norm matters (Johnson, 2004). In that case, the norm will seem valid and be supported, despite private reservations (Zhu and Westphal, 2011). Thus, norms possess a shared dimension even though, individually, some parties may be more attached to them than others.

Further, we note, following Hollander (1958), that a field player may not be aware of all norms. This may happen, in particular, because a norm is unimportant (see below), the player is a newcomer to the field, or the player does not consciously follow the norm and little variance in conformity exists around that norm, as is typical of proscriptive norms. Opportunities for direct and vicarious learning about the norm may occur after peer interactions or enforcement of sanctions. Sanctions represent an opportunity to both exercise power over actors and maintain the belief they should embrace a logic and its norms, solidifying for second and third parties a norm's importance. Further, second and third parties initially uncertain about appropriate reactions to actors' behaviors may economize on search and cognitive costs by observing sanctions applied by central and visible regulators, and then react accordingly (Bitektine, 2011).

We encapsulate actors' social approval in their *legitimacy*, which is a function of their compliance to a logic's norms, in a field. Thus, *ceteris paribus*, the greater an actor's compliance, the greater her legitimacy should be. Legitimacy is defined as a generalized perception that an actor's actions are appropriate within a socially constructed system of norms (Suchman, 1995).

Customary views often conceptualize conformity patterns as being unidimensional and bipolar. Yet, as Hollander and Willis (1967) and Oliver (1991) indicate, conformity patterns

can be more nuanced. We build on these insights and revive those of March (1954) to stress that four types of norms exist.

A norm can be *binary*, meaning that an actor either conforms or does not conform. Thus, binary norms are “pass or fail”. For instance, if under the shareholder-value maximization logic publicly-traded firms are expected to separate CEO and chairman positions, companies should increase their social approval when the positions are split, but increase exposure to challenges when one individual wears both hats. While binary approaches to norms recur in many conformity accounts, we also know from March (1954) that three types of norms are continuous.

With an *unattainable-ideal norm*, legitimacy grows monotonically with ever-increasing degrees of conformity. These norms, for which no optimum exists, are, in a sense, “unbounded”: legitimacy continues to increase as conformity increases. To illustrate, the more a professor in a research-oriented department publishes in top-tier journals, the more her legitimacy ramps up.

A *preferred-value norm* leads to a conformity-legitimacy inverted U-curve model, whereby social approval increases continuously and monotonically up to the preferred-value and, thereafter decreases monotonically. In short, such norms imply that “deviations on both sides of the [preferred-value are] disvalued” (March, 1954, p. 739). Thus, these norms, contrary to *unattainable-ideal norms*, have a ceiling. Once reached, the actor has achieved an optimum: no additional legitimacy is gained by further increasing commitment to the norm; on the contrary, her legitimacy starts to wane. For instance, if a professor is asked to organize four research seminars every month, she would increase her legitimacy as she approaches the required threshold but, if the number of seminars exceeds four, she would be increasingly criticized for “doing too much”.

Finally, an *attainable-ideal norm* leads to monotonically increasing legitimacy rewards for conformity up to a point, after which the actor gains no additional legitimacy.

Thus, like *preferred-value norms*, *attainable-ideal norms* are “bounded”. With the latter, legitimacy reaches a plateau after a certain degree of conformity; thus, an actor’s legitimacy will remain constant, even when she displays a greater commitment toward the norm. To illustrate, consider March’s (1954, p. 739) example: a football team is “in possession of the ball on the opponents’ twenty-yard line. A halfback at this point will gain approval as a function of the distance he can carry the ball before being tackled. In general, the farther he runs, the more approval he will gain; but after twenty yards, the approval function is a constant. The halfback is no greater a hero if he runs twenty-five yards than he is if he runs twenty-one.”

Recognizing that norms can take different types has, we argue, three immediate repercussions for the study of conformity patterns. First, when a norm implies a continuum, an actor’s legitimacy and changes in legitimacy are determined by the extent of conformity and type of norm. Whereas she can reap legitimacy rewards even when operating at low conformity levels (Zajac and Westphal, 1994), these rewards do not necessarily decrease or increase as her conformity changes. For example, an actor’s legitimacy should remain unaltered should she increase her conformity to an attainable-ideal norm if she is already at the highest level of social approval. Thus, assessing an actor’s legitimacy cannot occur without first considering the differentiated legitimacy effects of each norm type, and the actor’s localization in the approval function for the norm.

Second, while non-conformity may exist for all types of norms, total conformity, even to a single norm, may be rare. Total conformity to a single norm can be observed in two circumstances: when an actor conforms to a binary norm, or when she is at the highest point of social approval for a preferred-value or an attainable-ideal norm. In other situations, total conformity is unlikely. For instance, an actor cannot be at the highest point of social approval with an unattainable-ideal norm, as approval can, by nature, continue to increase with greater extents of conformity.

Third, intermediate conformity to norms exists when an actor is neither a total conformer nor a non-conformer. This implies that, in a field, an actor is an *intermediate conformer* in two situations: when she 1) rejects at least one norm from a logic, but nonetheless complies (i.e., adopts and implements, even at a low level) with at least one other norm from the logic; or 2) complies with at least one norm, but is not at the highest point of social approval for that norm. Intermediate conformity is likely pervasive given that any field likely consists of multiple norms, that widespread total conformity to a single norm or all norms is hard to achieve, and that non-conformity to all norms is not only challenging for the actor but also typically infrequent in fields with at least one proscriptive norm. Next, we build on these insights to propose a general framework of intermediate conformity that articulates arguments regarding intermediate conformity's drivers and dynamic-legitimacy as well as reputational effects.

INTERMEDIATE-CONFORMITY DRIVERS: CONCEPTUAL FOUNDATIONS

Norms can be independent of each other or interconnected. In the latter case, they can be either positively connected, as in Lehman and Ramanujam (2009), and thus engender pull forces between them (e.g., because they induce simultaneous or sequential compliance, or come in a bundle), or negatively connected, as implied by recent institutional logics studies, and thus lead to push forces between them. Conflicting norms, which are instances of negatively connected norms, may exist when the field experiences a change in logics (Thornton, 2004), when it is infused with norms from a former institutional regime (Clegg, 1981), or when multiple logics compete in a field (Reay and Hinings, 2009). Theoretically, when two norms conflict, actors are more likely to conform intermediately: because of negative connectivity, conformity to one norm should increase the odds of violating another norm. Thus:

Proposition 1a: Ceteris paribus, the higher the conflict among norms, the higher the probability of engaging in intermediate conformity.

A second mechanism, resource scarcity, may influence an actor toward intermediate conformity. An actor with abundant resources can use them to comply with different norms or inch toward the highest level of social approval. In practice, however, resources are often limited, and this may create conflict (i.e., “where should resources be allocated?”), thus influencing conformity. This view is consistent with Lounsbury (2001). He reports that part-time recycling managers who lacked resources to develop and maintain on-campus recycling infrastructures adopted minimal recycling programs. Drawing on this, we assume that greater resource scarcity increases the likelihood of intermediate conformity.

A third mechanism involves an actor’s intrinsic personal features, which encompass her values, preferences and identity. When a norm conflicts with an actor’s personal features, tension occurs, potentially engendering emotional costs in the form of apprehension or even emotional instability (Goldhamer and Shils, 1939).ⁱⁱ The intensity of an actor’s emotional costs depends in part on her self-confidence, as a more confident actor may willingly incur higher risks and tolerate the negative consequences of nonconforming decisions (Hiller and Hambrick, 2005). Of course, when an actor is not aware of the norm, patterns of conformity may not initially tap into her intrinsic personal features. Yet, should her behavior lead to second or third party interventions that she connects to her behavior or should she infer the norm by observing peers or peer sanctions, she may experience emotional costs for noncompliance or a “conformity multiplier effect”; that is, the embraced norm leads her to experience emotional satisfaction, which favorably influences her attention to the norm and her motivation to conform to it, which may lead to increased satisfaction.

Explanations for this third mechanism imply that it is possible to uncover intermediate conformers with personal features opposed to some legitimate institutional means and valued

ends of the logic. For example, in the shareholder-value-maximization-logic context, outside investors have developed legitimate means (i.e., norms) that firms should follow to reach the valued end (i.e., maximizing stock value). Yet, some CEOs may have values, preferences or identities unaligned with outside shareholders' interests, for instance because they choose to follow competing norms from other logics or a previously prevailing logic. These CEOs might prefer to lead their firm into intermediate conformity, despite possible investor pressures, and may thus prompt their corporation to downplay the valued end, i.e. maximizing share price, compared to those firms where CEOs whose values, preferences or identity correspond to outside-investor interests. Overall, we suggest that the higher the conflict between norms and the actor's intrinsic personal features, the higher the motivation to conform intermediately.ⁱⁱⁱ Thus:

Proposition 1b: Ceteris paribus, the higher the conflict between norms and an actor's intrinsic personal features, the higher the probability of engaging in intermediate conformity.

