INSTITUTIONAL LOGICS, ORGANIZATIONAL ALIGNMENT, AND PERFORMANCE: THE ROLE OF THE CEO

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Abstract

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Institutional logics are deeply ingrained belief systems that determine an individual's actions and shape how they see reality (Thornton, Ocasio, & Lounsbury, 2012). Drawing from the CEO literature (e.g., Boeker, 1989; Harris & Helfat, 1997; Zhang & Rajagopalan, 2003) and building on the theory of institutional logics (e.g., Besharov & Smith, 2014; Thornton & Ocasio, 1999; Thornton et al., 2012) I argue that because a newly appointed CEO will be able to shift her organization's orientation toward the country's dominant institutional logics, a change in CEO will lead to increased performance. Using a large quantitative dataset of hospitals in California and Texas, I find support for the argument that misalignment between the organization's and the state's institutional logics will lead to a change in CEO. Furthermore, I find that most CEOs are replaced by executives who share the same institutional logics of their new organization and are therefore

unable to make institutional logics alignment change. I did not find support for the argument that a change in CEO leads to a change in alignment. I discuss the implications of this lack of evidence for the theoretical development and managerial relevance of institutional logics. I conclude by exploring future directions for research based on the results of this dissertation.

Keywords: Institutional Logics, Dominant Institutional Logic, CEO Succession, Insider/Outsider CEO, Organizational Change

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

APPRENDICES

CHAPTER ONE: INTRODUCTION

Organizations are created to bring a specific set of services to market. As organizations grow, leadership might not have the skills required to help the organization meet the challenges of their environment. More specifically, as organizations in the healthcare sector have grown more complex, they have faced the need to bring leadership that is better equipped to manage the pressures of becoming successful businesses. For example, hospitals across the United States that were founded and run by physicians have increasingly hired CEOs with business training (Viswanathan, 2014), which has coincided with the rise of MBA programs offering a focus in health organization management (Mapes, 2006) and MD/MBA programs focused on training future physicians in health organization management (Robeznieks, 2014). In the last 25 years, for instance, the number of MD/MBA programs has increased tenfold (Okie, 2010). Hospitals recognize the need to have leadership with a different perspective to guide the organization to better fit a changing business environment.

Institutional logics are useful as a theoretical lens to understand these phenomena. An institutional logic is the deeply ingrained belief system that determines an individual's actions and shape how she sees reality (Thornton et al., 2012). More formally, an institutional logic is defined as "the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material substance, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999). Institutional scholars have long recognized that organizations function in environments that have multiple institutional demands at the same time (Friedland & Alford, 1991; Meyer & Rowan, 1977). Based on this insight, researchers have explored how organizations experience, respond to, and formulate strategies when their environment or industry reflects multiple logics.

To better understand environments with multiple logics, scholars have investigated the nature of the logics and their consequences. Besharov and Smith (2014), for instance, looked at two key drivers of institutional logics to explain differences in how multiple logics are experienced within organizations. Specifically, they mention centrality, or how a logic is core to organizational functioning, and compatibility, or the extent to which multiple logics prescribe similar goals. Ultimately, when multiple logics are highly central and not compatible, it results in conflicting logics (Besharov & Smith, 2014). When organizations function in environments with conflicting institutional logics, it can lead to uncertainty in areas such as organizational structure and strategy (Kraatz & Block, 2008; Pache & Santos, 2010; Thornton, 2002). Recently, there has been a growing focus on learning about the challenges that arise when organizations incorporate conflicting institutional logics within them (Almandoz, 2012, 2014; Battilana & Dorado, 2010a; Dunn & Jones, 2010; Jay, 2013).

The CEO literature provides a useful perspective with which to develop the theory of institutional logics. For the purpose of the present research, the literature on CEO characteristics and CEO turnover are particularly germane. First, in their 1984 paper, Hambrick and Mason lay the foundations of top management research, called Upper Echelons Theory. This stream of research explores how the strategies and effectiveness of firms are related to the characteristics of their top managers (Briscoe, Chin, & Hambrick, 2014; Chatterji & Richman, 2007; Chin, Hambrick, & Treviño, 2013; Hayward & Hambrick, 1997). And second, a separate stream of research has explored the impact of CEO turnover events on organizations (Rao & Giorgi, 2006; Zhang & Rajagopalan, 2003, 2010). Taken together, these two streams in the CEO literature show that organizations are greatly influenced by the characteristics of the top managers at the time of founding and beyond.

Institutional logics scholars have begun investigating the role of a top management team in the logics of an organization. For instance, Almandoz investigated whether the logics of founders impacted their organizations (Almandoz, 2012, 2014). In his research, Almandoz studied local banks and the conflicting logics of a community focus and financial focus. He found that individuals are the carriers of institutional logics, and the institutional logics of the founding team became the logics of their organizations. In addition, the logics of the founding team were connected to an organization's risk preferences. Finally, this work extends beyond the configurations of logics within organizations, Almandoz's research also focuses on how organizations are impacted by the logics they have by linking the institutional logics of the founding top management team to the performance of organizations. Notably, this stream of research does not narrow its focus to the CEO and their impact on organizations' logics.

Founder-CEOs have been found to be very influential (Boeker, 1988, 1989; Johnson, 2007; Stinchcombe, 1965). They imprint upon their newly created organizations' values (Ling, Zhao, & Baron, 2007), human resources and strategy patterns (Baron, Hannan, & Burton, 1999), and governance and ownership structures (Nelson, 2003). Subsequent CEOs do not generally establish an organization's governance and ownership structures. However, CEOs can influence a firm's strategy, hiring patterns, and can set the tone for organizational culture and values (Tsui, Zhang, Wang, Xin, & Wu, 2006). While there are some similarities between founder-CEOs and CEOs, questions remain about the impact of subsequent CEOs on the institutional logics of an organization. Current research on the impact of CEOs' institutional logics on organizations is limited to research examining top management teams as a whole. Given that the institutional logics stream of research also focuses on the impact of institutional logics on organizational performance, it is noteworthy the CEO and logics literature has yet to address this link.

A robust stream of research within the CEO literature focuses on CEO characteristics. The CEO characteristics literature has studied the impact of a new CEO's different attributes on organizational performance. These attributes include ideology, hubris, narcissism, origin, and liberalism (Briscoe et al., 2014; Chatterjee & Hambrick, 2007; Chin et al., 2013; Hayward & Hambrick, 1997). The CEO succession literature often looks at the characteristics of new CEOs and their impact on organizational outcomes. For instance, the CEO origin literature looks at how CEOs hired from the outside bring different experiences to their organization (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004). An internal hire (or an insider CEO) signals a commitment to the status quo while an external hire (or outsider CEO) signals a desire for change. Given that the impact of a CEO on organizational institutional logics has not been explored in the literature, the CEO characteristics literature has not yet explored if the institutional logics carried by a CEO impact their organizations.

The institutional logics literature has explored the impact of conflicting logics on organizational outcomes (Almandoz, 2012, 2014; Battilana & Dorado, 2010a; Dunn & Jones, 2010; Jay, 2013). At the same time, there is a stream of literature investigating institutional logics change (Lounsbury, 2007; Purdy & Gray, 2009; Thornton & Ocasio, 1999). Scholars studying settings with multiple institutional logics change have generally focused on how a logic becomes dominant (Dunn & Jones, 2010; Reay & Hinings, 2005). These studies focus on change at the field level that is permanent and that occurs over a long period of time. However, institutional logics is a multi-level construct, and logics can be studied at the individual, team, and organizational levels as well. Researchers have not yet addressed whether logics can shift in shorter time periods, and if that change can happen at the organizational level.

Taken together, the literature points to several gaps. The institutional logics literature is missing an understanding of the mutability of institutional logics in a short period. The CEO characteristics literature has yet to explore whether the logics carried by a CEO can impact the logics of an organization after founding. The link between these two literatures has not been fully explored, so the literature has not yet shown if the logics of a CEO can impact their organization's performance. In light of these gaps, the research question motivating this dissertation, "Can new CEOs impact the logics of their new organizations?" addresses each gap in turn.

Previous research (Thornton & Ocasio, 1999) showed that as the dominant logic of a field changes, new types of CEOs are hired because the new logics offer different determinants of executive succession. Hypothesis 1 in this dissertation attempts to explore this link in a setting with conflicting logics by focusing on organizational misalignment to the prevailing logic in the local area as the mechanism for change. Hypothesis 2 addresses the gap in the CEO literature by looking at whether a new CEO can shift the logics of the organization. It also addresses the gap in the institutional logics literature by exploring if it is possible for an organization's alignment toward the local institutional logics to shift in a short period of time. Hypotheses 3 and 4 look at the moderating effects of origin and TMT size, given that the literature has explored these connections. Finally, Hypothesis 5 addresses the gap between the CEO and institutional logics research to explore the link between a change in the institutional logics of the organization and performance.

This dissertation expands the theoretical space by drawing on the theory of institutional logics to argue that because a newly-appointed CEO will be able to change her organization's orientation toward the dominant institutional logic, a change in CEO will lead to increased performance. Chapter 2 will present a review of the institutional logics literature, relevant CEO

literature, and a review of how these two literatures have been linked. Chapter 3 will present the healthcare context and hypotheses development. Chapter 4 will present empirical explorations. And chapter 5 will present a discussion. In this dissertation, I find support for the argument that misalignment between the organization's and the state's institutional logics will lead to a change in CEO. Furthermore, I find that most CEOs are replaced by executives who are either insiders, or outsiders who share the same institutional logics of their new organization. These "outsiders with insider logics," then, are unable to make institutional logics alignment change. This finding points to several theoretical and managerial contributions. First, this research contributes to the theory of institutional logics to demonstrate that misalignment with the environment can lead to a change in CEO. Second, this research contributes to the CEO Origin and Upper Echelons literatures by highlighting a CEO's institutional logics as a characteristic that may influence their ability to create change. Finally, this dissertation provides managers and decision-makers with insight into the degree of outsiderness of outsider CEOs.

CHAPTER TWO: THEORETICAL BACKGROUND

This chapter will explore the theoretical background of the literature used to answer the research question "Can new CEOs impact the logics of their new organizations?" The first relevant literature is institutional logics, which makes up the first subsection of this chapter. The second relevant literature involves research about CEOs, which makes up the second subsection of this chapter. The third subsection discusses how scholars have begun to explore the intersection of these two literatures.

INSTITUTIONAL LOGICS

The institutional logics literature dates back to 1991, when Friedland and Alford published a foundational paper on the topic. Since then, scholars have pursued research covering topics ranging from dominant logics to hybrid organizations, and at all levels from the individual to the institution. This section will narrow the focus to explore the development of the institutional logics perspective. Then, it will present related concepts and how they are different from institutional logics. Next, this section will discuss the dominant logics literature and the multiple logics literature. Since this dissertation is focused on multiple logics, this literature will be further explored in terms of institutional complexity, conflicting logics, and coexisting logics. Finally, this section will address institutional logics change.

Development of the Institutional Logics Perspective

The institutional logics perspective emerged from a criticism of institutional theory. Friedland and Alford (1991) claimed that an emphasis on legitimacy did not address the success and failure of institutionalization. They argued that the content and meaning of institutions is

carried through institutional logics. In institutional logics, the focus shifts away from isomorphism and legitimacy and toward the rules and requirements prevalent in an environment. Like previous institutional theorists, Friedland and Alford recognized the importance of cultural-cognitive schemes. Instead of just focusing on different levels of analysis (individual, organization, and society), they recognized the societal level as a complex arrangement of "interinstitutionalized relations" (Friedland & Alford, 1991). Formally, Friedland and Alford defined institutional logics as "a set of material practices and symbolic constructions which constitutes its organizing principles and which is available to organizations and individuals to elaborate" (Friedland & Alford, 1991). In essence, institutional logics are the belief systems that guide actions in an organizational field. An organizational field is defined as "organizations that, in the aggregate, constitute a recognized area of institutional life; key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (DiMaggio & Powell, 1983).

Friedland and Alford's foundational essay paved the way for an emergent field of research focused on institutional logics. Institutional logics builds on, but fundamentally departs from neoinstitutional theory (Thornton & Ocasio, 2008). While institutional logics is also concerned with how culture and rules shape organizations, the focus is on how different institutional logics impact individuals and organizations (Thornton & Ocasio, 2008). Jackall initially described logics as "the way a particular social world works" (Jackall, 1988). Later, building on Jackall's and Friedland and Alford's arguments, Thornton and Ocasio expanded this concept to define institutional logics as "the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material

substance, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999).

Throughout two decades of institutional logics scholarship, a few themes have emerged which define this approach. Thornton, Ocasio, and Lounsbury (2012) offer four principles that underlie the institutional logics approach. They include: (a) the duality of agency and structure; (b) institutions as material and symbolic; (c) institutions as historically contingent; and (d) institutions at multiple levels of analysis. Each of these concepts is integral for the study and understanding of institutional logics. These principles emphasize the promise of institutional logics as an area for study and theoretical development: it recognizes that there is diversity across institutional contexts and organizational fields; it intentionally considers the micro, mezzo, and macro levels at once; and it focuses on identifying mechanisms that produce the outcomes logics prescribe.

The duality of agency and structure requires an understanding of the embedded agency concept, which assumes that the interests and values of individuals and organizations are embedded within the prevailing institutional logics (Thornton & Ocasio, 2008). Society consists of three levels – individual, organizations, and institutions. Each level is necessary to understand how social actors behave; and each level affords higher levels of constraint and opportunity to individuals (Thornton & Ocasio, 2008). Historically, social scientists have either emphasized social structural constraints on action or the impact of individuals in creating and maintaining institutions, in other words, agency (Thornton et al., 2012). This principle, then, highlights the opportunity institutional logics provides. The institutional logics perspective allows for some theoretical mechanisms that can explain partial autonomy of actors from their social structure (Thornton et al., 2012). For organizational studies, this means that the actions and decisions made

by social actors (individuals and organizations) can be considered as constrained by the context of the institutional logics and how social actors shape their environment.

The institutional logics perspective views society as an inter-institutional system and recognizes that institutions have material and cultural foundations. This requires organizational scholars to identify the institutional orders where social actors are located. Initially identified by Friedland and Alford (1991), these institutional orders were further elaborated by Thornton (2004) to include markets, corporations, professions, states, families, and religions. Social actors work and function within many institutional sectors. Each societal sector emphasizes distinct values and utilities that cannot be reduced to economic incentives or transactions. By recognizing each sector and logic values distinct outcomes and ways to achieve them, it is possible to understand how individual actors respond. This is a key principle of the institutional logics perspective. It recognizes that each of the institutional orders has both material and symbolic elements. In this case, the material aspects of institutions refer to the structure and practices. And the symbolic aspects touches on the concepts of ideation and meaning (Thornton et al., 2012). Furthermore, the institutional logics approach allows analysis of social behavior within each sector. In addition, this approach allows examination of a context potentially influenced by the contending logics of different institutional sectors.

The concept of historical contingency emphasizes the ways in which institutions at every level take shape as a result of historically-contingent events and actions. This brings to the fore the importance of the larger context when studying individual's and organization's actions. Social actors' decisions take place in space and time. What may be relevant and appropriate in a particular context during a period of time may not be relevant in a different point in time. Finally, scholars agree that institutional logics may develop across many levels, including organizations, markets,

industries, inter-organizational networks, geographic communities, and organizational fields (Thornton et al., 2012).

Differentiating Institutional Logics from Other Constructs

A key tenet of institutional logics is that cultural and cognitive processes are important as people create organizations. This point, however, is not unique to institutional theory or institutional logics; there have been many other scholars from a wide number of backgrounds who focus on similar concepts. Since this literature review has focused mostly on sociological research, some other constructs in the field need to be mentioned. These include the concept of "logic of action" (Bacharach & Mundell, 1993), schemas (Bartlett, 1932; Moch & Bartunek, 1990; Weick, 1995), frames (Goffman, 1974), paradigms (Kuhn, 1962; Sheldon, 1981), interpretative schemes (Ranson, Hinings, & Greenwood, 1980), and contingency theory (Lawrence & Lorsch, 1967).

Bacharach and Mundell (1993) studied reform in the educational sector. They do not use the term institutional logic; instead, they use "logic of action." They define this concept as the "belief systems that govern behavior in organizations" (Bacharach & Mundell, 1993). In order to build this concept, they cite Selznick's Tennessee Valley Authority (TVA) study, arguing that the TVA attempts to use a democratic logic as a way to gain legitimacy for the organization. The conception of logic of action is very similar to that of institutional logics. They both point to the idea that behaviors are shaped and constrained by the context. However, Bacharach and Mundell rely on legitimacy, while institutional logics relies on additional mechanisms that go beyond belief systems to include embedded agency, historical contingency, and material and cultural foundations across multiple levels of analysis.