While the above mechanisms should facilitate the occurrence of intermediate conformity, we must also consider an essential property of norms: they may be ranked by importance. The *importance of a norm* is reflected in the degree to which second and third parties' expressed feelings of approval and disapproval diverge from the point of indifference (Santee and VanDerPol, 1976).^{iv} Discussions of conformity to norms generally focus on whether a norm exists, but do not address, typically, norm importance. Thus, to understand the influence of a norm's importance in an intermediate-conformity framework, we consider six key parameters that determine a norm's importance.

First, the importance of a norm is linked to its "calculability" (Espeland and Sauder, 2007). When a norm relates to quantifiable items, such as quotas promoting diversity, second

and third parties can more easily monitor and sanction, positively or negatively, behavior. Thus, second-and-third-party attention is likely to focus on such norms, and boundaries between expected conformity and non-conformity can be more firmly maintained.

Second, because norms relate to other social dimensions (they can be nested in higher-level fields, cloaked in logics, and connected to norms from the same logic or from lower-order or overlapping fields), they cannot be independent from these parallel dynamics. Consequently, the extent to which they are connected to other key social spaces may drive their importance. For instance, shifts in societal awareness about environmental issues create new low-level norms and heighten the institutional standing of related norms. The extent to which norms incarnate a logic and motivate its existence may also impact their importance. Such pivotal norms likely matter, because actors' behavior may either maintain the logic, when they conform, or undermine it, when they defy. Further, positive connections between norms may lead second and third parties to more closely monitor behavior and more firmly sanction actors' conformity patterns. Indeed, conformity to or defiance of a norm positively connected to other norms may trigger inter-temporal spillover consequences, such as subsequent patterns of conformity or defiance toward other norms, which may then strengthen or weaken their associated logic.

Third, norm strength is linked to the consensus around them. Even though one norm feature is its shared dimension (see above), second and third parties may hold different degrees of approval or disapproval about a behavioral pattern (Jasso and Opp, 1997). Further, second and third parties may gain or lose members: arrival of new members or departure of old ones, especially if few institutional regulators exist, can alter a norm's importance. For example, hiring research-oriented scholars may strengthen a department's shared sense of the "publish-or-perish" norm and its importance. New members can benefit by pushing to renegotiate a norm's importance; for instance, to boost future legitimacy when they work on promising manuscripts. Norm importance need not be explicitly determined. It can result from

explicit or implicit coordination mechanisms that reveal second-and-third-party preferences (Foucault, 1977). Overall, when revealed feelings are channeled into perceived collective agreement, normative regulation and social control increase (Santee and VanDerPol, 1976).

Fourth, when a consensus differential exists, norm importance will be shaped by the heterogeneity of second-and-third-party power. In particular, a norm is more potent when supported by a powerful second or third party.^v To illustrate, expectations of powerful bodies like the Financial Times (Corbett et al., 2014) likely have greater salience, for business schools, than those promoted by less central institutional regulators. Generally, judgments by powerful third parties, such as star critics, attract coverage, influence second-party judgments, are often valorized for unique expertise, and may be emulated by other third parties (Rao et al., 2001). In addition, norms should be more important if their rejection contradicts the interests of key institutional regulators (Covaleski and Dirsmith, 1988). Theoretically, our point is that a norm's importance may not be determined by the average consensus around that norm, but by a weighted average that notably recognizes the relative contribution of the feedback effects from powerful institutional regulators.

Fifth, norms' importance hinges upon whether they are prescriptive or proscriptive. Prescriptive norms express "thou shalt" injunctions, while proscriptive norms imply "thou shalt not" directives. Depending on the field, a norm can be prescriptive or proscriptive; for instance, heavy drinking may be a prescriptive norm for college students on several campuses (Bicchieri and Fukui, 1999), but a proscriptive norm in most organizations. *Negative* reactions by second and third parties in response to defiant behavior are generally harsher for proscriptive norms than for prescriptive ones (Mizruchi and Perrucci, 1962). Further, because proscriptive norms generally relate to behaviors that are constant across actors, as followed by most actors in a field (Bicchieri and Muldoon, 2011), *positive* external reactions in response to conformity tend to have greater magnitude for prescriptive norms. Hence, norms' prescriptive or proscriptive character should influence their importance. For one, defiance

should be judged more severely for proscriptive norms; thus, *ceteris paribus* these norms may be perceived as important, when intermediate conformity leads to defiance. For another, conformity moves should be judged more favorably for prescriptive norms; thus, these norms may be perceived as important when intermediate conformity leads to conformity.

Last, because roles may be normatively charged and vary (Hollander and Willis, 1967), some norms may be more important for a given actor when they overlap with expected roles.^{vi}

Based on this, conformity should lead to greater rewards when norms have high importance and, as a corollary, rejecting such norms should foster greater punishment. Thus, actors should be incentivized to comply with norms of higher importance and should shy away from defiant behavior involving high-importance norms. Indeed, because actors tend to interpret the environment and adjust their actions to environmental stimuli (Espeland and Sauder, 2007), they should be motivated to reap legitimacy rewards linked to conformity to a norm of higher importance and to avoid punishments linked to defiance of such a norm. Thus, for instance, even though an important norm impinges upon an actor's values, preferences or identity, she might be likely to follow it. Our arguments therefore point to the moderating influence of a norm's importance. Hence, we revise previous propositions:

Proposition 1c: Ceteris paribus, the importance of a norm should moderate the relationships mentioned in Propositions 1a-b, as increases in a norm's importance should induce conformity and discourage defiance.

INTERMEDIATE-CONFORMITY LEGITIMACY AND REPUTATIONAL EFFECTS

Past research paid considerable attention to the external-support consequences of conformity patterns (e.g., Adut, 2005; Davis et al., 1994; Meyer and Rowan, 1977; Zuckerman, 1999). Generally, this research highlights that conforming actors garner social

approval, while nonconforming actors may face penalties. This research can be further developed by examining how intermediate conformity relates to social approval, under conditions of norm plurality. We resurrect March's (1954) taxonomy of norms to argue that, when a field includes at least one continuous norm, intermediate conformers can engage in an agentic action based on a compensation effect. This action can serve multiple purposes, such as promoting an intermediate conformer's interests, overriding legitimacy or reputational challenges, or strategically deploying resources so priority is given to norms highly valued by institutional regulators relevant to the intermediate conformer. Next, we examine critical factors that trigger a compensation effect in a legitimacy context, and then whether they can foster a compensation effect in a reputational setting.

As noted, a legitimacy apex exists for preferred-value and attainable-ideal norms, while unattainable-ideal norms are "unbounded". We advance that an intermediate conformer responding to an unattainable-ideal norm, or who is not at the apex of social approval for a preferred-value or an attainable-ideal norm, can manage her legitimacy by compensating. Specifically, she can reject a norm or reduce norm conformity, regardless of type, and experience no drop in legitimacy as long as this downgrade is counterbalanced by a sufficient degree of conformity to another norm implying a continuum. The degree of conformity required for compensation depends on the actor's localization in the approval function of the followed norm and on the relative importance of the followed norm vis-à-vis the defied norm.

The implications of this compensation effect are threefold. First, if the rejected norm is more important than the implemented one, the intermediate conformer must ascend the approval function significantly more to benefit from the compensation effect than if both norms are of equal importance. Second, an intermediate conformer might even increase legitimacy if she rejects – or reduces conformity to – a norm and if the upward move in the approval function due to the increase in conformity at least outweighs the negative effect of defiance. Thus, for intermediate conformers, when at least one continuous norm exists,

defiance does not necessarily engender drops in legitimacy. Third, intermediate conformers can use this compensation effect to promote their interests (e.g., strategically allocate resources to other means; see above), and secure legitimacy or overcome past legitimacy challenges.

To illustrate, an assistant professor in a research-oriented department may ignore a collegiality norm (e.g., because she thinks it implies a trade-off with another norm or because it creates tension with her personal features) to concentrate time and energy to attempt to outperform the “publish-or-perish” norm. If she surpasses publication expectations, this research productivity may compensate for her ignoring the collegiality norm, especially if the research norm is more important.

Overall, our reasoning suggests that:

Proposition 2: An intermediate conformer, who conforms to a continuous norm, can engage in defiant behavior toward another norm and experience no drop in legitimacy (or even increase legitimacy) as long as the downgrade from defiance is counterbalanced by a sufficient degree of conformity to the continuous norm.

We now revisit previous arguments by focusing on reputation – an alternative and frequently used representation of actor assessment – and discuss how intermediate conformity can be promisingly linked to reputation.^{vii} To do so, we first specify key similarities between reputation and legitimacy, then map out their sharp conceptual differences, and finally draw on these insights to develop a stylized model that recasts previous insights on the intermediate-conformity compensation effect. Reputation refers to a set of attributes ascribed to an actor, based on collective perceptions and inferred from the actor’s past behavior (Deephouse and Suchman, 2008).

Reputation and legitimacy share commonalities (Deephouse and Carter, 2005; King and Whetten, 2008): in terms of antecedents, as they are both about perceptions of behavior; and effects, as they both create a hierarchy of positions. Further, both can be charged with actor-specific role dimensions; for instance, manufacturers known for high-reliability products are expected to continue producing goods of similar reliability (Bitektine, 2011). Moreover, both legitimacy and reputation imply that while some intersubjective agreements among second and third parties about an actor's legitimacy or reputation are needed, complete intersubjective agreements are not required (Washington and Zajac, 2005). Finally, both are “‘stock’ variables [that can be] amassed and depleted through temporal ‘flow’ sequences” (Love and Kraatz, 2009, p. 314).

Legitimacy and reputation can be distinguished on major dimensions. While legitimacy is often rooted in institutional theory, reputation is generally grounded in signaling theory (Deephouse and Suchman, 2008). Further, while reputation typically is portrayed as being a zero-sum game, legitimacy is not: when one actor gains legitimacy, it does not simultaneously mean that another field-actor loses legitimacy (Deephouse and Suchman, 2008).

In addition, reputation possesses a broader “evaluation scope” than legitimacy. Whereas legitimacy is driven by conformity to norms, reputation relates to sustained adherence to either norms or practices; e.g., a reputation for engaging in a predatory-pricing practice (Deephouse and Carter, 2005). An actor can also feed a reputation for conformity, when she reiterates conformity to norms, or for defiance, when she sustains counter-normative behavior. Thus, legitimacy may correlate positively or negatively with reputation, or even be largely uncorrelated when reputation refers to a practice and not a norm. Hence, an actor may possess a strong reputation but at the same time a weak legitimacy.

It follows that legitimacy is essentially unidimensional for a field-actor coping with a logic's norms and, by conferring legitimacy, second and third parties encourage norm

adherence (Bitektine, 2011). In doing so, they indirectly facilitate normative maintenance of the logic. Reputation differs: through an actor's reputation, field players extrapolate about intention and future behavior (Pfarrer et al., 2010). Hence, an actor's reputation can represent a cognitive shorthand used to extrapolate her future actions and intentions, which can be useful, for instance when direct and reliable information about how the actor performs a practice is lacking. It also results that, conceptually, reputation is rarely about an actor's *overall* assessment (Jensen et al., 2012). Rather, it is about the assessment of an actor's *specific* attribute; this explains why reputation is "always reputation *for* something such as [delivering a service of high] quality" (Jensen et al., 2012, p. 143; emphasis in the original). Thus, an actor's reputation in a field can be multidimensional; e.g., for *each* norm, an actor may have a reputation for conformity or defiance. Reputation, accordingly, does not necessarily help maintain an institutional-logic standing; for example, when actors feed a reputation for defiance, they can weaken the normative standing of rejected norms and, hence, the prevalence of the logic that mantles them.

Having delineated central similarities as well as subtle and vivid differences between the two core concepts, we now turn to how reputation relates to previously discussed key arguments on the compensation-effect legitimacy consequences.^{viii} As discussed, reputation is rarely about an actor's overall assessment, but instead refers to a specific attribute. Thus, even in the context of a single logic, an intermediate conformer may develop a reputation for both conformity and defiance; for instance, when she repeatedly over-conforms to one norm and invariably rejects another. Empirically, studies typically do not capture the separate reputations of an actor. Instead, they tend to rely on an "overall-reputation index", such as that derived from *Fortune's* ranking, and often use this unidimensional metric to compare actors on the index continuum. Against this background, we focus next on overall reputation, as a unidimensional construct, to attempt to match the unidimensionality of legitimacy and recast,

through a stylized-reputation lens, previous arguments on intermediate-conformity legitimacy effects.

With overall reputation, one or two conditions, depending on norm characteristics, can give rise to the compensation effect. The first condition relates to whether the intermediate conformer sustains her observed conforming pattern, because observed behavioral reiterations lift reputation. The second condition is norm positive connectivity. A compensation effect can occur even if norms are not positively connected, but when they are, this accelerates compensation, as detailed below. Consider a publicly-traded conglomerate that tries to offset an unfavorable reputation resulting from its rejecting the “anti-conglomeration” norm. While dividends in general do not always represent a significant means by which diversified firms increase investors’ support (Bascle, 2008), imagine that a conglomerate firm attempts to overcome its unfavorable reputation with a first-time (exceptional) dividend payment. This one-time action should increase the firm’s overall reputation *only* if norms are positively connected.

If both norms are positively connected, one-time conformity to a new norm may prompt the intermediate conformer to alter the pattern of defiance. In our example, to the extent that dividends and diversification are alternative strategies (e.g., Mackey and Barney, 2013), following the dividend norm may induce managers to conform to the deconglomeration expectation. Positive-norm-connectivity should lead field players to develop two extrapolations about the actor’s future intentions and behavior: adherence to counter-normative behavior is likely to disappear and conformity to the newly-embraced norm may potentially be renewed. Consequently, positive-norm connectivity should have a short-term positive effect on overall reputation.

If norms are not connected, no pull or push relations exist, and initiating, with no future commitment, a one-time large dividend should not alter the firm’s overall reputation. Thus, this intermediate-conformity move should not be enough to produce a compensation

effect. However, should the firm reiterate its dividend payment and remain a conglomerate, it may improve its relative standing on a reputation index: the favorable reputation developed thanks to dividends should attenuate any impact on its overall reputation from its negative reputation based on its conglomerate form.

Overall, this suggests that:

Propositions 3a and b: Ceteris paribus, an intermediate conformer who conforms to a continuous norm and repeatedly rejects another norm can experience an increase in overall reputation and even offset the effect of a negative reputation caused by earlier repeated defiance, when the weight of the negative reputation is counterbalanced by sufficient conformity to the continuous norm, and when a) she reiterates her conformity to the continuous norm, and/or b) the two norms are positively connected.

A recurrent theme in the conformity-to-norm literature is that inequity exists in penalty systems; in particular, actors high in the social hierarchy are shielded from legitimacy penalties for deviant behavior, no matter their actions, i.e. a “ratchet effect” exists (e.g., Kelley and Shapiro, 1954). Generally, the rationale for this inequity is that such actors can deviate, because their legitimacy is unquestioned. However, underlying processes leading to such inequity are poorly understood (Devers et al., 2009). Theoretical clarification of this inequity is relevant in an intermediate-conformity framework, not only because intermediate conformers are, to a certain extent, defiers (as located between two pure forms: total conformity and non-conformity), but more importantly because it clarifies subtle *dynamic*-legitimacy effects of intermediate-conformity moves.

We start by suggesting that this ratchet effect results from an actor’s *accumulated legitimacy*, or the legitimacy attributable to her previous degree of conformity to norms. Thus, the greater the conformity to the present time, the higher the accumulated legitimacy.

Accumulated legitimacy is the outcome of three or four, depending on context, historical features of an actor's conformity endeavor: 1) duration of conformity to an implemented norm (i.e., longer conformity results in higher accumulated legitimacy); 2) number of norms implemented (i.e., when more norms are implemented, higher accumulated legitimacy results); 3) actor's localization in the approval function, when a norm implies a continuum (e.g., assume a "publish-or-perish" norm; a scholar's accumulated legitimacy increases as publication increases); and 4) importance of an implemented norm (i.e., the greater the norm importance, the higher the accumulated legitimacy). Two implications are noteworthy. First, when an actor feeds a reputation for conformity by reiterating conformity to a norm, her reputation factors into accumulated legitimacy through its first determinant—thus, *ceteris paribus*, the greater her reputation for conformity to a norm, the greater her accumulated legitimacy. Second, if two actors perform equally well, in a field, on three of the four features, the actor who performs better on the last feature is likely to possess higher accumulated legitimacy.

More generally, we advance that the historical nature of accumulated legitimacy may create a blatant inequity: past conformity expands the legitimacy effects of current conformity. This process shares similarity with the *Matthew effect* (Merton, 1968); that is, "accruing of greater increments of recognition for particular scientific contributions to scientists of *considerable repute* and the withholding of such recognition from scientists who have not yet made their mark" (p. 58; emphasis added). Individuals of "considerable repute", such as Nobel Laureates, benefit from this. While we concur that inequity in the reward system exists for actors topping a social hierarchy, we add to the strict Mertonian model, suggesting that privilege is also granted to less eminent actors, such as intermediate conformers. In particular, legitimacy outcomes from previous performance become resources that enhance current legitimacy (DiPrete and Eirich, 2006). This means that although an intermediate conformer might have previously rejected all norms except one, she may retain a

cumulative advantage when compared to a similar intermediate conformer with lower accumulated legitimacy.

Such inequity in the reward system has two immediate implications for our intermediate-conformity framework. First, even though two intermediate conformers may concurrently have a *similar* conformity pattern, the intermediate conformer with higher accumulated legitimacy should possess higher legitimacy than her peer with lower accumulated legitimacy. Second, for a *similar* act of conformity in a field (e.g., implementation of a new binary norm or similar increase in conformity to a continuous norm), the intermediate conformer with higher degree of conformity to present should experience a greater increase in legitimacy than other intermediate conformers with lower accumulated legitimacy—Figures 1a, b and c, which report lines showing an actor’s possible approval function(s), illustrate this point for three continuous prescriptive norms^{ix}. This leads to the proposition:

Proposition 4: Ceteris paribus, accumulated legitimacy positively moderates the relationship between conformity and legitimacy, and thus puts intermediate conformers having higher accumulated legitimacy in a position of relative advantage over other but otherwise similar intermediate conformers.