Another concept related to logics is schema. Schemas are generally understood as the organizing frameworks that result from sensemaking (Weick, 1995; Weick, Sutcliffe, & Obstfeld, 2005), and that guide and give meaning to behavior (Moch & Bartunek, 1990). This concept originated in the 1930s when Bartlett discussed how schemas are a process by which "people reconstruct a story to fit in with expectations based on prior knowledge" (Bartlett, 1932). In addition, Bartlett described how the original story is distorted through a process of rationalization, elaboration, and deletion, all of which is guided by pre-existing schemata (Bartlett, 1932). Here again we see that scholars point to the context of giving social actors cues of what is expected behavior. While schema is a broad concept focused on how context shapes behavior, institutional logics provides researchers mechanisms to better categorize a social actor's context. Institutional logics provides mechanisms that allows scholars to consider how context at different levels of analysis can shape, influence, or constrain behavior. Thereby allowing researchers to understand more types of processes and outcomes.

In his book, Goffman (1974) used the concept of frame and frame analysis to study how situations are defined, and how various alternatives to ordinary activities are developed. His expressed intent is to discuss "the structure of experience individuals have at any moment of their social lives" (Goffman, 1974). In this framework, frames provide a way for social actors to understand their experiences and respond appropriately. Frames can be related to schema, in that frames are essentially schemas of interpretation. Both schema and frames are relatively broad concepts that acknowledge individuals are highly reliant on their context to understand, interpret, and respond to social cues. Institutional logics provide a more nuanced way of understanding context, since it acknowledges how different levels can influence a person in different ways. Furthermore, frame and schemas focus on the individual-context dichotomy while institutional

logics allows scholars to factor in the roles of organizations, organizational fields, and industries, in addition to historical contingency and embeddedness.

Another related concept is that of paradigms and organizational worlds. Based on Kuhn's work (1962), we can understand the concept of paradigm as a comprehensive model of understanding that provides members of a particular field with viewpoints and rules on how to look at problems and how to solve them. Sheldon (1981) applied this concept in organizations. In particular, he argued that organizations represent a world with views that influence what its members allow from outside. Furthermore, he defined an organizational world as a place consisting of "people practicing their technologies, organized by their tasks, and structured into relationships kept dynamic by the way they are measured and controlled" (Sheldon, 1981). And last, he argued that all organizations move toward a paradigm (Sheldon, 1981). Again, we see scholars pointing to the environment and context as a powerful force that shapes behaviors. Kuhn had a very broad definition, referring to scientific fields. Sheldon had a narrow definition referring to organizations. Institutional logics are focused on the layer in between, or organizational fields, and layers beyond, or institutions. Furthermore, institutional logics allows all these levels to be considered at once.

Ranson, Hinings, and Greenwood use the term "interpretive scheme" to talk about the "values and interests, that form the basis of their orientation and strategic purposes within organizations" (1980). Later Greenwood and Hinings' study of local governments in England again employs this term (1993). It is very apparent from this discussion, however, that they refer to very similar ideas put forth in the institutional logics perspective. In their study, Greenwood and Hinings learned that the local governments conformed to either a "professional bureaucracy" archetype or a "corporate bureaucracy" archetype. In their discussion, they mention that each

archetype has a corresponding interpretive scheme. These archetypes, with their own interpretive schemes, bear an extraordinary resemblance to institutional logics. Both draw on a level of analysis larger than the organization, but smaller than society. And they discuss how these archetypes can be in contest, and replace one another, much like conflicting and dominant logics discussed below. While very similar, institutional logics allows researchers to account not just for symbolic, but also material ways institutional logics influence social actors' behaviors.

The relationship between an organization and the institutional logics they produce and reproduce could also be related to Contingency Theory. Contingency Theory states that there is not one ideal way to organize and that not all ways of organizing are equally effective (Galbraith, 1973). This theory argues that "the best way to organize depends on the nature of the environment to which the organization relates" (Scott, 2001). Contingency theory further states that organizations must adapt to their immediate environment (Lawrence & Lorsch, 1967). In Contingency Theory, then, organizations are understood to be open systems and the immediate environment where they operate has been defined as the industry (Lawrence & Lorsch, 1967; Scott, 2001; Thompson, 2017).

Contingency Theory has two limitations that are addressed by institutional logics. First is the definition of “immediate environment.” Contingency Theory defines the immediate environment as the industry in which an organization functions. Institutional logics, however, offers a more nuanced way to understand an organization’s environment. Instead of looking at just the industry, institutional logics examines the geographic location, an organizational field, and the institutional environment. Contingency Theory’s understanding of the immediate environment limits explorations about the complexities of the context organizations operate into an industry, potentially obscuring additional sources of change and influence. The second limitation of

Contingency Theory is that it limits the analysis to the organization. Institutional logics, on the other hand, can include the individual, a team, and an organization. Institutional logics, then, provides researchers with the opportunity to understand a social actor's influence on their context in addition to understanding an organization's positioning within the same context.

There are many related concepts and constructs in business and sociological research. This speaks to the fascination of scholarly research with how social actors work and interact in the complex and interdependent social world. The concepts described in this section help in understanding how individuals make sense of their world (sensemaking), and how through that process they build schemas and frames that serve as references for their behavior. Logics of action help researchers create boundaries to study the context of social actors. Institutional logics, however, are a much more robust way to understand the social world. Institutional logics emphasize the fact that social actors' actions are restricted by their context. Furthermore, institutional logics recognizes that a context exists in a time and a place, and therefore is subject to its history. Finally, institutional logics deliberately includes multiple levels. Taken together, institutional logics provides a better approach to understanding the context that social actors inhabit than any of the concepts described in this section and summarized in Table 1. Perhaps the best distillation of what logics are and how they relate to other concepts comes from Ford & Ford (1994), prior to the boom in institutional logics research. They state that:

> "Logics, which are similar to paradigms (Kuhn, 1996), frames (Bartunek, 1989), interpretive schemes (Ranson, Hinings, & Greenwood, 1980), world-views (Lincoln, 1985; SRI International, 1979), and deep structures (Gersick, 1991), are something more than what a person thinks or feels. They also are more than metaphors (Morgan, 1986; Ortony, 1979); they are fundamental and coherent sets of organizing principles that are

unquestioned and unexamined assumptions about the nature of reality. They provide the lenses through which we view everything, telling us "what is real, what is true, what is beautiful, and what is the nature of things" (Lincoln, 1985: 29)."

Table 1: Related Concepts and Definitions

Concept	Definition	Author
Logic of Action	Belief systems that govern behavior in organizations.	Bacharach and Mundell 1993
Schema	A process by which people reconstruct a story to fit in with expectations based on prior knowledge.	Bartlett 1932
Frame	The structure of experience individuals have at any moment of their social lives	Goffman, 1974
Paradigm	A comprehensive model of understanding that provides members of a particular field with viewpoints and rules on how to look at problems and how to solve them.	Kuhn , 1962
Organizational Paradigm	A place consisting of people practicing their technologies, organized by their tasks, and structured into relationships kept dynamic by the way they are measured and controlled.	Sheldon, 1980
Interpretative Schemes	The values and interests that form the basis of their orientation and strategic purposes within organizations.	Ranson, Hinings, and Greenwod, 1980
Contingency Theory	Organizations must adapt to their immediate environment.	Lawrence & Lorsch, 1967

Dominant Logics

Traditionally, the focus of institutional logics research has been on dominant logics. Dominant institutional logics are also referred to as prevailing logics, and are defined as the widely accepted institutional logics in a particular industry (Thornton & Ocasio, 1999). Scholars seeking to understand how a dominant logic comes about have studied how a dominant logic emerges by

looking at the impact of macro-level changes (Haveman & Rao, 1997), and the dynamics of multiple logics (Dunn & Jones, 2010; Reay & Hinings, 2005). Scholars also focus on how a dominant logic impacts the choice of institutional practices (Lounsbury, 2001), and organizational outcomes (Thornton, 2001, 2002; Thornton & Ocasio, 1999). In addition, there is a growing emphasis on the role of individuals (Smets, Morris, & Greenwood, 2011). Yet, there has been little emphasis on the role of a single individual.

Researchers have discussed how logics originate within societal sectors. This, they reason, is due to social actors' regular interactions which lead them to having a shared understanding of rules (Friedland & Alford, 1991; Thornton & Ocasio, 2008). Social actors continue to produce and reproduce these shared rules. As institutional logics become dominant, they influence the behaviors of organizations within a particular institutional environment and guide their actions and practices (Marquis & Lounsbury, 2007; Thornton & Ocasio, 2008). Scholars have shown that dominant logics at the institutional level influence individuals (Haveman & Rao, 1997; Lounsbury, 2001). For example, Haveman and Rao (1997) discussed how changes in the macro-level environment led to changes in the logics of the early thrift industry. They discuss the institutional logics in the savings and loan industry; specifically, they looked at logics as theories of moral sentiments, which then shaped the selection of a particular organizational form over others. Lounsbury (2001) showed how different levels of community involvement and staffing decisions in universities led to the adoption of different types of recycling programs.

Different localities have also been shown to impact the emergence of a dominant institutional logic, and therefore the organizational practices of that region. Lounsbury (2007) showed how the variance of contracting practices in money management firms was influenced by different logics that were rooted in different locations. He discussed how Boston-based funds

focused on product costs, in contrast, New York-based funds focused on performance. Two distinct logics emerged in each region—and therefore impacted the organizational practices there. Boston-based funds gave rise to the Trustee logic, which dictated their activities be centered on the intergenerational transfer of wealth. New York gave rise to the Performance logic, which dictated the goals be on short-term gains. This led to the professionalization of money managers as well as the development of money manager credentialing.

Even in settings with multiple logics, scholars focus on how a dominant logic emerges (Dunn & Jones, 2010; Reay & Hinings, 2005). For instance, Reay and Hinings (2005) examined the change in institutional logics from medical professionalism to the business-like healthcare in Alberta, Canada. Their study proposes a model that discusses not the sources of change, rather the process by which an organizational field achieves stability, or a dominant logic, after a substantial change is introduced. Dunn and Jones (2010) discussed, among many things, the processes by which a dominant logic was achieved. Their study of medical education revealed two logics. Their findings show that in an environment with multiple logics there is fluctuation of the dominant logic over time. These papers highlight the complexity of studying the emergence of prevailing logics, and the range of influences that lead to a dominant logic. Taken together, they highlight that the dominant logic in a field or industry is not stable over time.

Institutional logics permeate every facet of organizational life, and nowhere is this more evident than in the decisions organizations make. Studies have shown that a dominant institutional logic can affect operations decisions (Jackall, 1988), executive succession (Thornton & Ocasio, 1999), acquisitions (Thornton, 2001), and corporate structure (Thornton, 2002) among many others. For instance, Thornton and Ocasio (1999) showed how institutional logics focused the attention of actors when making executive succession decisions in the publishing industry. When

the editorial logic was dominant, executive attention revolved around author-editor relationships and so the determinants of executive succession were based on organization size. On the other hand, when the market logic was dominant, executive attention was directed at resource acquisition, and determinants of succession were based on the product market. Thornton (2002) showed that a dominant logic in the higher education publishing industry impacted the adoption of a multidivisional organization form and corporate acquisitions. Thornton (2002) studied how the shift from an editorial to a market logic led to a series of changes. Organizational goals were now based on prestige and sales growth, which led to a focus on short-term profits. In addition, the change in the dominant logic and organizational goals led to a change in the preferred organizational structure, with the multidivisional form rising to prevalence.

Insights from this field of research include understanding the impact institutional logics have on organizational life. Institutional logics are hard to grasp by their very nature: they are taken-for granted rules and norms. Research that can identify different dominant logics and discuss their effects helps us to better understand the power of context in organizational research. Taken together, these studies illustrate how dominant logics influence organizational decisions, which in turn influence the continued reproduction of the prevalent logics. Most importantly, this stream of research points to the importance of the context to individuals and organizations.

Multiple Logics

Institutional scholars have long recognized that organizations function in environments that have multiple institutional demands at the same time (Friedland & Alford, 1991; Meyer & Rowan, 1977). Similarly, institutional logics scholars recognize that organizations do not always work in environments with a single, dominant logic (Friedland & Alford, 1991; Thornton & Ocasio, 1999).

This section will explore institutional complexity and the emergence of multiple logics. In addition, this section will discuss how in a setting with multiple logics, logics can be conflicting or coexisting.

Institutional Complexity and Emergence of Multiple Logics

Institutional logics researchers have recognized organizations work in settings with multiple logics. A stream of research in the multiple logics literature focuses on how organizations deal with institutional complexity, defined as settings with conflicting institutional logics. More specifically, institutional complexity focuses on how conflicting logics impose simultaneous and contradictory demands on an organization (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011). To understand institutional complexity, first it is important to understand how multiple logics emerge. When examining the reasons why there might be multiple institutional logics in a given context, scholars have pointed to the intersection of different institutional sectors and professional fields (Dunn & Jones, 2010; Powell & Sandholtz, 2012; Purdy & Gray, 2009) as a place where logics naturally interact.

When discussing how multiple logics emerge, Dunn and Jones describe how the medical education field is embedded within both care and science logics (Dunn & Jones, 2010). They argued that professions are often subject to multiple logics, as they belong to multiple institutional spheres. The logics that influence the medical profession include the focus on the patient and the provision of care as well as the academic interests of teaching medical science. By studying the context of medical education from 1967 to 2005, Dunn and Jones showed how different groups of social actors support the two logics over time. Their findings point to the emergence of multiple

logics, and how medical education has, in the face of institutional complexity, resolved the conflicting tensions by focusing on one logic over another.

Purdy and Gray (2009) studied the emergence of a field by looking at newly-created state offices of dispute resolution. In particular, they studied how the dispute resolution field was born at the intersection of legal and social services fields, and later moved toward conflicting institutional logics, that is, a setting where organizations faced institutional complexity. They described the judicial logic as rooted in framing situations in terms of disputes, rights, and justice. The social services logic, on the other hand, was rooted in the idea of harmony. Purdy and Gray observed that the interplay between entrepreneurial efforts to promote different logics and institutional pressures created instability in this field and forced the state offices of dispute resolution to adopt multiple logics as the field evolved. In this case, institutional complexity was not resolved, and organizations in this field continue to face institutional complexity.

Similarly, Powell and Sandholtz discuss how biotechnology companies draw on both science and market logics (Powell & Sandholtz, 2012). They studied the emergence of organizational forms in a nascent industry. Organizations in new industries do not have access to a dominant logic, therefore, they fashion new organizational templates from different logics available to them. In this case, organizations manage institutional complexity by adopting multiple logics within them. These papers highlight how multiple logics are present at the intersection of different fields. And when organizations are created at these intersections, multiple logics are inevitable. Furthermore, these papers highlight how institutional complexity is not always resolved, and organizations continue to work in a setting with conflicting logics.

The recognition of pluralistic environments has led researchers to answer questions about how organizations experience, respond, and formulate strategies when their environment or industry reflects multiple logics. Institutional research suggests that organizations must embody the right institutional logic in order to gain legitimacy. Misalignment between the organization's choice of logic and the environment can impact the organization's ability to secure support and survive (Greenwood & Suddaby, 2006). However, an organization does not have to choose a single logic. Indeed, there are many organizations that embody multiple logics including medical schools (Dunn & Jones, 2010) and biotechnology firms (Powell & Sandholtz, 2012). Organizations often work in environments with multiple logics. Sometimes those logics prescribe goals that are compatible. Other times, the multiple logics might prescribe different goals and means to achieve them, resulting in conflicting demands. When those environments have logics that prescribe contradictory goals, organizations face institutional complexity. Scholars, then, have researched the consequences not just of multiple, compatible, or coexisting logics, but also of conflicting logics. The following sections will discuss conflicting and coexisting logics in more detail.

Conflicting Logics

A key insight from the institutional complexity literature points to the different ways organizations cope with conflicting logics (Dalpiaz, Rindova, & Ravasi, 2016; Purdy & Gray, 2009). To better understand how organizations experience multiple logics, Besharov and Smith developed a framework that categorizes the types of logic multiplicity (2014). Their framework looks at two dimensions—centrality and compatibility—in order to understand the nature and implications of logic multiplicity within organizations. They define centrality as the degree to which a logic is core to organizational functioning. They define compatibility as the degree to

which the multiple logics prescribe similar or contradictory goals. Figure 1 depicts the framework developed by Besharov and Smith.

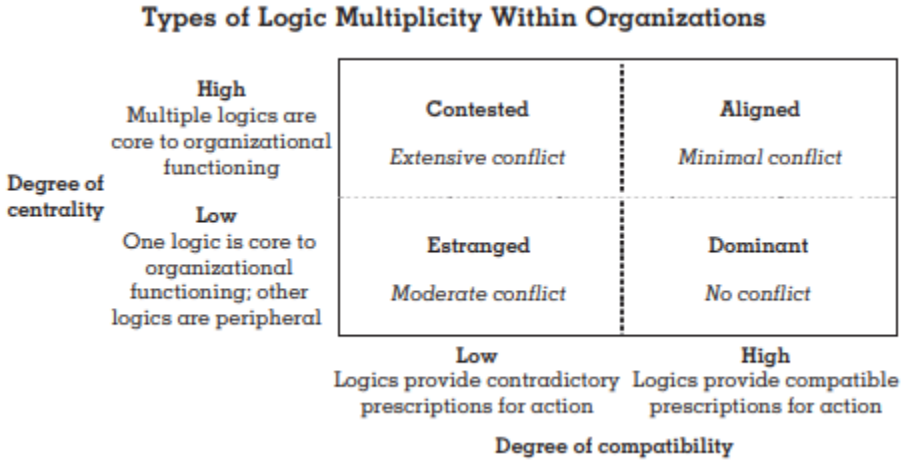

Figure 1. Besharov & Smith Framework

When organizations work in an environment that has multiple logics that are both highly central and have low compatibility, the organizations experience conflict. In this case, each logic dictates a contradictory set of values and goals an organization must pursue in order to gain legitimacy and success. The conflicting logics research stream has followed a few paths. Some scholars focus on understanding the many different implications of having conflicting logics in organizations. And a growing number of scholars focus on how organizations experience and operate when they combine conflicting logics (Battilana & Dorado, 2010a; Jay, 2013; Pache & Santos, 2010).