We predict that arguments presented in Proposition 4 can play a similar role in a reputational setting. An implication of reputation models is that reputation, as a “stock” variable, is accrued through temporal flow sequences of reiterated actions (Love and Kraatz, 2009). Further, accumulated overall reputation strengthens positive external reactions arising from conformity moves (Pfarrer et al., 2010). In line with these insights and extending those of Proposition 4, we thus assume that accumulated overall reputation of intermediate

conformers should moderate the relationship between current conformity and overall reputation—Figures 2a-c update, in an overall-reputation setting, Figures 1a-c.

INSERT FIGURES 1 AND 2 ABOUT HERE

We apply a similar logic to examine the legitimacy and reputational consequences of intermediate-conformer defiance. While past research highlights that actors ranked highly in the social hierarchy can benefit from a ratchet effect when they defy (Phillips and Zuckerman, 2001), we advance that intermediate-conformer defiance may lead to more nuanced effects. Our approach proposes initially that an actor does not need to be a total conformer to benefit from the ratchet effect, but that intermediate conformers, who by nature are to some extent defiant, can also benefit. We begin by dissecting how this effect is activated in a legitimacy framework.

Actors with high accumulated legitimacy have proven their strong institutional commitment (Love and Kraatz, 2009). Drawing on this, we advance that intermediate conformers engaging in *mild defiance* – by rejecting a low- or medium-importance norm, or decreasing in a limited or moderate manner their degree of conformity to a continuous norm – should maintain legitimacy in the field, at least for some time. Indeed, as mild defiance is associated with mild punishments (Meyer and Rowan, 1978), intermediate conformers with high accumulated legitimacy may be easily forgiven (Hollander, 1958). Therefore, high accumulated legitimacy is likely to act as a shield against legitimacy loss; that is, to lead to (immediate) “norm underenforcement” (Adut, 2005). Thus, past conformity behavior by intermediate conformers with high accumulated legitimacy weighs, overall, more heavily than their present mild defiance.

However, intermediate conformers engaging in *severe defiance* – by rejecting a high-importance norm or significantly decreasing their degree of conformity to a continuous norm

– should see their high accumulated legitimacy become a liability. Past research (Adut, 2005) indicates that institutional regulators aim to block contagion effects when a significant transgression is made public. Thus, to the extent that intermediate conformers with high accumulated legitimacy are visible in the field and their transgression becomes public, any severe defiance, if left unsanctioned, can inspire others. Eventually, this can disrupt the norm's institutional standing and second-and-third-party authority (Rao et al., 2003). If the emulated defiance is repeated over time, it can even become the new norm and increasingly instill a feeling that the overarching logic can be freely challenged. Thus, even in stable fields, if severe defiance occurs, authority may require reaffirmation by second-and-third-party interventions to avoid weakening the normative structure.

Severe defiance by intermediate conformers with high accumulated legitimacy can produce additional effects on second and third parties. Severe defiance by such intermediate conformers may trigger confusion, annoyance or disappointment, especially if they serve as role models. For instance, they may be upheld as models after repeatedly conforming at high levels to an important unattainable-ideal norm. Yet, when they reject this norm or severely reduce their degree of conformity, second and third parties may infer a contradiction and, sometimes, feel provoked (Adut, 2005). Further, second and third parties may attribute greater intentionality to defiant actors with high accumulated legitimacy (Fragale et al., 2009). Therefore, second and third parties may capitalize on the defiance, especially when the actor's visibility is high, to demonstrate that severe defiance can result in harsh punishment. Finally, such defiance may be seen to signal future intentions, such as ongoing defiance or increased levels of defiance. To deter such future behaviors, second and third parties may resort to especially harsh punishments.^x

Overall, accumulated legitimacy in the context of intermediate-conformer defiance is a two-edged sword: it acts both as buffer, when intermediate conformers with high accumulated

legitimacy engage in mild defiance, and as amplifier, resulting in harsh interventions for severe defiance. These legitimacy effects, represented in Figure 1d, imply that:

Propositions 5a and b: Ceteris paribus, an intermediate conformer with high accumulated legitimacy will be a) immune from punishments for mild defiance, but b) harshly punished for severe defiance.

We now consider whether intermediate-conformer accumulated overall reputation can influence the relationship between current defiance and overall reputation. Existing research advances that actors with strong prior reputation who engage in defiant behavior may maintain their reputation (Mishina et al., 2012), suffer from large penalties (Rhee and Haunschild, 2006), or endure fewer negative reactions than actors with lower prior reputation (Pfarrer et al., 2010). Building on our previous arguments, we endeavor to establish a deeper understanding of the ways in which accumulated overall reputation can moderate the defiant behavior–overall reputation linkage.

When intermediate conformers with high accumulated overall reputation engage in *mild* defiance, they should secure external support *only* when they defy a norm not foundational to their accumulated overall reputation. To elaborate, reputation represents a cognitive shorthand that field players use to interpret an actor’s behavior, and to extrapolate future actions and intentions. Thus, mild defiance to a norm that significantly contributed to an intermediate conformer’s accumulated overall reputation should be particularly salient. It may send a “backtracking” signal, shaking the foundation upon which her accumulated overall reputation rests, contradicting the potential belief that the actor epitomizes a conformity-to-the-norm model to be emulated, and revealing tension between external expectations, based on previous behavior, and presumed intentions, based on current defiance. This situation may be vexing for intermediate conformers who have earned a strong

accumulated overall reputation thanks to a compensation effect: a sidestep in conformity pattern may counterbalance some or all positive outcomes generated by the compensation effect. Overall, while mild defiance from an intermediate conformer with an exemplary record of repeated conformity can generally be easily forgiven, the action should activate unfavorable external reactions if it involves rejecting a norm that serves as a foundation for her high accumulated overall reputation.

When intermediate conformers with high accumulated overall reputation engage in *severe* defiance, they likely face negative reactions. Here, previous arguments can be transposed to a reputation context, especially those pertaining to actors' intentionality. These overall-reputation effects, represented in Figure 2d, suggest that:

Propositions 6a, b, and c: Ceteris paribus, an intermediate conformer with high accumulated overall reputation will a) be immune from overall reputation downgrades for mild defiance, b) except when her mild defiance involves breaking the main behavioral repetitions that serve as a foundation for her accumulated overall reputation, and c) experience significant downgrades in her overall reputation for acts of severe defiance.

Central to Propositions 5a-b is the idea that accumulated legitimacy can either cushion against a legitimacy drop or hammer intermediate-conformer social approval. Seen more dynamically, additional insights emerge. In particular, Proposition 5a identifies a peculiarity: intermediate conformers with high accumulated legitimacy can secure legitimacy with mild defiance. As also argued, conformity allows them to stockpile legitimacy. Accordingly – unless the intermediate conformer resorts to the discussed compensation effect – persistent defiance progressively erodes accumulated legitimacy, and increases punishment risk.

Further, norm importance, or potential change in its importance, will also influence the pace at which accumulated legitimacy decays and, hence, the timing of punishment. Thus:

Propositions 7a and b: Ceteris paribus a) intermediate conformers with high accumulated legitimacy who engage in mild defiance will eventually experience a drop in legitimacy and b) the timing of this legitimacy downgrade will be influenced by the pace at which their accumulated legitimacy erodes.

Finally, should an intermediate conformer's *mild* defiance be forgiven (Proposition 6a), her high accumulated overall reputation will progressively erode if she persists in defiant behavior, thereby progressively increasing the odds of a downgrade in overall reputation. This suggests that:

Propositions 8a and b: Ceteris paribus, a) intermediate conformers initially immune from overall reputation downgrades for mild defiance will eventually experience a drop in overall reputation and b) the timing of this downgrade will be influenced by the rate at which accumulated overall reputation is eroded.

Figure 3 integrates the network of key principles and their relationship-set into a theory of intermediate conformity. Next, we expand the developed framework by establishing connections between intermediate conformity and an additional central construct, institutional change.

INSERT FIGURE 3 ABOUT HERE

THEORETICAL EXTENSION: INTERMEDIATE CONFORMITY AND INSTITUTIONAL CHANGE

A core tenet of institutional theory is that actions and structural conditions are recursively related (Barley and Tolbert, 1997). We extend this theory by both explaining how intermediate conformity can offer subtle resistance to and manipulation of discipline mechanisms through selective conformity, and linking it to path-dependent institutional change, where change mediates the intermediate conformity–legitimacy nexus. To do so, we focus on intermediate conformers reaping substantial legitimacy benefits from a compensation effect and argue that their behavior can, in four sequential steps, redefine structural conditions.