Researchers have studied how organizations adopt multiple, distinct logics internally (Battilana & Dorado, 2010a). These organizations have been studied in a wide variety of settings. For example, biotechnology companies (Powell & Sandholtz, 2012), public-private alliances (Jay, 2013), and medical schools (Dunn & Jones, 2010). The dual focus creates tensions within

organizations because they are subject to inconsistent goals, norms, and values, which leads to contradictory prescriptions for action (Besharov & Smith, 2014). In addition, the conflicting logics prescribe incompatible organizational forms.

Most of the research on organizations with conflicting logics thus far has focused on the conditions under which organizations maintain conflicting logics (Battilana & Dorado, 2010a), internal struggles such as coalitions representing different interests these organizations experience (Pache & Santos, 2010), or attention given to competing goals by leaders of social enterprises (Stevens, Moray, Bruneel, & Clarysse, 2014). Furthermore, when organizations function in environments with conflicting institutional logics, it can lead to uncertainty in areas such as organizational structure and strategy (Kraatz & Block, 2008). In their chapter, Kraatz and Block (2008) discussed the problems of organizational legitimacy, organizational governance, and organizational change in the face of multiple and conflicting, logics. Battilana and Dorado (2010) focused on the struggles organizations face when seeking to maintain conflicting logics and the importance of hiring and socialization processes. Ultimately, organizations experiencing conflicting logics must overcome the challenges in working with two incompatible logics in order to perform.

Coexisting Logics

When organizations have multiple logics that prescribe compatible goals, organizations experience little to no conflict (Besharov & Smith, 2014). In this case, a stream of research focuses on how multiple logics coexist (Goodrick & Reay, 2011; Pache & Santos, 2010; Reay & Hinings, 2005). Research focuses on both organizations and individuals. For example, research at the organizational level looked at the strategies organizations take when they incorporate conflicting

logics (Pache & Santos, 2013). Pache and Santos (2013) discussed the strategies organizations can use to pick and choose aspects of each logic in a process called selective coupling. In order to identify this process, they conducted an inductive comparative case study of four social enterprises in France. They concluded that by selecting different elements prescribed by each logic, these organizations were able to project legitimacy to external stakeholders without engaging in deception.

The previous papers focused on organizational-level strategies. Reay and Hinings (2009) focused on the people within the organization. They used a qualitative, historical approach to examine the healthcare system in Alberta, Canada. They identified that conflicting institutional logics have existed for a long time. Prior to 1994, the predominant logic had been medical. Then, the government began to introduce structures that facilitated the introduction of a business logic. They studied the healthcare system from 1994 to the present to conclude that it is possible for conflicting logics to coexist. They identified that actors within the healthcare system maintain separate identities, and that this separation provided a way for different institutional logics to separately guide the behavior of different actors. Their main contribution is the discussion on how multiple logics can be managed through the development and maintenance of collaborative relationships. Taken together, these papers explored organizational consequences of working in fields with multiple yet coexisting logics.

Institutional Logics Change

For much of the literature, the focus of institutional logics has been on understanding how an industry achieves a dominant logic. This means that scholars focus on how dominant logics change, and the way this change is achieved (Reay & Hinings, 2005; Thornton & Ocasio, 1999).

For instance, Thornton and Ocasio (1999) looked at the gradual shift from one dominant logic to another over a long period of time. In contrast, Reay and Hinings (2005) looked at the role multiple logics played in the re-establishment of an organizational field. They looked at how a powerful social actor (the government) introduced a radical change, which allowed a new institutional logic (business-like health) to emerge in the field and compete with the established institutional logic of medical professionalism. Eventually, the field re-established itself with a new dominant logic. These papers have in common a recognition that change in the dominant logic was the consequence of some other change; in one case, a change in priorities, in the other, a change in the institutional environment.

Yet, by definition, institutional logics are not solely institutional-level phenomena, and thus they are not studied at the institutional level exclusively. A few scholars have studied the impact of industry or field-level institutional logics change on organizations (Lounsbury, 2007; Purdy & Gray, 2009; Thornton & Ocasio, 1999). Thornton and Ocasio (1999) pointed to a shift in industry logics changing the determinants of executive succession. As logics changed, so did the priorities organizations focused on, from the editorial logic which emphasized relationships, to the market logic which focused on organization and structure. Lounsbury (2007) looked at how different institutional logics in the environment drove different organizational practices. Logics rooted in different geographical locations emphasized different forms of rationality, and therefore organizations adopted practices that would support those outcomes. Purdy and Gray (2009) studied how the dispute resolution field was born at the intersection of legal and social services fields led to the creation of a new population of organizations—state office dispute resolution.

The institutional logics literature has focused on the precursors to a change in the dominant logics. Furthermore, papers in this stream of literature suggest that a change of institutional logics

at the industry or field level is a significant determinant of organization-level outcomes. Notably, these papers take a long-term view of change. Researchers observe slow change over a period of years at the field level. Many scholars have studied institutional logics at the organizational level (Battilana & Dorado, 2010a; Pache & Santos, 2010; Smets, Jarzabkowski, Burke, & Spee, 2014), yet not institutional logics change within organizations. Missing from this stream of research, then, are studies investigating organizational-level institutional logics change over a shorter time span.

CEO LITERATURE

The institutional logics literature provides enough evidence to show that organizations must find ways to cope and function with conflicting logics. The CEO literature provides a useful perspective with which to develop the institutional logics theory. CEO research suggests that CEOs have power to influence their organizations. In particular, two elements of this literature are relevant. First is the characteristics of the CEO: In their 1984 paper, Hambrick and Mason lay the foundations of top management research, or what they call Upper Echelons Theory. This stream of research explores how the strategies and effectiveness of firms are related to the characteristics of their top managers (Briscoe et al., 2014; Chatterjee & Hambrick, 2007; Chin et al., 2013; Hayward & Hambrick, 1997). And next is CEO succession: this stream of research has explored how organizations are impacted when there is a CEO turnover event (Boeker & Fleming, 2010; Rao & Giorgi, 2006; Zhang & Rajagopalan, 2003). Taken together, these elements in the CEO literature show that organizations are greatly influenced by the characteristics of the top managers at the time of founding and beyond, and could be the mechanism for organizational-level institutional logics change.

CEO Characteristics

Organizations are greatly influenced by the characteristics of the top managers. In their 1984 paper, Hambrick and Mason (1984) lay the foundations of top management research, or what they call Upper Echelons Theory. This theory explores how the strategies and effectiveness of firms are related to the characteristics of their top managers. The basic argument states that complex decisions cannot be economically optimized, and behavior dominates. This stream of research has yielded a number of insights, exploring the importance of characteristics such as ideology, hubris, narcissism, and liberalism (Briscoe et al., 2014; Chatterjee & Hambrick, 2007; Chin et al., 2013; Hayward & Hambrick, 1997).

In their influential paper, Hambrick and Mason lay the foundations for CEO/Upper Echelon Characteristics research. Their model characteristics were divided into psychological traits, such as cognitive base values, and observable traits such as age, career experience, education, functional track, and socioeconomic roots (Hambrick & Mason, 1984). This model linked CEO characteristics to a CEO's strategic choices, and therefore to an organization's performance. In addition, this model made explicit that the external situation interacted with a CEO's characteristics and with strategic choices. In addition, the importance of the CEO and their characteristics depends on managerial discretion (Crossland & Hambrick, 2011). When an executive has more discretion, upper echelon characteristics will have a larger effect on outcomes. Furthermore, higher demands on an executive will force them to rely more on their experience and instincts, which makes character more relevant.

The CEO characteristics literature can be categorized as either explicit (observable) or implicit (psychological). The implicit characteristic research has greatly expanded on the original

Hambrick and Mason framework. For instance, Hayward and Hambrick (1997) studied CEO hubris, which was liked to higher price premiums for acquisitions. Chatterjee and Hambrick (2007) studied how CEO narcissism can lead to more dynamism in a firm's strategy and a greater number and size of acquisitions. They also showed that the greater the CEO's narcissism, the more extreme their organization's performance. Chin and his co-authors studied CEO liberalism (Chin et al., 2013). They found that liberal CEOs exhibit greater advances in their organization's corporate social responsibility initiatives. Taken together, these papers show that a CEO's implicit characteristics can influence an organization's strategic choices and performance.

CEO Succession

Organizational scholars studying CEO succession have focused on the consequences of CEO succession, and how the new CEO's characteristics can influence organizational outcomes. When studying consequences of CEO succession, scholars are generally concerned with performance (Carroll, 1984; Friedman & Singh, 1989; Lubatkin, Chung, Rogers, & Owers, 1989; Wiersema, 1995; Zajac, 1990). In addition, researchers have also examined strategic change, organizational capabilities, and diffusion of authority (Boeker, 1997; Cao, Maruping, & Takeuchi, 2006; Miller, 1993). Finally, the CEO succession literature has studied how a new CEO's origin is a result of organizational performance (Chen & Hambrick, 2012; Dalton & Kesner, 1985; Datta & Guthrie, 1994) and how origin influences organizational outcomes (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004).

Researchers have studied how new CEOs can impact their new organizations. For instance, Miller (1993) focused on diffusion of authority following a CEO departure. Miller's results indicate that a leadership change was associated with change in structures and strategy-making

processes. Boeker (1997) focused on strategic change by looking at product market-entry decisions. He found that new CEOs with prior exposure to different products and strategies impacted the new organization's decisions. And Cao, Maruping, and Takeuchi (2006) focused on organizational capabilities. In particular, they studied how turnover can influence an organization's exploration and exploitation capabilities. Taken together, the insights from this stream of research point to the impact of a new CEO for a number of organizational outcomes.

A related stream of literature seeks to link organizational performance and successor characteristics. In particular, the literature is interested in the selection of insider and outsider CEOs. An outsider CEO is someone hired from outside the firm, whereas an insider CEO is someone hired from within the firm (Dalton & Kesner, 1985). Researchers have found that lower firm performance is associated with an outsider CEO (Chen & Hambrick, 2012; Dalton & Kesner, 1985; Datta & Guthrie, 1994). Furthermore, an internal hire signals a commitment to the status quo while an external hire signals a desire for strategic change (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004). Taken together, the insights from this stream of research point to the impact of a new CEO's origin on organizational outcomes.

INSTITUTIONAL LOGICS AND CEO RESEARCH

Individuals have been described as the carriers of logics: they produce and reproduce the logics available to them in an environment (Thornton & Ocasio, 2008; Thornton et al., 2012). Individuals participate in different settings that allows them to carry the institutional logics of one environment into another. Consequently, scholars have studied how they impact the broader environment and their organizations (Pache & Santos, 2013; Smets et al., 2011; Thornton et al., 2012). For instance, Smets et al. (2011) created a multilevel model to detail one of the mechanisms

of field-level shift of the dominant logic. They focused their model on individuals and how they practiced their profession in the banking industry in England. Their findings showed that an individual's change in practices can change the dominant logic in their environment.

The institutional logics literature has just begun exploring the impact of Top Management Team (TMT) members on an organization's adoption of institutional logics at the time of founding (Almandoz, 2012, 2014). Almandoz (2012) examined the logics of founding teams in the banking industry. He pointed to embeddedness as a determinant of individual logics carried by bank founders. The more embedded they were to the community or financial logic, the more committed and capable the founders were to that particular logic. Furthermore, he showed that organizations with different logics achieved different outcomes. In effect, Almandoz showed that the logics of the founders could be considered one of their characteristics. Taken together, these papers successfully make the argument that the institutional logics of organizations are important for their outcomes.

Given that the institutional logics literature has only studied TMT member founders, it is important to examine what the CEO succession literature has found when founders leave. For example, Boeker and Fleming (2010) looked at how the founder's prior experience impacted the likelihood of staying at the firms they created. Haveman and Khaire (2004), on the other hand focused on whether organizations would survive a succession event after founding. The CEO succession literature clearly suggests that when a new CEO is hired, she has the ability to impact her organization's performance and outcomes. And the institutional logics literature suggests that the logics of CEOs matter. While Almandoz's work establishes that the institutional logics of founders imbue the organization at the time of founding, little is known about the effect of the institutional logics of leaders well after founding.

SUMMARY

The institutional logics perspective offers researchers many advantages. First, it recognizes the diversity across institutional contexts and organizational fields. Second, it intentionally considers the individual, organizational, and field levels at once. And third, it focuses on identifying mechanisms that produce outcomes prescribed by logics. Researchers have explored the emergence of a dominant logic (Dunn & Jones, 2010; Reay & Hinings, 2005); how multiple logics emerge and how logics change (Lounsbury, 2007; Purdy & Gray, 2009; Thornton & Ocasio, 1999); and how organizations cope and function with conflicting logics (Battilana & Dorado, 2010; Dunn & Jones, 2010; Jay, 2013).

The key insight from the institutional complexity literature is that organizations can employ strategies to manage conflicting logics. The key insight from the conflicting logics literature is that compatibility and centrality can determine if and how organizations experience conflict between multiple logics. And the key insight from the institutional logics change literature is that a change at the field level can drive change at the organizational level. Taken together, these insights point to several questions: Is it possible for an organization to develop strategies to shift the degree of centrality of a logic in order to resolve conflict? Is this change made possible due to a change in the environment? And if so, what are the mechanisms that would allow these changes to occur?

The key insight from the CEO literature is that CEOs can and do impact their organizations. First, the CEO characteristics literature shows that both implicit and explicit characteristics are linked to organizational outcomes including strategic choices and performance (Briscoe et al., 2014; Chatterjee & Hambrick, 2007; Chin et al., 2013; Hayward & Hambrick, 1997). Second, the CEO succession literature shows that new CEOs can influence strategic change, strategy-making

processes, organizational capabilities, and structure (Boeker, 1997; Cao et al., 2006; Miller, 1993). Finally, the CEO succession literature also points to CEO insider or outsider origin as a key decision that can influence organizational outcomes (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004). Taken together, the literature points to CEOs having influence over their organizations, and their origin being a key determinant of the changes they will make.

CEO literature has clearly established that the characteristics of CEOs matter for organizational outcomes, particularly in complex contexts. At the same time, the institutional logics literature suggests that the logics of founders impact organizational outcomes. Furthermore, it has been shown that the practices of individuals, accumulated over time, can shift the dominant logic of a field. Drawing on these two literature streams, several questions arise. Could a CEO's logics impact organizational strategy and strategy-making processes in a way that would shift organizational institutional logics? Could institutional logics change impact performance?

This dissertation seeks to extend the insights of institutional theory by determining if the logics of subsequent CEOs matter and could guide the actions of individuals to achieve change in an organization's orientation toward the dominant institutional logic. By looking at a setting with multiple conflicting logics, this study investigates if the logics of an incoming CEO can change her organization's institutional logics toward the dominant logic by placing a greater emphasis in one institutional logic over the other. To accomplish this, this study will first explore if organizational misalignment to the prevailing logic in the local area is the mechanism for change. Then this study addresses the gap in the CEO and institutional logics literatures by exploring whether a new CEO can shift the logics of the organization. Finally, this study addresses the gap between the CEO and institutional logics research to explore the link between a change in the institutional logics of the organization and performance.

CHAPTER THREE: HYPOTHESIS DEVELOPMENT

The research question addressed by this dissertation is "Can new CEOs impact the logics of their new organizations ?" In order to address it, I build on the theory of institutional logics and draw from the CEO literature to argue that because a newly appointed CEO will be able to shift her organization's institutional logics toward the dominant logic, a change in CEO will lead to increased performance. Research has established that individuals can change the institutional logics of a field through their actions and practices (Smets et al., 2014) and that the institutional logics of a field change over time (Dunn & Jones, 2010). Furthermore, researchers have shown that the institutional logics of a CEO matter at the time of founding (Almandoz, 2012, 2014). However, scholars have not yet investigated whether the institutional logics of a new CEO makes a difference in the performance of established, complex organizations.

Institutional logics research is generally presented as part of a context. For example, prior researchers have explored institutional logics in contexts such as biotechnology companies (Powell & Sandholtz, 2012), public-private alliances (Jay, 2013), and medical schools (Dunn & Jones, 2010). This dissertation will explore the healthcare system in the United States; therefore, the context will be discussed first. Furthermore, this chapter will build on the theory presented in Chapter 2 to develop the research question and its associated hypotheses. Hypothesis 1 will explore the previously-established link between field institutional logics change and CEO change, but in a setting with institutional complexity or conflicting logics. Hypothesis 2 addresses the gap in the CEO literature by exploring whether a new CEO can shift the institutional logics at the organization level. Hypotheses 3 and 4 explore moderating effects of CEO origin and TMT size. Finally, Hypothesis 5 addresses the gap between the CEO and institutional logics research to explore the link between a change in the institutional logics of the organization and performance.