In the first step, one or more actors engage collaboratively or uncoordinatedly in an intermediate-conformity process whereby they reap substantial legitimacy benefits from a compensation effect. Previously, we identified factors allowing actors to be intermediate conformers. We add a new driver: institutional opportunism. Here, three dimensions exist: *institutional resistance*, or attempts to impose limits on external control and others' agency (Lawrence, 2008); a desire to redefine, through institutional change, normative arrangements so that, in a field, the institutional logic supports their own interests; and a compensation effect that offers substantial legitimacy benefits. In our model, it does not matter whether peripheral or more central actors initiate change. What matters is that intermediate-conformer interests conflict with the current institutional order.

In the second step, some actors perceive that intermediate conformers benefit from a significant compensation effect. They may copy, through coordinated efforts or autonomously, the original behavior that led to the compensation effect in hopes that they will benefit from a similar positive outcome. The rate adoption of the initial behavior depends on the magnitude of its perceived impact on legitimacy and the original intermediate-conformer legitimacy. Indeed, the greater the perceived impact of the compensation effect on legitimacy,

the greater the appeal of mimetism. When original intermediate conformers possess low legitimacy, the process should be slower. In part, this is because such actors generally lack visibility and are not obvious role models. Thus, to be imitated, the legitimacy-impact of the compensation effect should be clearly significant. When this condition is met, some other actors may learn about the new normative arrangement and its benefits, and gradually adopt it. When original intermediate conformers have high legitimacy, they likely are more visible and central players. Thus, others may see the successful rearrangement as permission to copy this behavior (Scherer and Lee, 2002). Adoption of the new institutional arrangement further frees other actors, and increases institutional-regulator costs to justify future penalties (Scherer and Lee, 2002). Overall, initial intermediate conformers and their peers act as carriers who progressively transmit a different perception of norm endorsement.

During the third step, second and third parties require conformity to norms that are more strongly followed in the field, and accordingly adjust upward their sanction pattern to these norms. Similarly, discarded norms see their importance downgraded. If collectively discarded, they may even lose their normative power.

In the final step, initial intermediate conformers who engaged in the compensation effect are likely to culminate in legitimacy evaluations and epitomize faithful adherence to the institutional logic. Thus, peers are induced to mimic their level of normative commitment. On their side, initial intermediate conformers may endeavor to sustain conformity patterns for strategic reasons: they strengthen their field-level position, become role models, profit from a logic that both advantages them and restrains others' actions, and can opportunistically join or connect with third-party organizations to further constrain and learn about others' actions.

Overall, their initial strategic engagement in the compensation effect, by discarding some norms while displaying superior conformity to at least one norm, will eventually allow them to redefine norms' importance and power arrangements in the field, through a path-dependent change process. Building on this, we advance that:

Propositions 9a, b, and c: Ceteris paribus, the rearrangement in the importance of norms due to peer imitation of the initial substantial compensation effect of intermediate conformers will lead them to a) culminate legitimacy evaluations in the field; b) be perceived as role models; and c) profit from an institutional logic that is advantageous to them.

Our arguments explain how marginal or more central intermediate conformers can trigger path-dependent change favoring their interests. To illustrate with an initial peripheral actor, consider Southwest Airlines. In the 1970s, it was a marginal player in the airline industry. It under-conformed to some industry norms, like seat assignment, and displayed superior conformity to other norms, like delivering superior customer service. Subsequently, its conformity pattern was mimicked, redefining normative expectations and allowing the company to be perceived as a role model. When threatened in the 1990s by a high-speed rail project in Texas, which aimed to serve the same cities it served, Southwest used its power to politically charge the atmosphere around the project and, ultimately, prevent encroachment on its Texas market (Powell, 1995).

DISCUSSION AND CONCLUSION

This paper lays the foundations for a tractable theory of intermediate conformity, and spells out its drivers and legitimacy as well as reputational effects. Below, we sketch the paper's primary contributions.

Contributions

First, this paper conceptualizes intermediate conformity more deeply than does the current institutional literature. We explained that, in a field, an actor can be an intermediate conformer when she rejects at least one norm from a logic but complies with at least one other from the logic, or when she complies with one norm but is not at the highest point of social

approval for that norm. This conceptualization advances the literature by defining when an actor is an intermediate conformer. This may represent a noteworthy contribution, as intermediate conformity is likely widespread in most fields and for most logics. Indeed, in a field, conformity to all norms of a logic may be costly, for instance when between-norm conflicts arise, and non-conformity to all norms is genuinely challenging. Further, extreme forms of conformity are likely isolated behaviors, because, in a field, total conformity can occur only when no unattainable-ideal norm exists and non-conformers should be few when proscriptive norms exist.

Our framework may prove useful for institutional logics research. This research has increasingly attended to co-existing, conflicting logics; however, existing research offers few “systematic predictions about the way [actors] respond to such conflict” (Pache and Santos, 2010, p. 455; see also Greenwood et al., 2011, p. 319), by generally assuming or showing that actors either embrace altogether conflicting logics and their norms, or not. Such an approach may lead scholars to develop binary conformity models and a mechanical view, leaving the impression that logics’ elements “hover over” actors’ heads, “waiting to be grasped by an [actor] who will combine and implement them” (Klein, 2015, p. 345). For Kraatz and Block (2008) the logics literature primarily seeks to understand the impacts of conflicts among logics at the field, rather than individual level, while for Friedland (2012) logics research omits the role of actors’ values despite their centrality. Thus, we know little about logics’ micro-foundations and how logics, whether in conflict or not, are translated “on the ground, in day-to-day behaviors and experiences of actors” (Zilber, 2013, p. 82; see also Thornton et al., 2012). Our paper adds to logics research by offering a new conceptual lever, identifying processes underlying key top-down and bottom-up effects, for predicting: 1) when an actor will neither conform to all norms nor reject all norms (by introducing, among other predictors, values’ importance), 2) the likely intensity of her conformity, and 3) cross-sectional as well as

dynamic-legitimacy effects of intermediate-conformity moves to norms that may, among other characteristics, conflict or not.

At a more methodological level, in formalizing connections among key structural forces (norms, logics, fields), our paper clarifies a vantage point (namely, *an institutional logic, in a field*) from which conformity to each norm of a logic can be assessed, particularly for intermediate conformers. In effect, a logic may be at work in several fields (but its norms may not be operative in all fields), may vary in importance across fields, and may cloak norms that differ in “shapes” across fields (e.g., a norm, of unattainable-ideal type in a field, can be a preferred-value norm in another field). Thus, when studying a logic in across-field studies, treating the logic as the litmus test for detecting and assessing conformity behaviors may oversimplify processes that may be subtler. An implication of our work for logics scholars examining two or more fields is that, because of norm multiplicity and heterogeneity both within a logic (operative in a given field) and across fields (in which the logic is active), focusing only on a logic and the existence of its norms may be insufficient. Indeed, this may force researchers to assume that the same norms of a logic will retain the same properties in all fields in which the logic is active; what is needed is to *also* examine characteristics of the logic’s norms in each field being investigated.

Even though the developed arguments should have their greatest predictive power when considering norms linked to a logic in a particular field, they also speak to the institutional complexity literature (Greenwood et al., 2011). Institutional complexity can exist when actors face: institutional contradiction, or conflict among logics and norms; institutional multiplicity, or logic-and-norm plurality; and/or institutional independence, or an absence of hierarchy among logics—if logics and fields are nested, hierarchies of priorities may be defined, but when they are juxtaposed or partially overlap, multiple and possibly ill-related expectations can heighten institutional complexity. In institutional-complexity scholarship, institutional contradiction is the key source of (*negative*) normative connectivity; however,

this paper takes a broader approach, recognizing that norms can also be *positively* connected—e.g., prompt sequential compliance. Our insights may broaden the scope of future institutional-complexity studies by inciting them *not* to restrict analysis on independent and/or dependent variables implying *negative* connections among norms. Important tasks for future works thus include acknowledging that *positive*-norm-connectivity may lead to institutional complexity (e.g., conforming to a norm inducing sequential compliance moves may involve a great deal of effort and complicate actors' task). Future research may also integrate the formalized key parameters that determine norms' importance to help us learn more about institutional-complexity drivers. Further, while actors' responses to institutional complexity have received escalating attention, our reasoning points to an alternative and possibly common response to institutional complexity—intermediate conformity. It highlights how actors can selectively attend to heterogeneous and potentially conflicting expectations, presents in a dynamic framework key legitimacy and reputational effects of their endeavors, and can serve as a platform to productively bring together the institutional-complexity and reputation literatures.

Further, our framework impacts discussions on widespread homogeneity versus diversity in conformity patterns. On one hand, legitimacy has been portrayed as being fundamentally homogenizing, producing “herd-like conformity” (Deephouse and Suchman, 2008). On the other hand, as this paper implies, given that multiple heterogeneous norms populate any field, similarity in conformity patterns is likely to be associated with binary and/or proscriptive norms and, otherwise, homogenous conformity patterns among actors are likely rare. This suggests that, even in highly elaborated fields, the dominant presumption of homogeneity across conformity patterns may oftentimes require substitution by a *presumption of heterogeneity* across conformity patterns. Our insights also imply that, contrary to established insights (e.g., DiMaggio and Powell, 1983; Meyer and Rowan, 1977), becoming isomorphic is not a necessary prerequisite to garner legitimacy. Yet, if we allow for diversity,

the challenge is to accommodate variety “while still keeping a grip on macro-institutional regularities” (Hung and Whittington, 1997, p. 570). The paper’s insights not only endeavor to accommodate structural imperatives while allowing for varieties in conformity patterns as well as intra- and inter-temporal agentic efforts, but also may be employed to examine conformity processes cross-sectionally or dynamically.