HEALTHCARE CONTEXT

In order to address the research question empirically, I need to explore a setting where a large group of organizations have similar, conflicting institutional logics. In addition, all organizations would have to face similar pressures in terms of desired outcomes. And most importantly, the organization's orientation toward an institutional logic must be measurable. The healthcare field is an ideal context for this question. There is previous research establishing the multiple logics present in healthcare (Dunn & Jones, 2010; Glouberman & Mintzberg, 2001; Reay & Hinings, 2009; Scott, 2000). Organizations in the healthcare system face similar pressures to achieve similar health and business outcomes. Furthermore, Scott (2000) has established that the healthcare sector is undergoing a radical shift from a medicine focus to a business focus. And finally, there are a number of data sources which could be used to identify each organization's orientation toward an institutional logic. In this section, I will discuss the healthcare logics at the federal, state, and organizational levels.

Institutional Logics in the United States Healthcare Field

This study requires an in-depth look at the medical and business institutional logics present in the healthcare sector in the United States. Scott (2000) argued that the United States is moving toward a business logic when studied at the federal level. Both institutional logics exists in the United States and each state, however, the United States at the federal level has been shifting away from the medical logic since 1980. A key feature of the healthcare system in the United States is the degree of discretion each state has in the creation of statewide policies, and implementation of federal policies. Following in the footsteps of other institutional logics studies in the healthcare sector (Reay & Hinings, 2009, 2005; Scott, 2000), this section will use descriptions of two states,

California and Texas, each of which best embodies the differences between the medical and business institutional logics.

Federal Level: United States Healthcare Institutional Logics

The history of institutional logics in the United States' health care system was best examined by Scott et al. (2000), who described the transformation of the health care system since 1945. They described how the healthcare system has experienced three eras. Each era clearly moved the country away from a medical institutional logic, while different states simultaneously tried to resist that change. The result was that hospitals functioning in the United States had to reconcile the competing pressures of their immediate location (the state) and those of the United States.

The first era described by Scott et al. (2000) lasted from 1945 to 1965. This timeframe was dubbed the era of professional dominance, and it was characterized by the importance of a medical institutional logic. This means that, in the United States as a whole, physicians and their views were the most important factor in determining in how the health system was organized and how their labor was paid. It is important to note that while Scott marked 1945 as the start of the professional dominance era, the rise of physicians as the primary force in the healthcare field dates back to the late 1890s, when the American Medical Association (AMA) was founded (AMA, 2019). The early 1900s saw physicians' power established, as the AMA gained over 60,000 members and began to shape federal and state policy (AMA, 2019). The fact that only the professional opinion of a very small field dictated the health care system's priorities means that from the 1900s to 1965, the United States as a whole had a dominant medical institutional logic.

The focus on professional dominance began to change in the next era described by Scott et al. (2000), which took place from 1966 to 1982. This timeframe is called the era of federal involvement and was characterized by the creation of Medicare and Medicaid, federal programs that had great implications for states. This time was marked, most significantly, by a shift away from medical professionalism; during this time, the country began the transition from a medical institutional logic to a business institutional logic. At the same time, states began to exercise their right to implement federal policy based on their priorities. This era, then, introduced conflict between the Federal and State institutional logics.

Finally, the last era described by Scott et al. (2000) started in 1983 and continues to this day. This timeframe is labelled management control and market mechanisms. The most salient characteristic that defines this period is the organization of the health care system to reduce cost escalation and develop integrated services both for clinical and administrative organizational needs. The complete shift in focus completed the transition from the medical institutional logic to the business institutional logic at the federal level. However, due to the nature of the United States' governmental structure, states have had a significant opportunity to ensure that a focus on the medical logic continues to exist. This dissertation looks at the state of Texas because it is associated with a Business logic and the state of California because it is associated with a Medical logic. Table 2 at the end of this subsection provides a summary of the logics of Texas and California.

Medical Logic: California

The medical logic derives from the ethos to care for a population's health outcomes and the quality of care they receive. This is best observed through the laws and regulations approved and implemented by state and local governments as well as how federal programs are

implemented. In a state with a medical logic, such as California, it is expected that federal programs targeting the quality and access to care will be fully implemented. Furthermore, the state government is expected to create laws that encourage hospitals to make decisions that prioritize patient care.

Legislation. One of the clearest ways California espouses a focus on the medical institutional logic is by having the distinction of being the only state with mandated nursing staff ratios. In 1999, California Governor signed into law Assembly bill 394, which came about in response to both a nursing shortage in the 1990s as well as a concern about patient safety (Coffman, Seago, & Spetz, 2002). This law required the California Department of Health services to establish minimum nurse-to-patient ratios for hospitals (Kuehl, 1999). The intention behind the minimum staffing ratio for nursing staff was to improve patient care quality and safety. High patient-to-nurse ratios have been associated with several negative outcomes, including complications due to errors and mortality after surgery (Aiken, Clarke, Sloane, Sochalski, & Silber, 2002; Kane, Shamliyan, Mueller, Duval, & Wilt, 2007; Needleman, Buerhaus, Mattke, Stewart, & Zelevinsky, 2002). While this law was lauded by the California Nurses Association and the Service Employees International Union, it was heavily opposed by organizations representing hospitals' interests, such as the California Healthcare Association (McHugh, Kelly, Sloane, & Aiken, 2011).

In addition to limiting in the number of patients each nurse can have, California has also implemented scope of practice laws for many non-physician medical staff including nurse practitioners, physician assistants, and medical assistants. Research has shown that states with more restrictions in the scope of practice reduce the number of patients practitioners can see (Kuo, Loresto, Rounds, & Goodwin, 2013). Furthermore, lower numbers of patients seen increases the

quality of care (Kane et al., 2007). There are two sets of medical assistants whose scope of practice is regulated by the state: medical and physician assistants.

In California, Medical Assistants do not require licensing in order to practice (DCA, 2005a). However, they are required to undergo a minimum level of training before they are allowed to perform a limited number of medical tasks and administer some medications under direct physician supervision (DCA, 2005b). Similarly, California regulates the scope of practice for Physician Assistants. Most states regulate the scope of practice at the practice level supervised by a physician (SOPP, 2015a). In California, a written agreement between the supervising physician and the physician assistant establishes supervision (SOPP, 2015b). Furthermore, California determines the drugs and controlled substances that a physician assistant may prescribe when delegated by a physician (SOPP, 2015b).

Implementation of Federal Programs. One of the largest nation-wide programs focused on the ethos of providing medical care to a population is Medicaid, which has a stated goal of increasing low-income populations' access to medical care. Originally enacted in July 1965, this program is set up as a partnership between the federal and state governments (MACPAC, 2017). States could participate voluntarily, and in turn would receive matching federal funds. However, states had to meet certain core requirements. Some states chose to implement beyond the minimum, while others did not. California was one of the states to implement this program during the first year it was available (KFF, 2012). California's implementation of Medicaid is called Medi-Cal, and it is the largest program in the country (CHF, 2004). During the time period of this study, Medi-Cal represented 19% of the state budget (CHF, 2004, 2009). Furthermore, the federal government provided only 57% of the program's funds (CHF, 2004, 2009); this means that the state was willing to invest a lot more than the federal government covers.

Over the years, Medicaid has expanded the groups that must be covered by the state. In 1988, Medicaid funds were allowed for low-income people (MACPAC, 2017). In 1990, benefits were extended to women and children. In 1997, that expansion was increased and the Children's Health Insurance Program (CHIP) was established (MACPAC, 2017). California continued to meet and exceed those benchmarks. For instance, similar to the state's approach to Medicaid, California chose to create the California Healthy Families Program (CHF, 2009). And in 2000, California extended services to families with incomes at 266% of the Federal Poverty Level (FPL), which was not required by the federal government at the time (CHF, 2004; MACPAC, 2017).

Historical Contingency and Misalignment. While the United States as a whole has shifted away from a medical institutional logic, California has been resisting that change. This dynamic could potentially lead to misalignment between hospitals and their immediate environment, the State. While more information will be discussed in Chapter 4, it is important to note that close to 30% of the hospitals currently operating in California were founded as the United States shifted away from the medical logic. These hospitals therefore could have been founded with a business logic, in order to reflect the federal-level logic.

Business Logic: Texas

The business logic derives from the ethos to create opportunities for hospitals to protect their bottom line. In a state with a business logic, such as Texas, it is expected that federal programs targeting the quality and access to care will be implemented as minimally as mandated. Furthermore, the state government is expected to create laws that encourage hospitals to make decisions that prioritize a hospital's ability to make as many of their operational choices as possible.

Legislation. Unlike California, Texas does not have minimum nurse-to-patient ratios, though this is not for a lack of interest. Legislation similar to California's Assembly Bill 394 was introduced in Texas in 2009 (Wood, 2009). In fact, Texas used California as an example while discussing the legislation. The intent in Texas was also the same: to increase patient care quality. Yet, Texas failed to pass that legislation. Instead, Texas has implemented a law that delegates the responsibility to determine staffing ratios to hospitals (Wood, 2009).

As in California, Texas has also passed scope of practice laws for a number of medical professionals, including medical and physician assistants. In Texas, unlike in California, there is no set minimum training a person needs to complete in order to become a medical assistant (SOPP, 2015c). Furthermore, Texas does not restrict the kinds of tasks a medical assistant can perform, so long as a physician considers them reasonable (TexReg, 2000a). And finally, Texas does not limit the kinds of medications a medical assistant can administer, provided that a Physician, Nurse Practitioner, or Registered Nurse delegates (TexReg, 2000a, 2000b). As for physician assistants, Texas also differs from California. Texas defers to physicians to determine not only supervision, which does not require a physician's continuous presence, but also medications (TexReg, 2000a). A physician may delegate prescription privileges without any set limits imposed by the state (SOPP, 2015a; TexReg, 2000a).

Implementation of Federal Programs. Texas implemented Medicaid in 1967 (KFF, 2012). Unlike California, Texas did not create a separate program to implement and enhance Medicaid delivery. During the time period of this study, Medicaid represented 26.2% of the state budget, including federal funds (THHS, 2017). Furthermore, the federal government provided 59.3% of the program's funds (THHS, 2017), this means that the state was willing to invest less than what the federal government covers. Over time, Medicaid has increased the eligibility of who

is entitled to this program, and it has also increased the number of optional groups. Unlike California, which has extended benefits to all optional groups (CHF, 2004, 2009), Texas has chosen to provide coverage to a limited subset of the optional groups (THHS, 2017).

When legislation passed creating CHIP, Texas chose to implement the program as minimally as mandated. The initial program covered only people ages 15-19, and only at 100% FPL. Over the years, Texas has kept up with the minimally-mandated rules. For instance, during the period of this study, Texas raised the percentage FPL to 206% when the federal government required 200% (THHS, 2017). During the same period, California implemented CHIP for people ages 1-19 at 200% FPL, and now covers people with a 266% FPL (THHS, 2017).

Historical Contingency and Misalignment. While the United States as a whole has shifted away from a medical institutional logic, Texas has been embracing that change. While more information will be discussed in Chapter 4, it is important to note that close to 40% of the hospitals currently operating in Texas were founded as the United States shifted away from the medical logic. This means that close to 60% of hospitals were founded when the primary logic was the medical logic.

Table 2: Summary of United States Healthcare Institutional Logics

	CALIFORNIA: Medical	TEXAS: Business
Mandated Nurse Staffing Ratios	Only state with mandated nurse staffing ratios.	Delegates nurse staffing ratios decisions to hospitals. Failed to pass mandated nurse staffing ratios legislation.
Scope of Practice Laws for Medical Assistants	Minimum training required. May administer some medications under physician supervision. Limited set of medical tasks that can be performed.	No minimum training required. Physician decides what medications may be administered. Physician may delegate reasonable scope of medical tasks directly or through other practitioners.
Scope of Practice Laws for Physician Assistants	Written guidelines must be established between the Physician and the PA. May prescribe medications with supervision and delegation from physician.	Must have continuous supervision by a Physician, however, that does not mean continuous presence. May prescribe any medications if delegated by a physician.
Implementation of Medicaid	Implemented in 1966 by creating Medi-Cal. Largest program in the nation. Covers all optional additional groups. Federal funds cover 57% of costs.	Implemented in 1967. Covers a limited number of optional groups. Federal funds cover 59.3% of costs.
Implementation of CHIP	Implemented for ages 1-19 by creating California Healthy Families Program. Initial eligibility beyond minimum: 200% FPL*. Current eligibility at 266% FPL*.	Implemented for ages 15-19. Initial eligibility at the minimum: 100% FPL*. Current eligibility at 206% FPL*.

* FPL = Federal Poverty Line

Institutional Logics and Tensions within Hospitals

The institutional logics in this study come from the established literature on institutional logics. In the healthcare field, it is expected that the medical logic be associated with an emphasis on quality of care, while the business logic will be focused on efficiency (Scott, Ruef, Mendel, & Caronna, 2000). This section will discuss how the field-level institutional logics are expressed at the organizational level. A key component of the definition of institutional logics are the material practices by which individuals "organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999). To that end, investigating the primary and associated goals for each logic is an important step in understanding how they are produced within organizations. Hospital in the United States, then, can reflect the institutional logics found either at the State or Federal level and still have legitimacy.

Each logic will be defined and then discussed in terms of multiple dimensions: ethos, membership, strategy, and goals. These dimensions were chosen to build upon and extend how institutional logics in the healthcare system have been described in the literature. Reay and Hinings (2005) authored a foundational paper for healthcare institutional logics, operationalizing the health and business logics into two broad categories: belief systems and associated practices. The belief systems category attempts to capture what goals or values should be pursued while the associated practices category captures the means to achieve those goals. This dissertation further captures how the belief systems are created, both by looking at the ethos of each logic and the members who produce and reproduce each logic. In addition, this dissertation breaks down the associated practices category by closely looking at the strategy and goals for each logic.

Ethos refers to the general characteristics and primary values that inform a particular institutional logic. Membership refers to the roles people play which show they belong to a particular logic. The roles in the healthcare context are heavily dictated by education. For instance, having a Medical degree is a representation of the medical logic. The next dimension is goals. Both primary and associated goals are the explicit representation of institutional logics. Strategy refers to the primary objective dictated by a particular institutional logic. This objective informs all the decisions social actors make. Moreover, each logic will be discussed in terms of the prescriptions for action and whether it is core to organizational functioning. This is important, as this will establish that these logics are indeed in conflict, following the Besharov and Smith framework.

Many scholars have used a combination of these dimensions in the past (see Table 5**Error! Reference source not found.** and Table 6 in Chapter 4**Error! Reference source not found.**). Scott and his co-authors described how the United States has historically had two institutional logics, medical and business. Furthermore, scholars such as Reay and Hinings (2005, 2009) have specifically used the medical and business logics dichotomy in their empirical studies. This dissertation builds on the work of Reay and Hinings by examining two logics—business and medical—in the healthcare system. However, this dissertation takes a quantitative rather than qualitative approach in the operationalization of each logic. Dunn & Jones, on the other hand, is not as pertinent as they studied medical education within the healthcare field in the United States, and not the healthcare field itself.

Medical Logic within Hospitals

Definition. The medical logic encompasses the activities undertaken by healthcare providers. These activities include anything that a physician needs in order to find the root of the health problem a patient is experiencing as well as the activities undertaken by staff members in order to take care of a patient. These activities cover the entire stay from admittance to discharge.

Ethos. The ethos that characterizes the activities encompassed by this logic is to find the right medical intervention for the current health problem as well as to provide care for the whole person.

Basis of Membership. The medical logic guides the actions of physicians, nurses, and other professionals that directly care for patients. This is a highly-regulated field, which requires degrees and other certifications to begin the process of belonging. Degrees such as Doctor of Medicine (MDs) and Doctor of Osteopathy (ODs) are required for physicians. For nursing, degrees vary from the very junior to the very senior, which include LPNs or LVNs (Licensed Practical Nurse or Licensed Vocational Nurse), ADNs (Associate Degree Nurse), BSN (Bachelor of Science in Nursing), RNs (Registered Nurses), MSNs (Masters of Science in Nursing), and Nurse Practitioners. Other requirements include additional training in the form of a residency and fellowship, as well as several licensing exams and continued education requirements. In addition to physicians and nurses, other professionals are involved in patient care, including physician assistants (PAs); therapists (such as speech therapists, physical therapists, and occupational therapists); technicians (such as radiology technicians, pharmacy technicians, surgical technicians, electroencephalogram technicians, and patient care technicians); and pharmacy staff to mention a

few. Each of these professionals provide specialized skills and support in the provision of care to patients.

Basis of Strategy. This logic is driven by membership in select professions. As such, the primary driver for their strategy is to increase the quality of their craft.