Second, our paper contributes to the few institutional studies on resistance to norms (Lawrence, 2008; see also Thornton et al., 2012). As Foucault (1982) suggests, norms constrain actions, but also permit possible resistance. Thus, resistance may occur not only as bold and episodic, but also as prosaic and subtle (Hardy and Clegg, 1996). Consistent with these insights, our arguments recognize that while norms set bounds on possible courses of action, they can also provide intermediate conformers with mundane but ongoing solutions to limit institutional control. In particular, through the compensation effect, an intermediate conformer can outflank second and third parties, and increase legitimacy following a defiance move. Further, should a compensation effect engender substantial legitimacy benefit, intermediate conformers can rearrange, through path-dependent change, normative conditions so as to gain advantage. In doing so, they may upend power arrangements, without resorting to confrontational tactics or direct initial attempts to control other field players, and are incentivized to perpetuate current normative arrangements and impose limits on other actors’ agency. As a result, intermediate conformity can represent a tactical process, an opportunity for actors, whether peripheral or more central, to make do with whatever norms are available in the field to resist everyday expectations, support their interests in the short- and long-term, and progressively and insidiously evade disciplining mechanisms.

Third, we contribute to the conformity-to-norm literature by integrating the effects of norms’ types and hierarchy. In revealing these two pivotal factors underlying norm heterogeneity, we not only revive March’s (1954) norm taxonomy, but also concur with him (1956), as capturing norms’ types and importance is essential to explaining the extent to

which actors conform and the (dynamic) legitimacy consequences of their conformity patterns. Thus, our framework constitutes a lever that can be mobilized “to open the ‘black box’ of institutional processes under conditions of [norm] multiplicity” (Cloutier and Langley, 2013, p. 362). It also adds to past research by suggesting, in particular, that norm defiance may be seen as acceptable to institutional regulators under some circumstances. More generally, while norms are seen as a foundational concept in social science, our understanding, based on previous insights, of norm characteristics and effects is still limited. For instance, “in a survey of leading organizational scholars, norms emerged as the topic with the single greatest gap between ideal and actual research attention” (Grant and Patil, 2012, p. 548). This gap is problematic: while scholars regularly examine conformity and defiance moves, we need in the first place to clearly understand what norms are, because they represent a key unit by which conforming and defying actions are “defined, measured, and sanctioned” (Dinitz et al., 1975, p. 3). The manuscript thus contributes to a more comprehensive and accurate understanding of norm features and consequences, and may act as a springboard to accelerate the closing of this gap.

A prevailing view holds that competitive ability and conformity can be orthogonal (see King and Whetten, 2008). This paper implies that these two dimensions are not necessarily contradictory. For intermediate conformers, a trade-off between differentiating and conforming does not invariably exist, as the above developments on institutional opportunism and institutional change suggest. In that sense, we agree with Deephouse (1999), as competitive ability and conformity do not have to be antagonistic, and complement his insights by suggesting that a “balance” does not need to be found between differentiating and conforming: both can be simultaneously pursued.

At a higher conceptual level, our approach clarifies the bedrock notion of legitimacy. Despite its centrality, its appraisal requires further development (Bitektine, 2011; Devers et al., 2009). Further, a lack of agreement about whether legitimacy is fundamentally

dichotomous (Deephouse and Suchman, 2008), such that an actor is either legitimate or illegitimate, or a continuous construct (Cloutier and Langley, 2013) exists. Our paper suggests that legitimacy is not always in a binary state and not always continuous. Existing conceptual and observational ambiguity can be resolved by recognizing that legitimacy depends on both the number and norm types of a logic in a field. To illustrate, if, in a field, two binary norms linked to a logic exist and an actor conforms to one norm but not the other, she is located between two extremes of the illegitimacy–legitimacy continuum and her position depends on the importance of each; e.g., if the rejected norm is valued more than the implemented norm, she is, *ceteris paribus*, closer to the illegitimacy end of the illegitimacy–legitimacy spectrum. A contribution of this work is thus to help clarify possible legitimacy states as well as why legitimacy is more likely continuous rather than binary.

Our framework also extends prior theories on the effects of actors' positions in the social hierarchy. We agree with Merton (1968) that inequity exists in reward systems, favoring actors topping social hierarchies. We add to his framework by explaining that this inequity can also be granted to less eminent actors, such as intermediate conformers, and that a key to understanding this inequity is accumulated legitimacy. Consistent with Phillips and Zuckerman (2001), we believe that actors highly ranked in the social hierarchy can avoid punishment if they defy norms. Our work complements their insights in several ways. It highlights that intermediate conformers can also benefit from this ratchet effect when they act defiantly thanks to accumulated legitimacy, and that they can even increase their legitimacy when they act defiantly thanks to the compensation effect. We further complement Phillips and Zuckerman (2001) by highlighting that legitimacy outcomes of conformity patterns can also be understood by examining the actor's accumulated legitimacy. This is why actors with a high accumulated legitimacy may either experience legitimacy downgrades for severe defiance or benefit from a temporary license to deviate, and thus be protected from legitimacy downgrades for a restricted time period, for mild defiance. Our view thus implies that a

“negativity bias” (Pfarrer et al., 2010), which gives more weight and salience in evaluation processes to negative events than to positive ones, does not automatically materialize: it can be contingent on actors’ high accumulated legitimacy, which can act as a buffer or negative-evaluation amplifier.

Fourth, this research expands the literature on reputation by considering how intermediate conformity can underlie reputation-building-and-depletion processes. In this paper, we sought to respond to calls to better differentiate legitimacy from reputation (e.g., Deephouse and Suchman, 2008) by pointing to analytically relevant sources of similarities and differentiations between legitimacy and reputation, and by sharpening our understanding of the relationships between both constructs. In particular, as uncovered, reputation can affect legitimacy, when reputation factors into accumulated legitimacy through its first determinant—the higher the reputation for conformity to a norm, the higher the accumulated legitimacy. Our reasoning also reveals that both constructs can significantly differ for intermediate conformers. For instance, due to the compensation effect an intermediate conformer can possess high legitimacy, by “compensating”, but simultaneously hold a reputation for defiance—with respect to the norm(s) rejected. Further, the potentially multifaceted nature of reputation insinuates that an intermediate conformer may possess a reputation for defiance toward one or more norms, but still maintain a high *overall* reputation (as Propositions 3a-b suggest). As a corollary, our framework indicates that an actor may possess a reputation for conformity toward one or more norms, but at the same time a low *overall* reputation, if rejected norms are more important than followed ones. This paper thus highlights that to better capture legitimacy and reputation, as well as their antecedents and distinctive effects, it may be essential to recognize that multiple heterogeneous norms can populate any social arena and that multiple reputations can exist for any intermediate conformer.

We also complement past scholarship, which advances that “legitimacy emphasizes the social acceptance resulting from adherence to social norms ... whereas reputation emphasizes comparisons among” actors (Deephouse and Carter, 2005, p. 329). An implication of the presented norm taxonomy is that legitimacy and reputation can both emphasize *comparisons* among actors, especially for prescriptive norms relating to quantifications (e.g., publication numbers in a research-oriented department can be easily compared). Likewise, while reputation research tends to connect reputation to adherence to practices (den Hond et al., 2014), the proffered framework suggests that more attention should be devoted to linkages between norm-conformity patterns and reputation. While our paper represents only one initial, limited step toward a comprehensive understanding of how intermediate-conformity patterns relates to reputational accounts, it complements past research by relating reputation, in a dynamic context, to intermediate conformity and linking it to norms of different types and importance. This is essential if we want to understand how conformity patterns relate to reputational considerations, as the nature of norms being followed or rejected can determine not only when but also by how much overall reputation will be altered.

Our paper also contributes to the debate about negative-signal reputational effects (Mishina et al., 2012; Pfarrer et al., 2010; Rhee and Haunschild, 2006). It clarifies how past and present intermediate-conformity behaviors can shape both the direction and the magnitude of the impact of negative cues on overall reputation. Specifically, this paper formalizes conditions giving rise to a compensation effect; that is, how intermediate-conformer counter-normative behavior can lead to neutral or positive reputational outcomes. It further suggests that more stringent conditions are required for its realization with reputation than with legitimacy. It also specifies when mild defiance can be easily forgiven, how long an actor can be protected from reputational downgrades for mild defiance, and when mild and severe defiance can engender negative reputational consequences. This article thus contributes to the nascent reputation-management literature, which posits that actors can and

should manage their reputations. It confirms that intermediate conformers can strategically work on their reputational attributes but also highlights key limiting mechanisms and that, *ceteris paribus*, the positive effects of intermediate-conformer efforts may be harder to realize with overall reputation than with legitimacy.

Finally, we believe that this paper contributes to category research (Vergne and Wry, 2014). Typically, a category exists when a collective agreement exists among second and third parties about the labeling of actor groups as members of a common class (Negro et al., 2010). Thus, as Durand and Paoletta (2013) underscore, categories contain a certain binary dimension. Therefore, traditional research on categories may link to our developments on binary norms; e.g., conglomerate (or diversified) firms do not fit into a category (Zuckerman, 1999) that is also a norm (Davis et al., 1994). Category studies may benefit from this paper in three ways. First, it may be used to further understand why some actors defy category classifications; for instance, because the category contradicts their personal preferences or because they prefer to devote resources to ensure conformity to other norms. Second, the presented norm taxonomy and arguments about the dynamic-legitimacy (and reputational) effects of intermediate conformity can broaden category-research predictive power. In particular, our paper suggests that actors contradicting a categorical imperative are not doomed to suffer from an “illegitimacy discount” (Zuckerman, 1999) when they follow other norms. For instance, our theorizing helps explain why, during Jack Welch’s tenure as CEO, General Electric not only generally traded at a conglomerate (or diversification) *premium*, but also assured itself a venerated place in the corporate pantheon. Our dynamic framework suggests that this is because it was “compensating” by repeatedly conforming to other important norms; e.g., reporting quarterly earnings aligned with security analyst forecasts (*Fortune*, March 4, 2002). Third, we complement research fleshing out relationships between category and reputation (King and Whetten, 2008), and advancing that actors should place themselves in a category if they wish to attempt to enhance reputation. Our framework

suggests that becoming a category member may not always be a necessary pre-condition; e.g., when two norms – one binary, delineating a category, and another continuous – are positively related, an intermediate conformer may uplift overall reputation even though the binary norm, denoting a category, is rejected (see Propositions 3a-b).

Limitations and Future Research

Our paper is limited, as the title indicates, to developing the initial foundations of a dynamic theory of intermediate conformity. The proposed framework should be operative when institutional regulators base approval decisions on actors' observable behavior. If actors' behavior is not directly observable, institutional regulators may not directly demonstrate their support. Future work should examine whether they react differently when changes in conformity patterns are discovered in distant time periods. Future work may also examine the implications of norms' connectivity on logics' dominancy and change, while considering norms' importance and types. For instance, *negative*-norm-connectivity may *strengthen* a logic, if a discarded norm leads to implementation of a rival norm embodying more faithfully the logic. Future research could enhance the paper's scope by better incorporating institutions. Lastly, future works could further elaborate the above relationships, which are fairly broad, and more fully tease out the operationalization issue. Investigating these paths will deepen our understanding of intermediate conformity, and should also open new research avenues.

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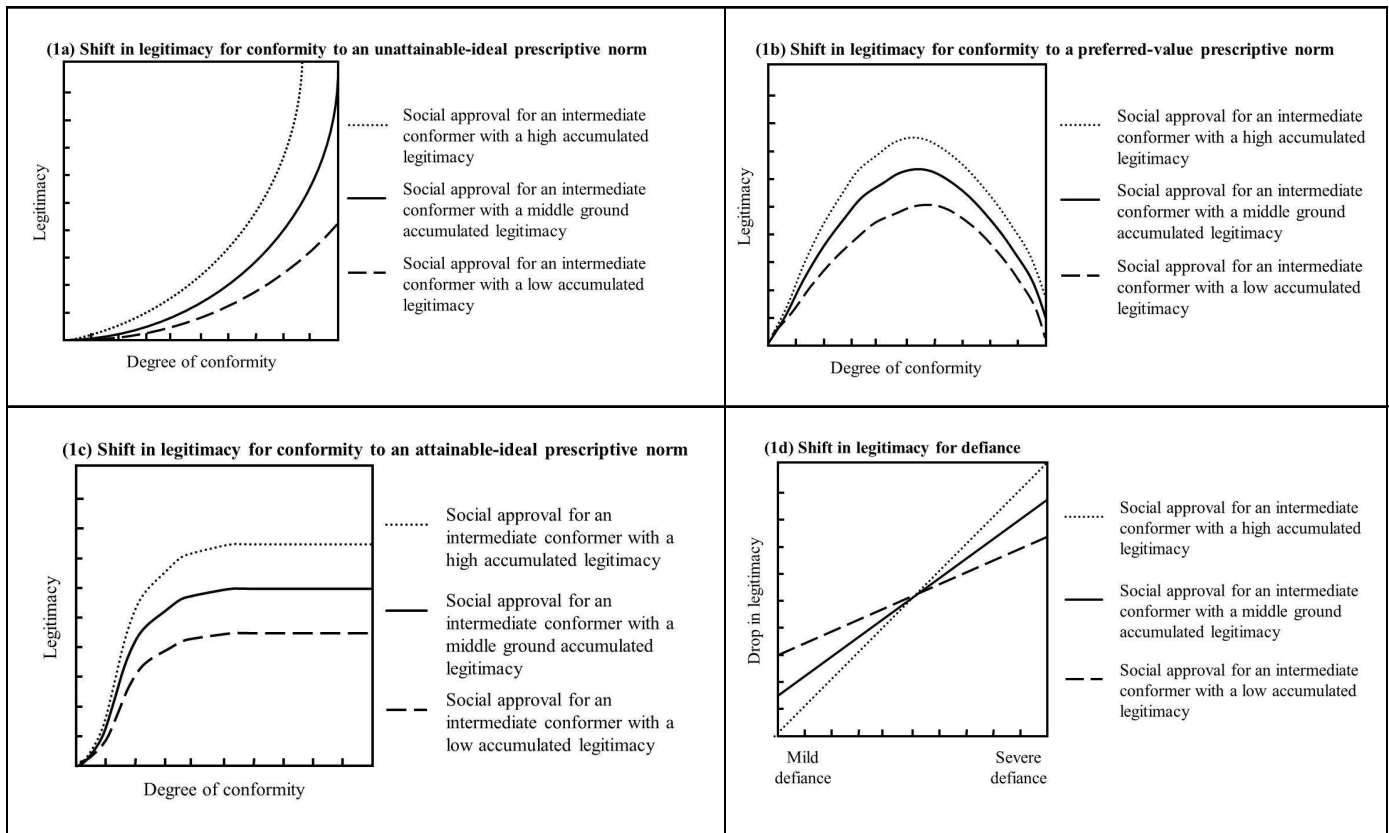
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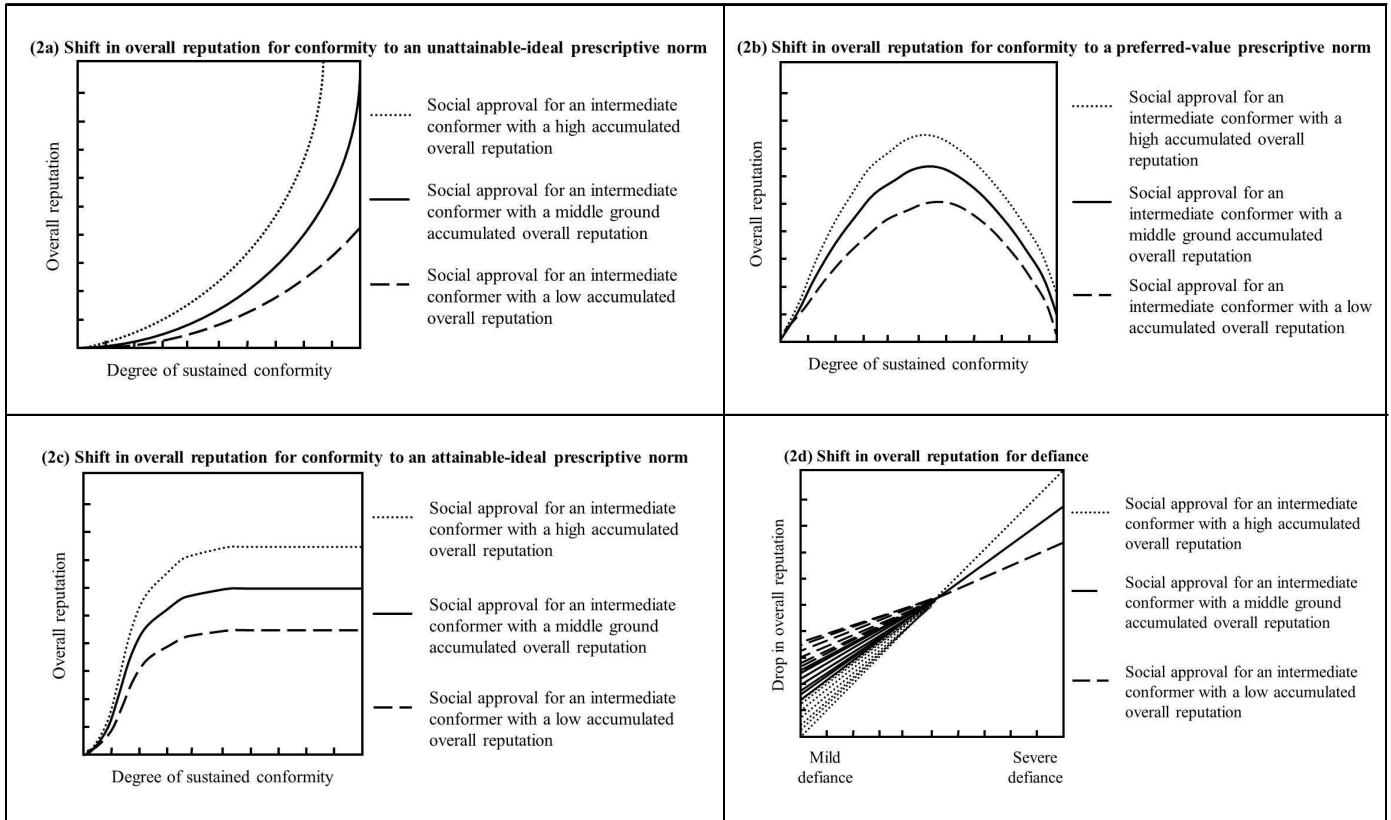
Figure 1: Effects of Conformity and Defiance for Intermediate Conformers in a Legitimacy