Primary and Associated Goals. The goals espoused by the medical logic center around patient care. The goals of the medical logic focus actors on the entire experience of the patient. From intake to discharge, the medical logic is concerned with identifying the reason the patient is in the hospital and providing a medical intervention. Therefore, the primary goal is to ensure quality care, and the associated goal is to ensure patient satisfaction.

Core to Organizational Functioning. The provision of healthcare is the mission of hospitals; therefore, it is core to the organization's functioning. Previous research suggests that when multiple logics are both central to the organization, and the prescriptions for action differ, they could end up in a contested state (Besharov & Smith, 2014). This logic prescribes, as the end goal, to provide patient care. Given that it is the hospital's business to provide care, this activity is core to organizational functioning.

Measurements. These logics can be measured in different ways. Basis of Membership could be measured by the number of staff members who represent this logic. The Basis of Strategy could be measured by whether a hospital chooses to engage in activities that are, by design, focused on improving the health of their patients and not the bottom line. These strategic choices could include having community outreach, enrollment assistance programs, and support groups to name a few. Other activities include offering services that are not profitable, but are an important

component of health, such as psychiatric services. Finally, goals could be measured by looking at the hospital's Medicaid rates.

Business Logic within Hospitals

Definition. The business logic encompasses the activities undertaken by professionals in management in order to ensure efficient hospital operations. These activities may enable or limit anything that a healthcare provider needs in order to provide patient care.

Ethos. The ethos that characterizes the activities encompassed by this logic is to meet the fiduciary responsibilities by working to maintain costs low.

Basis of Membership. The business logic guides the actions of the administrators and those with decision-making authority over hospital resources. While there are nurse and physician managers throughout hospitals, the business logic generally applies to those who can set policy or those in the upper echelons of management.

Basis of Strategy. This logic is driven by the role these professionals play in hospital administration. As such, the primary driver for their strategy is to ensure the efficient operations of the hospital by controlling costs.

Primary and Associated Goals. The primary goal of the members of this logic is to ensure efficient operations and effective use of resources. They have the ability to make recommendations and set policies that would effectively limit the range of activities of the members of the medical logic.

Core to Organizational Functioning. This logic prescribes, as the end goal, to control medical costs, and by extension the activities all care providers can engage in. Given that it is the hospital's business to provide care, this activity is core to organizational functioning. And, as discussed in the previous logic, when multiple logics are both central to the organization and the prescriptions for action differ, they could end up in a contested state (Besharov & Smith, 2014).

Measurements. This logic can be measured in different ways. Basis of Membership could be measured by the number of staff members who represent this logic. The Basis of Strategy could be measured by whether a hospital chooses to engage in activities that are, by design, focused on improving the bottom line. These strategic choices could include having ambulance services, a neonatal ICU, and an MRI machine to name a few. Other activities include having contracts with HMOs, PPOs, and employees as ways to maximize profit. Finally, goals could be measured by looking at the hospital's Medicare rates.

Summary

In summary, the two logics that present in hospitals are highly central to the operations, and yet each prescribes very different ways of thinking, organizing, and ultimately, of succeeding (see Table 3). Given that the medical institutional logic cannot, by nature of a hospital's functions, disappear, hospitals sometimes face conflicting medical and business institutional logics. Compounding this conflict is the hospital's context. In Texas, a hospital with a focus on the medical logic over the business logic will experience greater misalignment than a similar hospital in California. The figure below depicts the multiple sources of conflict for hospitals. First, hospitals face the competing pressures of the medical and business logics within their own organizations. Second, hospitals operate in a state which places emphasis in one logic over another. Finally,

hospitals also face pressure to conform to the federal business logic. Regardless of where organizations function and when they were founded, the end result is the same: a single organization expected to achieve a broad goal of health under two very different ways of looking at the world.

Table 3: Summary of Healthcare Logics in Hospitals

	Medical	**Business**
Definition	Logic of the professionals focused on providing care and treatment to the whole patient	Logic of the professionals focused on the control of resources
Ethos	Care for the whole person	Meet fiduciary responsibilities
Basis of Membership	Role as physician, NP, RN, etc...	Role as administrator
Basis of Strategy	Increase Quality of Craft	Efficiency of Transactions
Primary Goal	Ensure diagnosis and treatment	Ensure efficient operations
Associated Goals	Patient satisfaction	Positive financial indicators
Core to Organizational Functioning	Yes. Provide patient care	Yes. Provide infrastructure for operations

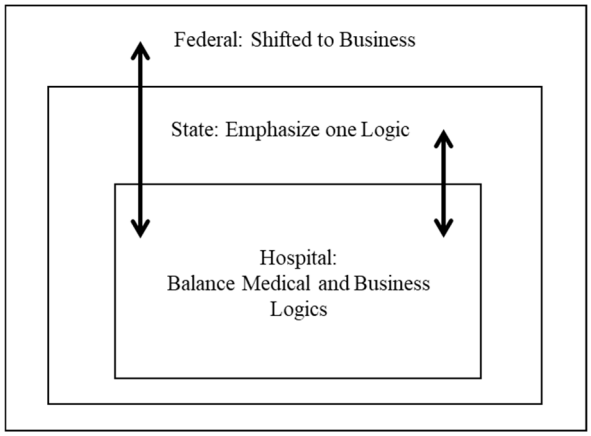

Figure 2. Sources of Conflict and Misalignment

HYPOTHESIS DEVELOPMENT

This dissertation builds on the theory of institutional logics and draws from the CEO literature to argue that because a newly appointed CEO will be able to shift her organization's institutional logics toward the dominant logic, a change in CEO will lead to increased performance. To make those arguments, first, this section will discuss organizational institutional logics and an organization's orientation toward a dominant logic. Next, five hypotheses will be presented which, taken together, will help address the research question and the gaps presented in Chapter 2.

Organization Orientation

Previous research has demonstrated that an organization is greatly influenced by how it was founded, and who its founders are (Boeker, 1988, 1989; Johnson, 2007; Stinchcombe, 1965). The first scholar to point to the importance of founding context is Stinchcombe (1965), who demonstrated that environmental forces shaped firm structures, which persisted over time. Later, Boeker (1988, 1989) discussed the importance of initial founding conditions for organizational

strategy and demonstrated the persistence of the founding strategy. Johnson (2007) underscored the role of entrepreneurs in selecting elements in their environment which can remain in place for decades or centuries. Taken together, these papers highlight the importance of founding conditions in the structure and strategy or organizations.

In healthcare, a key decision during founding is the ownership type. Founders have the option of creating hospitals as for-profit or nonprofit entities. When founders create their organizations in settings with multiple, conflicting logics, ownership type can be used as a signal of legitimacy toward a particular goal. For instance, Pache and Santos (2013) looked at how social-purpose for-profit organizations would select and combine different aspects dictated by the conflicting logics. This allowed them to have legitimacy as they pursued profits and social good without engaging in deception. Even if organizations must work and function in settings where multiple logics are seen as legitimate, founders anchor their organizations toward a particular logic when they select an ownership type.

The Healthcare Context section presented two institutional logics in the United States healthcare system and how they are different at the federal, state, and organizational level. A key feature of the healthcare field is the availability of two conflicting logics: business and medical care (Glouberman & Mintzberg, 2001; Reay & Hinings, 2009, 2005). Having multiple legitimate logics in the greater context would mean that the selection of ownership form at the time of founding could anchor a hospital toward a particular logic. In this context, it is expected, then, that for-profit organizations will predominantly align with the business logic, and non-profit organizations will align with the medical logic.

Research into institutional logics at the organizational level, or organizational institutional logics, shows that organizations can and do function with multiple logics over long periods of time (Goodrick & Reay, 2011; Pache & Santos, 2010; Reay & Hinings, 2005). By the nature of the work they perform, hospitals have to embody, to some degree, both logics. A medical logic is necessary in order to provide patient care, and a business logic is necessary in order for the hospital to be open in order to provide patient care. Each logic is core to a hospital's operations and each logic prescribes different goals; therefore, hospitals will have conflicting logics within them, independent of their context.

In the nexus between organizational institutional logics and state institutional logics, there are two important concepts that may increase our understanding of the organization-context relationship. First is the concept of the organization's orientation to the context's institutional logic. Second is the organization's alignment to the dominant institutional logic in the context and it will be discussed in the next section. When an organization has multiple logics, they are not always equally represented or balanced (Greenwood & Suddaby, 2006; Pache & Santos, 2013). Organization orientation, then, is simply a description of an organization's current balance between the multiple logics it embodies. Importantly, the balance can be toward or away from the institutional logic of the context. Prior researchers have attempted to describe this balance at the institutional level; Pache and Santos (2013), for instance, looked at how organizations selected and combined different aspects of multiple logics. Greenwood and Suddaby (2006) emphasized that organizations have a choice of logic. They did not, however, specifically name this balance or investigate if and how the balance changes over time. An organization's orientation, then, happens when the balance between the multiple logics within an organization favors one logic over another.

To understand if the balance between organizational institutional logics can change, the underlying dimensions need to be examined. Of the previously discussed institutional logics dimensions, three in particular become relevant at the organizational level: Basis of Membership, Basis of Strategy, and Primary and Associated Goals. Individuals are the carriers of logics (Smets et al., 2014, 2011; Thornton & Ocasio, 1999, 2008), and in a hospital setting, the institutional logic each individual carries is related to the role they play in the organization (Glouberman & Mintzberg, 2001). As organizations change, an often-immediate way to implement changes is through human resources. More specifically, the composition of those human resources. In a hospital, the support between a medical or business institutional logic is evidenced in the staffing ratios of professionals engaged in medical or business activities. For example, a hospital more closely aligned with the medical logic would employ a larger proportion of full time physicians, nurses, and healthcare professionals over managers and administrative staff.

The second institutional logic dimension that plays an important role at the organizational level is the Basis of Strategy. One of the key decisions hospitals make is the patient composition they are trying to target, and so the clearest example of this involves decisions to treat inpatients and outpatients. The reimbursement and cost associated with inpatients and outpatients is significantly different (Houk, 2016), and thus speak to different strategies. To be considered an inpatient, a doctor with admitting privileges must write an order for admission into the hospital. An outpatient, on the other hand, could be in the hospital overnight and receive treatment, but without the formal admission order they would not be inpatients. Reimbursement rates are much higher for inpatients, even if the costs are similar for both outpatients and inpatients. The third and final dimension that plays a role at the organizational level is the Primary and Associated Goals dictated by each logic. Hospitals that seek to align themselves with a medical logic, will, for

instance, prioritize reducing administrative costs (Dunn & Jones, 2010). Taken together, then, the dimensions that make up institutional logics at the organizational level can change. Table 4 provides a summary of the discussion above.

Table 4: Organizational Activities and Institutional Logics

Institutional Logics Dimensions	Organizational Activities
Basis of Membership	Human resources
Basis of Strategy	Strategic priorities
Primary and Associated Goals	Patient mix

Organization Alignment

The organization orientation concept requires an understanding of the internal logics of an organization as well as the logics in the organization's context. If the organization orientation is the same as the logics in the context, the organization will be in alignment, otherwise the organization will be misaligned. The concept of alignment or misalignment to the context has already been established in the literature. Contingency theory describes why this alignment is important. Contingency theory argues that organizations must adapt to their immediate environment, where environment is described as the industry (Lawrence & Lorsch, 1967; Scott, 2001; Thompson, 2017). This theory alone, however, does not account for different types of context. Institutional logics, on the other hand, does account for context by allowing researchers to explore the influence that geographic location, an organizational field, or the institutional environment may have on an organization.

Institutional logics research suggests organizations are founded with logics available in the environment, including the logics of its founders (Almandoz, 2014; Battilana & Dorado, 2010b;

Pache & Santos, 2013). Depending on when and where hospitals were founded, they may have been founded with different logics. Beyond founding, however, organizations can and do change over time (Greenwood & Hinings, 1993; Hannan & Freeman, 1984; Wiersema & Bantel, 1992). In addition, an organization's context may change as well. At the federal level, the logics in the United States healthcare field have shifted from medical to business. In addition, due to the unique state and federal separation in this country, institutional logics can be different the state level; for example, California has continued to emphasize the medical logic while Texas has emphasized the business logic. Therefore, the institutional logics of the healthcare sector may vary depending on the state. For instance, some states may choose to implement certain laws earlier while others might wait. Additionally, some states might choose to create their own programs and policies. For example,

The availability of two legitimate logics at different levels, and the subsequent change at the federal level, means that some organizations may be misaligned. For instance, some hospitals could have been founded when the predominant logic at the federal level was the medical logic and become misaligned over time. A hospital may have been founded to reflect the logics at the federal level but not the state level. Misalignment can also depend on the level of analysis. A hospital could be aligned with the federal-level institutional logic and misaligned with the state-level logics and vise-versa.

Institutional logics research suggests that organizations must embody the "correct" institutional logic in order to gain legitimacy. Misalignment between the organization's choice of logic and the environment can impact the organization's ability to survive (Greenwood & Suddaby, 2006; Pache & Santos, 2013). In other words, the organization's orientation must be aligned with the logic of the immediate environment. Yet, organizations that are misaligned may

remained misaligned for a long time. Reay and Hinings (2009) showed how conflicting logics in the healthcare sector endure. They pointed to professional identity as the mechanism by which conflicting logics coexist even decades after an environmental shift. They showed that the medical and business logics separately guide the behavior of medical and administrative professionals in a hospital.

Previous research showed that as the dominant logic of a field changes, new types of CEOs are hired because the new logics offer different determinants of executive succession (Thornton & Ocasio, 1999). When organizations are misaligned, they must strive to meet the demands of their local environment. The CEO literature points to CEO replacement as a mechanism to bring about this organizational change. In particular, a stream or research suggest that when organizations are not performing as necessary, CEOs are replaced (Chen & Hambrick, 2012). This literature primarily points to poor performance as a precursor to a CEO succession event (Hofer, 1980; Kanter, 2003). A different steam of literature explores CEO departures as a consequence of a CEOs' fatigue at working at poorly-performing organizations (Semadeni, Cannella, Fraser, & Lee, 2008). Taking these literatures together, then, it is possible to hypothesize that a lack of alignment between the organization and its context could lead to a change in CEO.

> *Hypothesis 1: Poor alignment between the organization's orientation and the local (state) dominant institutional logic will lead to a change in CEO. Hospitals with an orientation less aligned with the institutional logic of the local area (the state) will be more likely to change their CEO.*

CEO Change and Organization Orientation Change

Research suggests that CEOs are directly responsible for organizational strategy and serve as catalysts for organizational change (Andrews, 1971; Child, 1972). CEO literature is interested in learning the extent to which CEOs can create strategic change. Findings suggest that a CEO's ability to change their organization is determined by their power (Child, 1972). Power has been defined as the ability to bring about a preferred or intended effect (Dahl, 1957; Weber, 1947). The literature, then, is concerned in learning about the sources of CEO power. For example, Hambrick discussed structure as a source of power. A CEO has the most structural power in an organization (Hambrick, 1981) since they are at the top of the organizational hierarchy. Researchers have also pointed to functional background as a source of CEO power and effectiveness (Davis, Diekmann, & Tinsley, 1994; Finkelstein, 1992; Matsunaga & Yeung, 2008).

As discussed in the Organizational Orientation section above, there are three dimensions of the healthcare institutional logics that are relevant at the hospital level: Basis of Membership, Basis of Strategy, and Primary and Associated Goals as illustrated in Table 4. Institutional logics are produced and reproduced by social actors. At the organizational level, social actors are all the members of that organization. Furthermore, at the organizational level, institutional logics can be observed by understanding staff members and their actions. In a hospital, basis of membership can be observed by understanding the numbers of medical and business staff. Basis of strategy can be observed by understanding the activities a hospital prioritizes and whether those activities support medical or business priorities. And primary and associated goals can be observed by understanding the types of patients a hospital serves.

Because of their position within an organization, a CEO can make changes in their organization's personnel composition (Hambrick, 1981; Reay & Hinings, 2009, 2005). These decisions could shift the Basis of Membership by influencing human resource decisions. For instance, a CEO can choose to prioritize the hiring of nursing staff, medical trainees, and hospitalists over administrators, therefore beginning to shift an organization toward the medical institutional logic. Similarly, a CEO could instead favor the hiring of administrative staff, therefore beginning to shift the organization toward the business institutional logic. Personnel compositions are particularly important, as Reay and Hinings (2009) demonstrated that the professional identity of hospital staff is linked with the perpetuation of institutional logics.

A CEO can also set the strategic priorities of a hospital. For instance, a CEO could start, or sunset programs and services provided by a hospital. Different programs are also associated with different institutional logics. Some programs are associated with a medical logic because their primary goal is to provide care. These include engaging community outreach, developing community health assessments, ensuring the hospital has a mission statement with a community focus, having teen outreach, and hosting volunteer and support groups to name a few. Other programs are associated with a business logic because their primary goal is to enhance an organization's profitability. These include developing contracts with PPO and HMOs, providing ambulance services, purchasing MRI and CT scanners, and making sure bassinets are set up and staffed.

And finally, a new CEO can dictate which organizational activities take precedence over others, thereby influencing the Primary and Associated Goals. In hospitals, a patient mix planning is a key determinant to their success (Gemmel & Van Dierdonck, 1999). These are considered strategic-level decisions that can be implemented in a short-term horizon (Groot, Kremer, Vissers,

& de Vries, 1993). The patient mix is directly related with reimbursements and costs. Furthermore, reimbursement and costs associated with inpatients and outpatients as well as with Medicare and Medicaid patients has been shown to be different (Houk, 2016). A CEO has been shown to be able to add or remove service lines, which influences the patient mix (Houk, 2016). Taken together, a new CEO could make changes to reduce the centrality of one logic over another, thereby shifting the organization's orientation.

All of the changes described above can be contingent upon organizational performance (a hospital with better performance might have more resources to make personnel and strategic changes), size (a larger hospital can more readily change service lines), special designations (hospitals with a Critical Access Hospital designation must provide a certain level of service to their community), and system membership (hospitals that are members of a system could leverage system resources in order to change personnel and strategic changes).

The CEO literature has demonstrated that different aspects that make up institutional logics are in fact influenced by the CEO. Furthermore, research suggests that new CEOs are poised to make changes. For instance, new CEOs are often hired prior to strategic change initiatives and are therefore likely to be involved and to influence organizational change (Kesner & Dalton, 1994; Westphal & Fredrickson, 2001). An incoming CEO has the opportunity to set the agenda for the organization, and in doing so, ensures that all individuals within the organization act on her priorities (Zhang & Rajagopalan, 2003, 2004). Taking the CEO and institutional logics literatures together, it is possible to establish a link between them. The dimensions underlying institutional logics at the organizational level can be influenced by executive action. And a new executive is poised to make changes.

This study seeks to understand if the organization's orientation to an institutional logic can be influenced by an incoming CEO. This is particularly relevant in a context where there are multiple conflicting logics established. It such a setting, the actions of a powerful individual may influence their organizations. The change in an organization's orientation is achieved when a CEO places emphasis on certain values, prioritizes particular behaviors, and hires professionals that will support one logic above others within their organization. Insights by Dunn and Jones (2010) show that institutional logics change is the cumulative result of actions taken by all the actors in a system. Therefore, at the organizational level, the organization orientation change too is the result of the cumulative actions taken by all employees in the hospital. Furthermore, by virtue of their position, and the power the position affords them, CEOs can influence all their employees, thereby changing the organization's orientation focus on one institutional logic over another.

Hypothesis 2: A change in CEO will lead to a change in the organization's orientation toward the state's dominant institutional logic, with hospitals that are most misaligned demonstrating greatest change and aligned hospitals demonstrating the least change.

The role of CEO Origin

Research suggest that new CEOs are particularly primed to create change in their organizations (Kesner & Dalton, 1994; Westphal & Fredrickson, 2001). Researchers, then, have turned their focus on the characteristics that make CEOs effective in making that change. For instance, the literature has explored how an internal hire signals a commitment to the status quo while an external hire signals a desire for strategic change (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004), which means outsider CEOs are poised to make more change than internal CEOs. At the same time, the institutional logics literature has shown people are carriers

of logics (Reay & Hinings, 2009). Furthermore, research shows that when TMT members are carriers of a particular logic, they can imbue that logic their newly-formed organizations (Almandoz, 2012). The literature, then, points to new CEOs as the carriers of logics being able to make changes in their organizations.

Previous literature has identified embeddedness in a particular institutional logic as the mechanism by which a person will carry those institutional logics with them. Almandoz (2012) describes embeddedness as how deeply entrenched a person is in a particular set of logics. Almandoz looked at embeddedness in the financial or community logics in banking. He operationalized embeddedness in a financial logic by looking at the background of an individual. In particular, he looked at a person's professional experience, including working in banks. He operationalized embeddedness in a community logic by looking at a person's volunteer and civic activities. In the healthcare setting, embeddedness to a logic is determined by looking at an individual's professional experience as well. Almandoz considered banking experience as embeddedness in a financial logic regardless of whether the bank had a community focus or not. In healthcare, however, it is possible to determine the orientation of hospitals, and so the logics of an individual's prior organization can be taken into consideration.

When individuals, in this case CEOs, go to another organization, they may continue following the patterns of behavior they were embedded in previously. So, if a new CEO previously worked and was embedded in a non-profit hospital, and that hospital was highly oriented to the medical logic, she will likely continue to value those outcomes, even when working in a for-profit hospital. This study suggests that an incoming CEO will continue to replicate the patterns suggested by her previous organization due to embeddedness. The CEO origin literature can provide a way to understand how embedded an incoming CEO is with her new organization. The

insider/outsider literature argues that by virtue of their origin, CEOs bring different experiences to their organization (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004). This distinction can serve as a way to understand the embeddedness of a new CEO to the institutional logics of their new organization.

In particular, previous research suggests that insider CEOs have knowledge and experience accumulated within and about the organization (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004). The CEO origin literature describes an insider CEO as someone that has been employed by the organization prior to her ascension to the role. This means that insider CEOs are already embedded in their organization's logics. Therefore, it is reasonable to expect that she will be less likely to alter the predominant logic in a setting with multiple conflicting logics. Insiderness can also be understood in terms of institutional logics. CEOs from outside the organization that also share the same institutional logic can be considered insiders for the purpose of this study. They too would continue to replicate the dominant institutional logics already present in the organization.

Outsider CEOs, on the other hand, have knowledge and skills new to the organization. The CEO origin literature describes outsider CEOs as individuals hired from outside the organization. By virtue of their origin, outsiders bring with them a set of knowledge and skills developed outside of their new organization. In terms of institutional logics, outsider CEOs do not share the logics of their new organization. Having a fresh new take on the organization can allow the CEO to make the necessary changes to improve performance or re-align the organization. This means that outsider CEOs are less embedded in the new organization and therefore may be more likely to influence a change in the predominant logic in the organization. An outsider CEO would not share

the same institutional logics present in their new organization. This makes them more likely to create change in the organization's orientation to an institutional logic.

The insider/outsider origin discussion, when incorporating institutional logics, changes from a dichotomous concept to one with three degrees. There are insider CEOs who come from the same organization and therefore have the same logics. There are outsider CEOs who come from outside the organization but share the same institutional logic. And last there are outsider CEOs who come from outside the organization and do not have the same logic. Building on insights of the insider/outsider literature, a new CEO's degree of insiderness or outsiderness may moderate the degree of change of an organization's orientation toward a particular institutional logic.

Institutional logics are generally defined as "the rules of the game;" therefore, familiarity with the rules can play a big role in an individual's ability to change them. Previous research has suggested that outsiders can either appropriate or rise up against the established logics of an organization (Rao & Giorgi, 2006). In addition, Almandoz (2012) demonstrated that embeddedness in a particular logic resulted in team's pursuing outcomes prescribed by that logic. This decision can only happen when embeddedness to the logic of the new organization is taken into consideration.

Hypothesis 3: CEO insider/outsider origin moderates the relationship between CEO change and the organization's orientation toward the state's dominant institutional logic.

The role of TMT size

In addition to insider/outsider origin, CEO power becomes a relevant factor in the discussion of whether CEOs can change their organization's orientation. CEO power is defined as "the capacity of individual actors to exert their will" (Finkelstein, 1992). Previous research discusses various sources of power. For instance, structural power, which is based on organizational structure and hierarchy (Hambrick, 1981); ownership power, which is based on the shareholdings of the manager (Zald, 1969); and expert power, which originates in the CEO's expertise (Mintzberg, 1983). Previous research has established that power plays a key role in strategic decision making, strategic choice (Child, 1972), and strategic change. Furthermore, previous research has demonstrated that a CEO's preferences are expressed because they hold powerful positions (Eisenhardt & Bourgeois, 1988; Finkelstein, 1992). Taken together, CEO power is a primary mechanism that enables them to change their organization's orientation.

Institutional logics are the product of collective action; that is, they are created and replicated by all the individuals in a social system. The underlying dimensions of institutional logics at the organizational level too are the product of collective action. Therefore, in order to change an organization's orientation, the underlying practices, assumptions, values, beliefs, and rules must change as well. A CEO is in a powerful position to create this change (Eisenhardt & Bourgeois, 1988; Finkelstein, 1992), and a new CEO is poised to make this change more effectively (Kesner & Sebora, 1994; Westphal & Fredrickson, 2001). CEOs change the personnel composition, strategic initiatives, and patient mix goals, which in turn change the organization's orientation. The shift in an organization's orientation, however, is still a reflection of a series of discrete actions by all actors in the organization that, taken together, support one logic more than others (Dunn & Jones, 2010; Smets et al., 2014).

Prior research links the institutional logics carried by the founding top management team to the logics of a newly-created organization (Almandoz, 2014). This research highlights how top management team members are relevant as a potential constraint to a CEO's ability to create organizational orientation change. At the same time, CEO research into the distribution of top management team power suggest that a CEO is almost always the most powerful team member, regardless of team size (Smith, Houghton, Hood, & Ryman, 2006). However, CEO dominance has been shown to be related to their top management team size (Haleblian & Finkelstein, 1993). Their study suggests that CEO dominance is lower when top management teams are large.

Taking the CEO and institutional logics literature together, it is possible to say that a CEO is a powerful figure in an organization, and whose power is not influenced by the size of their top management team. At the same time, the literature shows that a CEO's dominance decreases with larger teams. Because the underlying dimensions of institutional logics at the organizational level depend on people to carry out a CEO's priorities, a CEO with a large team might see that influence diminished. These insights, then, point to team size as a moderator on a CEO's ability to create change in her organization. Thus, team size might moderate a CEO's ability to change the institutional logics of her organization.

Hypothesis 4: TMT size moderates the relationship between CEO change and change in the organization's orientation toward the state's dominant institutional logic, with the relationship weaker for a CEO with a large team.

Organization orientation and performance

A long body of evidence suggests that an organization must be responsive to its environment in order to be successful (Miller, 1992; Van de Ven, Ganco, & Hinings, 2013). For

instance, contingency theory argues that organizations must adapt to their immediate environment, where environment is described as the industry (Lawrence & Lorsch, 1967; Scott, 2001; Thompson, 2017). This insight is finding resurgence in institutional theory and institutional logics literature (Greenwood & Suddaby, 2006; Marquis & Lounsbury, 2007; Pache & Santos, 2013; Reay & Hinings, 2009; Thornton et al., 2012). Institutional logics researchers have examined how organizations that do not embody the "correct" institutional logic have problems gaining legitimacy and performance (Greenwood & Suddaby, 2006; Pache & Santos, 2013). These insights mean that the organization's orientation must be aligned with the logic of the immediate environment for the organization to be successful.

Because of their position and power within an organization, a CEO can make changes in their organization's orientation. Specifically, CEOs can change the items that underlie institutional logics such as personnel composition, strategic initiatives, and patient mix goals, which in turn change the organization's orientation (Hambrick, 1981; Kesner & Sebora, 1994; Reay & Hinings, 2009; Westphal & Fredrickson, 2001). Research also suggests that a CEO is in a powerful position to create these changes (Eisenhardt & Bourgeois, 1988; Finkelstein, 1992), and that new CEOs in particular are poised to make changes more effectively (Kesner & Sebora, 1994; Westphal & Fredrickson, 2001).

The institutional logics literature is increasingly concerned with the impact of institutional logics on organizational outcomes and performance (Almandoz, 2012, 2014; Marquis & Lounsbury, 2007; Thornton, 2002; Thornton & Ocasio, 1999). For instance, Lounsbury (2007) looked at how different institutional logics in the environment drove different organizational practices. Logics rooted in different geographical locations emphasized different forms of rationality, and therefore organizations adopted practices that would support those outcomes.

Thornton and Ocasio (1999) focused on the outcome of executive selection. More recently, however, scholars are focused on performance. For instance, Almandoz (2014) showed that banking organizations rooted in a financial logic took more risks than those rooted in a community logic. This was one of the first papers to make the relationship between institutional logics and outcomes prescribed by that logic clear.

Furthermore, the Besharov and Smith framework details how when there are multiple logics, their centrality and compatibility are the drivers for internal conflict. While CEOs do not have the power to change whether two logics are compatible, they can influence their centrality in an organization. When a CEO makes changes to the organizational orientation, she is effectively changing the balance between the multiple logics: one logic could become more prevalent while another becomes less so. This means that one logic is less central. Reducing centrality between logics means the organization moves from a state of extensive conflict to a state of moderate conflict. The existence of conflict between multiple logics has been associated with poor performance or negative outcomes (Greenwood & Suddaby, 2006; Pache & Santos, 2013).

Taking these insights together, it is possible to say that CEOs can change their organization's orientation. The change in orientation reduces conflict, which could impact performance. Furthermore, for the change in performance to be positive, the organization orientation change should be toward the logic in the immediate environment. Building on that insight, it is possible to speculate that organizations that change toward better alignment to the dominant logic in their environment could have better performance.

Hypothesis 5: A change in organization's orientation toward the state's dominant institutional logic (better alignment) will lead to improved performance.

Figure 3 below displays the relationships suggested in this dissertation.

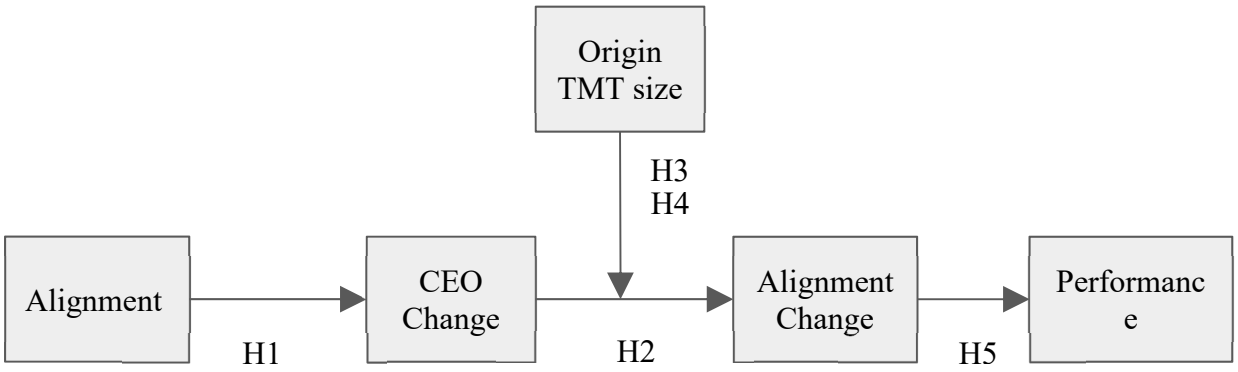

Figure 3: Model

CHAPTER 4: EMPIRICAL EXPLORATION

In this dissertation, I hypothesize that a change in the organization's orientation toward the dominant institutional logic of the United States healthcare sector will predict a hospital's increased performance. Additionally, I hypothesize a CEO change will predict a change in the organization's orientation and that the size of their team and insider/outsider origin moderate this relationship. This chapter will first review how institutional logics have been operationalized in the literature. Then the data sources will be described. Next, I will discuss how the sample was selected. A key contribution of this dissertation is the creation of a quantitative approach for the operationalization of an organization's orientation; therefore, there will be a thorough discussion on variable creation. Finally, the analysis and results will be reviewed.

INSTITUTIONAL LOGICS OPERATIONALIZATION

The definition of institutional logics is fairly stable across the literature. Scholars agree on the most salient features of institutional logics. First is that institutional logics are broad belief systems that influence and constrain a social actor's behavior. Second is that institutional logics are taken-for-granted rules and norms. And third is that institutional logics dictate desirable goals and the appropriate means to achieve them. Most empirical papers focus on at least two institutional logics. Scholars tend to discuss how an industry experienced a shift from one logic to another (Thornton, 2002; Thornton & Ocasio, 1999) or how a particular context is currently experiencing influences from two (and in a few cases, more than two) logics (Battilana & Dorado, 2010a; Dunn & Jones, 2010; Reay & Hinings, 2005). This framing requires that authors convince the reader that the logics discussed are indeed distinct. In order to make this argument, two sets of approaches have emerged.

The first approach involves creating detailed description along a set of dimensions to make arguments as to the differences between the logics being discussed. In their 1999 paper, Thornton and Ocasio described the differences between a market and editorial logic in the book publishing industry. In order to accomplish this, they detailed how each logic differed across a set of nine distinct dimensions. These include characteristics, organizational identity, legitimacy, authority structures, mission, focus of attention, strategy, logics of investment, and rules of succession (Thornton & Ocasio, 1999). In a later paper, Thornton revised a few of those dimensions, substituting characteristics for economic system and rules of succession for governance (Thornton, 2002). The literature is filled with such examples, detailed in **Error! Reference source not found.**. Not every scholar uses a laundry list of dimensions. For instance, Reay and Hinings (2005) discussed health and business-like logics in the healthcare system as based on two general categories: belief systems and associated practices. And, in a more recent paper, Pahnke and her coauthors described logics being based on three themes (norms, strategy, and attention), each with their individual dimensions.