Context:



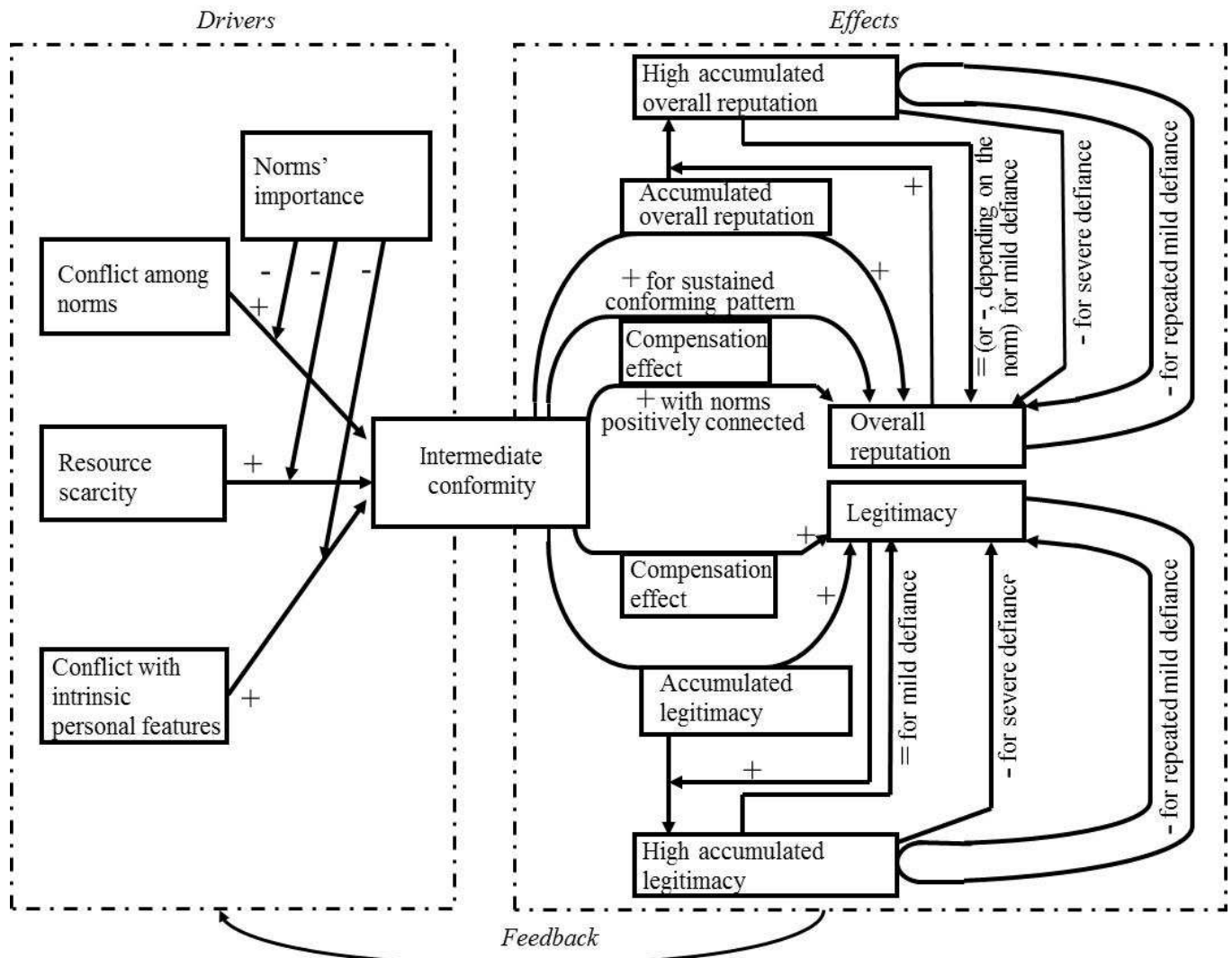
Note: Figures 1a, b and c reproduce and extend March's (1954) Figures 1 to 3 in a legitimacy context.

Figure 2: Effects of Conformity and Defiance for Intermediate Conformers in an Overall-Reputation Setting:



Note: Figures 2 a, b and c extend in a stylized fashion March's (1954) Figures 1 to 3 in an overall-reputation setting.

Figure 3: Simplified Dynamic Model of Intermediate Conformity:



Note: Refer to Figures 1a-d and 2a-d for a more precise representation of the legitimacy and overall reputation effects of conformity and defiance moves by intermediate conformers.

NOTES

ⁱ We note that third parties usually struggle for acceptance, and need to follow dominant social arrangements to secure resources and avoid being disregarded (Sauder, 2008). They can be active in processes of training and education that further entrench expectations, which may help them develop a common focus. While in changing fields third parties can legitimate and accelerate normative change (Rao et al., 2003), in stable fields their role will tend to be more defensive (Glynn and Lounsbury, 2005). This constrains institutional challenges, facilitates norms as well as field positions' entrenchment, and further increases the risk for third parties deviating from dominant social arrangements to be second-rated (Sauder, 2008).

ⁱⁱ Even decoupling (Meyer and Rowan, 1977) can trigger psychological discomfort, because the projected appearance of conformity is inconsistent with actual practice (MacLean and Behnam, 2010). An intermediate conformer can abate this emotional cost, since she can better predict second-and-third-party reactions and because the image projected by the actor, her evaluation, and the way the actor perceives her actions sync. We also note that actors can undergo emotional costs when discarding an internalized norm, as transgression of such a norm contradicts a moral imperative and may lead to feelings such as, in the words of Hechter and Opp (2001, p. xiii), 'guilt or shame'. Actors may thus endeavor to follow internalized norms, possibly at the expense of other norms that are not internalized and that are, for instance, of lower importance.

ⁱⁱⁱ An individual or organization can have a dual role, as both actor and third party; for example, a physician employed in a hospital and an external body that holds conformity expectations for the hospital. In that case, the identity she derives as a third party and her potential need to reduce her own cognitive dissonance should facilitate conformity to the expectations she promotes when acting as a third party.

^{iv} Norms can experience downgrades or upgrades in importance between two institutional regimes. For instance, a norm seen as important in a previous regime may be seen as mildly important or unimportant in a new regime (and vice versa). In this case, conformity expectations will be less salient.

^v While it is beyond the scope of this paper to fully examine the various dimensions giving rise to second-and-third-party power, we postulate that when a second or third party has more resources at her disposal, she may have greater power, because *ceteris paribus* she has more options to sanction behavior and can sanction more actors than any counterparts with fewer resources.

^{vi} To discern whether a norm is more relevant for some actors and, more generally, to assess a norm's existence, field players should be asked about their own normative beliefs and expectations of peer normative beliefs regarding their own behavior (see Bicchieri and Muldoon, 2011). Convergence in expectations typically suggests

that a norm is in place and, potentially, that it may be more important for some actors (Santee and VanDerPol, 1976).

^{vii} We thank the anonymous Associate Editor, who suggested an extension of the original argument by incorporating in the theory intermediate-conformity reputational effects.

^{viii} We confine our theorizing to situations where evaluators arrive at shared conclusions about an intermediate conformer's action (given that collective perceptions in the form of reputation and individual cognitions may recursively influence each other; Mishina et al., 2012) and a meaningful number of peers of an intermediate conformer mostly maintain their course of action (because reputation may be "contingent on a relative standing"; Deephouse and Suchman, 2008, p.62).

^{ix} As March (1954) explained, reported figures have an approximate nature: 1) for practical reasons, Figure 1a shows that legitimacy is "bounded", but should not be; 2) slope magnitude may vary in practice, but observed patterns should match norm definition; and 3) complete assessment of an intermediate conformer's legitimacy must account for her accumulated legitimacy and pattern of conformity toward all norms (and thus norms' importance and types).

^x Thus, if two intermediate conformers have the same conformity pattern and engage in the same severe defiance, the actor with the highest accumulated legitimacy should experience harsher punishments than the other.