A feature of institutional logics research is its reliance on historical and in-depth looks into different contexts and industries. This facilitates the second approach to the operationalization of institutional logics. Instead of relying on a set of dimensions that will serve as comparisons, this set of scholars has chosen to create a narrative of the institutional logics they are studying, highlighting certain key elements relevant to their context. For example, in his 2007 paper, Lounsbury studied practice diffusion in an environment with conflicting logics. More specifically, he looked at the banking industry and the conflict between the trustee and performance logics. In order to describe the distinct logics, he used detailed information and historical perspectives. Many

other scholars, as detailed in **Error! Reference source not found.**, have opted for the approach of creating a strong narrative in order to describe the institutional logics they are studying.

Table 5: Institutional Logics Operationalization with Explicit Dimensions

Paper, Logics, Setting and Operationalization with Dimensions

Thornton & Ocasio 1999: Editorial and Market logics in Publishing

- Characteristics
- Organizational Identity
- Legitimacy
- Authority Structures
- Mission
- Focus of Attention
- Strategy
- Logics of Investment
- Rules of Succession

Thornton, 2002: Editorial and Market logics in Higher Education Publishing

- Economic System
- Organizational Identity
- Legitimacy
- Authority Structures
- Mission
- Focus of Attention
- Strategy
- Logics of Investment
- Governance

Reay and Hinings, 2005: Health and Business Logics in Healthcare

Belief Systems
- What goals or values are to be pursued

Associated Practices
- Means of pursuing the goals and values

Battilana and Dorado, 2010: Development, Banking, and Emerging Logics Microfinance

Management Principles
- Goals
- Target Population

Smets, Morris, and Greenwood, 2011: Professional Logic in Banking

Dominant Professional Logic
Elements of Practice
- Role Identity
- Key referent Audience
- Approach to Legal Problems
- Approach to Drafting

Jay, 2013: State, Market, and Civil Society in Energy

- Ideal type organization
- Normativity/strategic imperatives
- Source of agency/capacity to act
- Constraint/structure
- Time
- Space
- Artifacts

Almandoz, 2014: Financial and Community Logic in Banking

- Basis of mission/key motivation of founder
- Orientation to the community
- Means to fulfill the mission

Smets, Jarzabkowski, Burke, and Spee, 2014: Community and Market Logics in Lloyd's

- Root Metaphor
- Sources of Legitimacy
- Sources of Authority
- Sources of Identity
- Basis of Norms
- Basis of Attention
- Basis of Strategy
- Information Control Mechanisms
- Economic System

Pahnke, Katila, and Eisenhardt, 2015: Professional, Corporate, and State Logics in New Venture Funding

Basis of Norms
- Membership Criteria
- Legitimacy
- Authority Structure

Basis of Strategy
- Identity
- Strengths

Basis of Attention
- Assumptions: how to succeed
- Assumptions: how to focus

Table 6: Institutional Logics Operationalization with Rich Descriptions

Paper, Logics, Setting & Operationalization with Descriptions
Lounsbury, 2007: Trustee and Performance in Banking Description of trustee and performance logics rooted in different locations. Sample description: "The performance logic was ushered in by a focus on short-term annualized returns that was most prominently propelled by growth funds, which began to be created in the 1950s" **Marquis and Lounsbury, 2007: Community and National logics in Banks acquisitions** Description of community orientation and national orientation conflict. Sample description of the setting: "This tension between community and national actors and logics has been particularly important in the banking industry, dating to the founding of the United States and the debate between Thomas Jefferson and Alexander Hamilton over the benefits and drawbacks of a national financial system." Sample description of the logics: "Whereas the institutional logic of community banking focused on local control and avoidance of consolidated financial power, banking professionals from larger banks, who were focused on expanding branch networks, emphasized a national logic of economic efficiency centered on the assumption that geographic diversification would lead to a more secure banking system." **Purdy and Gray, 2009: Judicial and Social Services Logics in an emerging field** Description of logics: "The alternative dispute resolution field emerged at the intersection of the legal and social services fields and was characterized by two primary logics: a judicial logic… and a social services logic" To further illustrate conflict: "Both these logics are embedded in larger societal logics that extend over multiple fields and institutions (Friedland & Alford, 1991). Bureaucratic logic, which construes the individual as an abstract legal subject with rights before the law, is premised on "rationalization and the regulation of human activity by legal and bureaucratic hierarchies" (Friedland & Alford, 1991: 248). In contrast, democratic logic seeks to maximize individual participation in social structures and extend "popular control over human activity" (Friedland & Alford, 1991: 248)." **Reay and Hinings, 2009: Medical Professionalism and Business-like Healthcare in Healthcare**

They use a chronological table detailing each logic and its impact on the field through the use of representative examples.

See Table 2 in their paper.

Dunn and Jones, 2010: Care and Science logics in Medical Education

Descriptions of the logics:

> "Historically, the profession of medicine derives its authority and legitimacy from its scientific knowledge (Friedson, 1970; Starr, 1982), which provided a stable foundation for the profession and separated it from lay persons in the late nineteenth century (Rosenberg, 1987). Thus, for a science logic, quality healthcare involves innovative diagnostic and therapeutic procedures to ameliorate human suffering and help eradicate disease"

Description of the tensions:

> "Science and care logics in medical education began to bifurcate in the 1960s with expansion, new voices, and legislation that attempted to reduce the shortage of physicians and increase access to primary care physicians, particularly in rural and underserved communities."

Pache and Santos, 2013: Social Welfare and Commercial logics in Social Enterprises

Description of the Social Welfare Logic:

> "On the one hand, they need to display appropriateness toward a web of referents embedded in a belief system that we qualify here as the *social welfare logic*. They interact with public social services (state representatives, local employment agencies, cities, and regional governments) to receive the right to operate, recruit beneficiaries, and mobilize additional financial resources to fund their social mission."

Description of the Commercial Logic:

> "On the other hand, given their reliance on sales for 80 percent of their revenues on average, WISEs need to display appropriateness with clients, as well as industrial partners, who are embedded in a *commercial logic"*

Mair and Hehenberger, 2014: Traditional and Venture Philanthropy

Describing traditional philanthropy:

> "Throughout the 20th century, largely as a reflection of the U.S. experience and post-war dominance in the field of philanthropy, the traditional model based on grant-making and the implicit assumption of a free gift dominated organizational philanthropy in Europe"

Describing venture philanthropy (VP):

> "VP was promoted as part of a broader movement toward a more "rationalized approach" to philanthropy (Katz, 2005) emphasizing the importance of clearly specified goals, metrics, and the monitoring of results—not without controversy and with significant pushback from the proponents of the traditional model (Sievers, 1997)"

An important development to notice is that this literature has slowly moved away from using strictly qualitative-based approaches and toward hybrid approaches to operationalize and discuss institutional logics. This evolution fits the archetypes of methodological fit as described by Edmondson and McManus (2007). In nascent theoretical fields, research questions tend to be open-ended and thus the type of data collected tends to be qualitative (Edmondson & McManus, 2007). Data collection methods used include interviews, observations, and direct material or documents. Early work on institutional logics tended to be very qualitative and relied on case analysis (Pache & Santos, 2010; Reay & Hinings, 2009). When a field reaches the intermediate stage, the research questions tend to propose relationships between established and new constructs, and thus the type of data collected tends to be both qualitative and quantitative (Edmondson & McManus, 2007). Most of the recent institutional logics research falls within this archetype. For instance, while Dunn and Jones (2009) used rich description to discuss the logics of science and care, they also employed quantitative information and performed a content analysis. The final archetype of the methodological fit refers to mature fields.

When the state of prior theory and research reach the mature stage, the research questions tend to be more focused. In addition, the data collected tends to be more quantitative. If methods such as interviews and observations are employed, they tend to be systematically coded and quantified (Edmondson & McManus, 2007). An example of this is the recent paper by Almandoz, (2014) where the affiliations and activities of founders were coded and quantified to determine the degree of internal representation of the finance and community logics. Through its use of quantitative methods, this study is one of the first to signal that the institutional logics body of work may be beginning to head toward the mature archetype.

The next relevant factor in the operationalization of this concept is the unit of analysis. In their study of the publishing industry, Thornton and Ocasio (1999) discussed the unit of analysis by emphasizing that the industry provides a relevant boundary. This, they explained, is because "industry producers develop common identities and "valuation orders" that structure the decision making and the practices of the players in a product market" (Thornton & Ocasio, 1999). Much of the research has taken place at the industry level. There are of course, some that focus on the organizational field. And recently, some have focused on the organizational level or industry in order to explore the effects of conflicting institutional logics. I summarize some key papers and their level of analysis in **Error! Reference source not found.**. The flexibility in operationalization and levels of analysis presents scholars focusing on institutional logics with an opportunity to examine a wide variety of mechanisms in a wide range of contexts. Furthermore, the institutional logics body of work seems to have reached the intermediate stage of development (characterized by hybrid methods) and is ready to continue the progression toward a mature field, characterized by quantitative methods.

Finally, institutional logics are generally operationalized as a dichotomous construct, as evident in the papers highlighted in Table 5 and Table 6. That means that each logic is seen as separate with distinct measures. For example, Thornton and Ocasio (1999) had an either/or set up for their logics. Authority was either a founder-editor for the editorial logic or a CEO for the market logic. The mission was to either increase sales for the editorial logic or increase profits for the market logic. Even in papers addressing hybrid organizations, conflicting logics are pitted against one another. For instance, Pache and Santos (2013) highlight goals as either selling products to address local needs (social welfare logic) or to generate economic surplus (commercial logic).

Table 7: Institutional Logics Level of Analysis

Level of Analysis & Papers
Organization Battilana and Dorado, 2010; Pache and Santos, 2010; Smets, Jarzabkowski, Burke, and Spee, 2014
Industry Thornton & Ocasio, 1999; Thornton, 2002; Thornton, Jones, & Kury, 2005; Reay and Hinings 2005; Greenwood, Díaz, Li, & Lorente, 2010; Pache and Santos, 2013; Jay 2013; Almandoz, 2014
Field Lounsbury, 2002, 2007; Greenwood and Suddaby, 2006; Marquis and Lounsbury, 2007; Reay and Hinings, 2009; Purdy and Gray, 2009; Powell & Sandholtz, 2012; Smets, Morris, and Greenwood, 2011; Fisher, Lahiri, & Kotha, 2013
Sector Pahnke, Katila, and Eisenhardt, 2015

This dissertation builds on established research by using a quantitative approach to operationalize an organization's orientation toward a particular institutional logic. To do this, this dissertation first builds on the conceptualization of medical and business institutional logics long established in healthcare research (Reay & Hinings, 2009, 2005; Scott, 2000). In addition, it builds on procedures established by Almandoz in order to quantify the institutional logics.

DATA

This study requires merging three databases, including data available through the Centers for Medicare and Medicaid Services (CMS); the American Hospital Association (AHA) Annual Survey; and the SK&A dataset on hospital's top management teams. The CMS data includes over 50 variables on hospitals' utilization of Medicaid and Medicare services between 2002 to 2009. Only data for California and Texas was downloaded. The dataset includes information on over

1,000 hospitals. The AHA Annual Survey dataset includes information on over 52,000 hospitals across the US during the years 2002 to 2009. Each hospital reports on over 1,200 items per year including the services they provide and their staffing composition. Furthermore, the survey includes information on expenditures, community outreach, leadership training, and succession planning.

The SK&A dataset contains information on the top team members of US hospitals for the years 2004 to 2009. This dataset tracks over 100,000 individuals over time. Each individual in the dataset is given a unique ID, which makes it possible to determine a CEO's move from one hospital to another, the move of a top management team member to the CEO position in the same hospital, or the move of a top management team member to the CEO position at another hospital. It is also possible to see if a newly promoted CEO had not been a member of a top management team previously. Being able to see how people move within and across hospitals makes it possible to track the institutional logics of a CEO's previous organization. These three datasets were merged based on unique IDs, and the merge was validated by using hospital's street addresses, zip codes, and states. The result is a dataset of over 11,000 hospitals and over 52,000 observations.

SAMPLE SELECTION

The hypotheses in this study hinge on understanding the alignment between the hospital and the environment in which they operate. To that end, the sample chosen from the dataset consists of two states: Texas and California. The differences in each state are discussed in Chapter 3 and summarized in Table 2: Summary of United States Healthcare Institutional Logics. The state of Texas best represents the Business Logic, while California best represents the Medical Logic. The organizations chosen for this study are hospitals and include both nonprofit and for-profit

hospitals. Hospitals run by the United States Department of Veterans Affairs and the United States Armed Forces (n = 26) were excluded because they are run by the federal government and might reflect an additional institutional logic beyond the scope of this dissertation. Next, specialty care organizations were removed from the sample. These included rehabilitation centers, psychiatric centers, and centers focused on a single illness such as cancer (n = 210). The final sample includes 651 hospitals, with 327 hospitals in California and 324 hospitals in Texas.

Once the sample was selected, additional data collection took place to determine the origin of CEOs that were not already in the SK&A database. The SK&A database includes information on top management teams; however, some CEOs were hired from outside of top management teams. In those cases, I used archival methods including searching LinkedIn, LexisNexis, and the Wayback Machine in order to determine the organization of origin. Furthermore, some variables in the dataset were not available for all years, including Leadership Succession Plan. In order to complete the dataset, data was collected using archival sources including press releases, archived web pages, and news articles. I also attempted to collect information on why CEO change was happening in the sample. I was interested in determining if a CEO departure was due to a firing, a retirement, or a career change for the outgoing CEO. Unfortunately, after extensive data collection there was still over 90% of missing data and I was therefore unable to use it for my analysis. In an attempt to control for CEOs being fired due to poor performance, I control for prior year performance in the analysis.

Once data collection was complete, the final dataset was cleaned, removing duplicate variables and variables with no data, and evaluating outliers. The resulting dataset was a wide file including 1,347 variables. The dataset consisted of eight years of data for hospital data and six years for CEO data. The sample, therefore, consisted of data for six years: 2004 to 2009. Each year

consisted of 165 variables that could vary over time. In addition, the sample included 27 variables that do not vary over time. Of those variables, 50 were used in the operationalization of institutional logics, and 22 were used in the analysis.

Missing data were evaluated using the EM algorithm in SPSS as supported by Little's MCAR test, $\chi 2$ (719295) = .005, p = 1, which indicate the data met the criteria for missing completely at random (MCAR). Data was not imputed using the EM algorithm because the procedure failed to reach convergence. Performance and visits measures were log-transformed to facilitate analysis, and the Origin variable was z-scored to correct skewness. The distributions of the rest of the study variables were sufficiently normal to render parametric statistics valid, thus no further transformations were necessary (Afifi, Kotlerman, Ettner, & Cowan, 2007).

VARIABLES

Independent Variables

Organizational Institutional Logic

Previous research into healthcare system logics by Reay and Hinings have taken place in Canada, a country experiencing a shift toward a business logic, much like the United States. They followed the qualitative approach first established by Thornron and Ocasio. They conducted interviews and carefully mapped the evolution of the medical and business logics in the healthcare system in order to identify the two healthcare logics. This dissertation builds on the dichotomy of medical and business institutional logics established by Reay and Hinings. Where they used a qualitative approach, this dissertation uses a quantitative approach.

Previous research has utilized quantitative approaches to operationalize institutional logics. Almandoz (2012) used a quantitative approach to distinguish the internal representation of institutional logics in founding teams. He focused on individuals and therefore used measures of membership operationalized as ties to community organizations and experience in the financial sector. This dissertation, however, examines organizations. Therefore, it relied on measures of membership as well as measures of goals and strategy to establish a hospital's institutional logic. The advantages of using this quantitative approach included being able to study hundreds of hospitals at the same time, instead of relying on a few case examples. Furthermore, because each measure changes over time, it was possible to see even small changes in the orientation of an organization.

This dissertation used Reay and Hinings' established dichotomy of medical and business institutional logics and adapted Almandoz's quantitative approaches to develop a quantitative operationalization of healthcare institutional logics. By using previous research as a starting point, this dissertation developed a novel operationalization of the medical and business institutional logics at the organization level. To do so, the following steps were performed. First, I identified a validated dataset used in healthcare research. Second, the variables in the dataset were categorized into either a medical or business logic by two coders. Third, a third coder resolved any discrepancies to create a list of close to 100 variables associated with a business logic and over 100 variables associated with a medical logic. Fourth, a final subject matter expert validated the list and identified the top 20 to 30 variables for each logic. The final variable list consists of 20 business logic variables and 30 medical logic variables. Fifth, the 50 variables were cross-validated with previous research using the same dataset. Sixth, the variables were subcategorized into the

dimensions of institutional logics. And seventh, the logics were operationalized using those variables.

On the first step, I identified a dataset that has been extensively used in healthcare and health services research. I began by taking the entire dataset, then removing any variable used as an ID. This includes unique identifiers as well as hospital names, addresses, and contact information. Then I excluded variables that captured CEO data. These included names, titles, and training information. I also removed variables that measured hospital performance. The result was a list of close to 200 variables.

For the second step, the resulting list was given to two coders to be labeled as either medical logic, business logic, or unclear. Each coder worked independently, and each had experience in the healthcare system; one in the medical profession, and the second one in the administrative profession. The inter-rater reliability between the first two coders was 91.66%. For the third step, the resulting list was given to a third coder with experience as a medical administrator. The third coder made a determination for the items that were unclear or where there was no agreement. At the end of this process, each variable was assigned to either a medical or business institutional logic. At the end of this step, there were close to 100 variables categorized into the business logic and over 100 variables categorized into the medical logic.

The fourth step involved validating the list of medical and business logic variables created by the three coders. The list with the categorization of the variables into either a business or medical logic was validated by a fourth and final subject matter expert with experience in both the medical field and hospital management who had worked in both California and Texas. The final expert agreed with the categorizations of all the variables as presented. Due to the large number of

variables, the final subject matter expert was then asked to identify the top 20 to 30 variables as it related to the importance of business and medical operations in a hospital. Their ranking reduced the number of variables in the business logic to 20 and to 30 in the medical logic. The medical logic had more variables because the data separated medical professionals into many subcategories and therefore listed them in separate variables, while administrative professionals were listed under just one variable.

The fifth step was to cross-validate the newly created lists of the top measures for the medical and business logics. Previous research examining the same dataset used in this dissertation has established which variables were mostly associated with profitability and with for-profit and non-profit hospitals (Horwitz, 2005). It was expected that the final list of business logic variables would mostly include measures associated with profitability and for-profit hospitals; and the final list of medical logic variables would mostly include measures associated with less-profitable and non-profit hospitals. The final list of variables to use in the operationalization of hospital institutional logics closely matched that research, with variables associated with profitability in the business logic and with variables associated with less profitability in the medical logic. The main difference between this final list and previous research was that this list included personnel information as well as accreditation information.

For the sixth step, the final list of the 20 business logic variables and 30 medical logic variables was then further categorized into one of the three dimensions of institutional logics as summarized in Table 8 and below:

Basis of Membership relate to the number of people in roles that support one institutional logic over another. Measures used in this dimension include number of administrative

FTEs and number of medical FTEs. The Subject Matter Expert validated these measures. In addition, these measures are supported by Reay and Hinings' (2009) findings that due to professional identity different institutional logics guide behavior separately, and by research that suggests individuals are the carriers of logics (Smets et al., 2014, 2011; Thornton & Ocasio, 1999, 2008). All measures included in this dimension had the same scale: number of personnel. All measures included in this dimension had the same scale: number of FTEs.

Basis of Strategy looked at the kinds of activities organizations focus on. Measures used in this dimension included the different kinds of services available in each hospital, including having a neonatal ICU and Joint Commission accreditation, as depicted in Table 8. These measures were validated by the Subject Matter Expert and previous research. In addition, these measures built on Reay and Hinings' (2009) insights that the medical logic and business logic are guided by separate goals: community welfare and profit. Items in the business logic tend to yield the greatest returns, while items in the medical logic tend to be the least profitable but create the greatest community benefit. All measures included in this dimension had the same scale: yes or no.

Primary and Associated Goals looked at some observable results of hospitals' activities. Measures used in this dimension included Medicaid and Medicare visits. These measures were validated by the Subject Matter Expert and previous research. In addition, these measures build on Reay and Hinings' (2009) insights that the medical logic and business logic are guided by separate goals, community welfare and profit. All measures included in this dimension had the same scale: visits, logged.

A summary of the three dimensions of institutional logics with their respective variables is depicted in Table 8 below. The operationalization of the two logics will be described in the following section.

Table 8: Measures of Institutional Logics at the Organization Level

Dimension	Business Logic Measures	Medical Logic Measures
Basis of Membership	FTE Administrative Personnel PT Administrative Personnel	FTE Nursing Assistive Personnel FTE LPNs FTE RNs FTE Physicians FTE Residents FTE Trainees PT Nursing Assistive Personnel PT LPNs PT RNs PT Physicians PT Residents PT Trainees
Basis of Strategy	Ambulance Services Bassinets set-up and Staffed Birthing Room Contract with Employees Equity Model Management Services Formal Contract with HMO Formal Contract with PPO Fee for Service JCAHO Accreditation Contract Management MRI CT Scanner Neonatal ICU Operating Rooms Urgent Care	Assess Unmet Needs Community Outreach Track Health Info ER Enrollment Assistance Program Community Health Assessment AOA Accreditation Member Teaching Council Hospital Community focus on Mission Stmt ICU Psychiatric Services Community Benefit Activities Support Groups Teen Outreach Trauma Center Volunteer Services
Primary and Associated Goals	Medicare inpatient visits Medicare outpatient visits	Medicaid inpatient visits Medicaid outpatient visits

For the seventh and final step, the calculation of the institutional logic value was done in four stages: calculating the Basis of Membership, calculating the Basis of Strategy, calculating the Primary and Associated Goals, and calculating the overall institutional logic value. Each dimension, as well as the final value, was z-scored in order to facilitate the creation of a composite score.

Basis of Membership Calculations. In order to create the Basis of Membership score, I began by adjusting the personnel numbers. Part-time staff numbers were multiplied by .5, so that two part-time staff members became the equivalent of one full-time member. Then, I z-scored each variable independently and added the Business and Medical personnel together. The table below lists the measures and respective values for a single hospital in the year 2002.

Table 9: Basis of Membership Calculation Example

Logic	Measures	Z-Scored Value
Business	FTE Administrative Personnel	1.24
	PT Administrative Personnel	0.55
	TOTAL	1.29
Medical	FTE Nursing Assistive Personnel	2.53
	FTE LPNs	2.17
	FTE RNs	1.73
	FTE Physicians	-0.21
	FTE Residents	-0.21
	FTE Trainees	-0.21
	PT Nursing Assistive Personnel	0.14
	PT LPNs	-0.13
	PT RNs	0.72
	PT Physicians	-0.04
	PT Residents	-0.01
	TOTAL	4.34

Then I added the Business Membership Total and the Medical Membership Total together and z-scored the results to create a z-scored all personnel total. Next, I created proportion measures for Business and Medical staff:

$$Business\ Personnel\ Proportion = \frac{Z-scored\ Business\ Membership\ Total}{Z-scored\ All\ Personnel\ Total}$$

$$Medical\ Personnel\ Proportion = \frac{Z-scored\ Medical\ Membership\ Total}{Z-scored\ All\ Personnel\ Total}$$

Finally, the proportions were z-scored to create the Basis of Membership Business and Basis of Membership Medical variables. These variables were z-scored so they could be used when creating the composite Institutional Logics variable. This calculation was performed for each year available in the sample: 2002 to 2009. Appendix 1 provides the descriptives for both the business and medical Basis of Membership variables.

Basis of Strategy Calculations. In order to create the Basis of Strategy score, I used the same procedure as above. First, I z-scored each measure separately and added all the Business and Medical items together. The totals were then z-scored again to create the Basis of Strategy Business and Basis of Strategy Medical variables. These variables were z-scored to facilitate the creation of the composite Institutional Logics variable. The table below lists each measure and value used in these calculations. This calculation was performed for each year available in the sample: 2002 to 2009. Appendix 2 has the descriptives for both the business and medical Basis of Strategy variables.

Table 10: Basis of Strategy Calculation Example

Logic	Measures	Z-scored Value
Business	Ambulance Services	-0.43
	Bassinets set-up and Staffed	0.60
	Birthing Room	0.69
	Contract with Employees	4.76
	Equity Model	0.36
	Management Services	-0.05
	Formal Contract with HMO	0.55
	Formal Contract with PPO	6.32
	Fee for Service	0.53
	JCAHO Accreditation	-0.34
	Contract Management	0.73
	MRI	-0.27
	CT Scanner	1.52
	Neonatal ICU	0.24
	Operating Rooms	0.43
	Urgent Care	-0.56
	TOTAL	8.52
Medical	Assess Unmet Needs	0.53
	Community Outreach	0.83
	Track Health Info	0.56
	ER	0.29
	Enrollment Assistance Program	1.53
	Community Health Assessment	0.40
	AOA Accreditation	-0.07
	Member Teaching Council Hospital	-0.21
	Community focus on Mission Stmt	0.24
	ICU	0.62
	Psychiatric Services	2.17
	Community Benefit Activities	0.39
	Support Groups	0.97
	Teen Outreach	-0.34
	Trauma Center	-0.77
	Volunteer Services	0.56
	TOTAL	7.74

Primary and Associated Goals Calculations. In order to create the Primary and Associated Goals score, I used a similar procedure as above. First, all the visit variables were log-

transformed. Next, each variable was z-scored independently and added together. The totals were then z-scored again to create the Primary Goals Business and Primary Goals Medical variables. These variables were z-scored so they could be used in the composite Institutional Logics variable. The table below lists each measure and value used in these calculations. This calculation was performed for each year available in the sample: 2002 to 2009. Appendix 3 lists the descriptives for both the business and medical Primary Goals variables.

Table 11: Basis of Goals Calculation Example

Logic	Measures		z-scored Value
Business	Medicare inpatient visits		1.18
	Medicare outpatient visits		1.22
		TOTAL	2.40
Medical	Medicaid inpatient visits		1.30
	Medicaid outpatient visits		1.38
		TOTAL	2.68

Logics Calculations. In order to create the Business and Medical Logics score, I used a similar procedure as above. First, I added each of the three dimensions for each logic separately. Each of these values were z-scored, so they can be used to create a composite score. Each dimension is weighted equally. The final Institutional Logic variable was calculated by taking the totals and z-scoring them.

Table 12: Logics Calculations

Logic	Dimensions	Value
Business	Basis of Membership	0.03
	Basis of Strategy	2.51
	Basis of Goals	1.32
	TOTAL	
Medical	Basis of Membership	-0.03
	Basis of Strategy	1.13
	Basis of Goals	1.18
	TOTAL	2.28

As before, this calculation was performed for each year available in the sample: 2002 to 2009. Appendix 4 has the descriptives for both the business and medical logics.

Organization Orientation Toward Dominant Institutional Logic

In order to calculate the organization orientation toward the dominant institutional logic of the state, I followed two steps. First, I calculated the orientation toward the Business Institutional Logic. I calculated this variable by looking at the difference between the Business and Medical logics.

$$Business\ Orientation = Business\ Logic - Medical\ Logic$$

Second, I calculated the organization orientation toward the Medical Logic by looking at the difference between the Medical and Business logics.

$$Medical\ Orientation = Medical\ Logic - Business\ Logic$$

Alignment to the Dominant Institutional Logic

Prior research into the institutional logics in the United States health system demonstrated that the current dominant institutional logic is Business. This has been the case since the 1980s (Scott, 2000). The dominant institutional logic in the state of Texas is Business as well. However, in the state of California, the dominant institutional logic is Medical. To calculate this variable, I followed two steps. First, I calculated Texas hospitals' alignment to the Business logic. Second, I calculated California hospitals' alignment to the Medical logic. And finally, I created a single Alignment variable.

The Alignment for Texas hospitals was calculated using the Business Logic because that is the dominant logic in the state. The calculation was done by looking at the Business Logic variable for a given year and setting the maximum value to 1. This means that an alignment value of 1 will be equal to the strongest alignment toward the dominant logic in Texas.

$$Business\ Alignment = \frac{Business\ Logic}{\max\ (Business\ Logic)}$$

The Alignment for California hospitals was calculated using the Medical Logic because that is the dominant logic in the state. The calculation was done by looking at the Medical Logic variable for a given year and setting the maximum value to 1. This means that an alignment value of 1 will be equal to the strongest alignment toward the dominant logic in California.

$$Medical\ Alignment = \frac{Medical\ Logic}{\max\ (Medical\ Logic)}$$

The alignment variable, then, will vary depending on the analysis. For analyses using the entire dataset, the alignment variable will be the Business Organization Orientation variable as

described above. For analyses using only the state of Texas, the alignment variable will be the Business Organization Orientation variable as well. And finally, for analyses using only the state of California, the variable will be Medical Organization Orientation variable. The table below summarizes the alignment variable.

Table 13: Alignment Variable

Level of Analysis	Dominant Logic	Alignment Variable
United States	Business	Business
Texas	Business	Business
California	Medical	Medical

Dependent Variables

CEO Change

For each hospital in the sample, I used the SK&A data to determine if they had experienced a change in CEO. This dataset starts in the year 2004, so the first year that a change could be observed is the year 2005. Organizations with a change were coded 1. Organizations without a change were coded 0.

Table 14: Number of Organizations with CEO Change Per Year

	Change	Percent
2005	77	11.8
2006	70	10.8
2007	70	10.8
2008	55	8.4
2009	62	9.5

Change toward Better Alignment

The change in the organization's alignment toward the dominant institutional logic was created by comparing the current alignment with the previous year. The dataset used to calculate this measure starts in the year 2002; therefore the first year that change could be observed is 2003. Positive numbers indicate change toward strengthening the logic, while negative numbers indicate a weakening of the logic. The Alignment Change variable was calculated in two steps. First, hospitals in Texas were calculated. Second, hospitals in California were calculated.

The Alignment Change for Texas hospitals was calculated using the Business Logic because that is the dominant logic in the state. The calculation was done by looking at the difference between the Alignment variable for the current year and the next year. As numbers become larger, the Alignment toward the Business logic becomes stronger.

$$Business\ Alignment\ Change_n = Business\ Alignment_n - Business\ Alignment_{n-1}$$

The Alignment Change for California hospitals was calculated using the Medical Logic because that is the dominant logic in the state. The calculation was done by looking at the difference between the Alignment variable for the current year and the next year. As numbers become larger, the Alignment toward the Medical logic becomes stronger.

$$Medical\ Alignment\ Change_n = Medical\ Alignment_n - Medical\ Alignment_{n-1}$$

The ranges and average for the change are listed in the table below.

Table 15: Logic Change Ranges

	2003	2004	2005	2006	2007	2008	2009
min	-1.24	-0.22	-1	-0.89	-1	-1.07	-0.95
max	1.62	0.97	0.98	1.02	1	1.1	0.07
avg.	-0.006	0.0087	-0.0057	-0.0007	0.003	-0.001	-0.0031

Performance Change

The health services literature has identified several different ways to measure hospital performance which range from medical indicators such as mortality and infection rates (Shih, 2017) to financial indicators such as capitation and EVA (Werner & Bradlow, 2006). In addition, there are measures created by third parties, such as Medicare's hospital compare (Ehreth, n.d.) which aims to collect quality data. The literature has identified several distinct operational indicators that each reflect different hospital behaviors that are important for analysis (Gapenski, 2011).

The most relevant measure for this analysis is an efficiency indicator. Because most of a hospital's costs are fixed, the more efficient use of their assets (in this case hospital beds), the greater the performance (Gapenski, 2011). Furthermore, these assets cannot be efficiently utilized without the right medical staff providing the care needed to discharge patients. While there are measures that could quantify medical and financial performance separately, efficiency measures combine two of the most important assets for a hospital in terms of their medical and business capabilities: their medical staff and assets. For-profit hospitals tend to do better in measures that focus on costs only. Efficiency measures focus on how hospitals use available resources and

performance. In addition, efficiency measures vary for both for and non-profits. There are a host of efficiency measures that have been used in the health services research literature (Werner & Bradlow, 2006; Gapenski, 2011), I used the adjusted average daily census in order to capture hospital performance. This measure is calculated as shown below:

$$Adjusted\ Average\ Daily\ Census = \left(\frac{Total\ Inpatient\ and\ Acute\ Care\ Days}{365}\right) \times Adjustment\ Factor$$

where,

$$Adjustment\ Factor = \frac{Gross\ Patient\ Revenue}{Gross\ Inpatient\ Acute\ Care\ Revenue}$$

The performance measure was logged in order to correct for the skewness in the data.

The dataset used to calculate this measure starts in the year 2002; therefore, the first year that change could be observed is 2003. Change is measured by looking at the difference between the current year and the previous year.

$$Performance\ Change_n = Performance_n - Performance_{n-1}$$

Moderating Variables

CEO Origin

I looked at the history of the new CEOs to determine if they were insiders or outsiders to the dominant logic of an organization. I used archival methods including searching LinkedIn, LexisNexis, and the Wayback Machine. This data was collected for all organizations that had a

CEO change from 2005 to 2009. There were insider CEOs who come from the same organization and therefore have the same logics. There were outsider CEOs who come from outside the organization but share the same institutional logic. And last, there were outsider CEOs who come from outside the organization and do not have the same logic.

Insider CEOs that come from the same organization and share the same institutional logic were coded 1. Outsider CEOs that come from a different organization but share the same dominant institutional logic of their new organization were coded 2. Outsider CEOs that come from a different organization and do not share the same dominant institutional logic as their new organization and were coded as 3.

Table 16: New CEO Origin by Year

	2005	2006	2007	2008	2009
Insider/Insider Logics	28	25	34	28	23
Outsider/Insider Logics	47	45	33	26	37
Outsider/Outsider Logics	2	3	3	1	2

Top Management Team Size

The SK&A dataset includes information on Top Management Team members. This dataset includes a standardized list of titles, so people performing the same function are all coded the same. Most hospitals in the sample have at least a CEO, a Chief Medical Officer (CMO), and a Chief Financial Officer (CFO). They also have a Chief Information Officer (CIO), a Chief Operations Officer (COO), an Administrator, a Controller, and a President. The only TMT member with a medical background is the CMO, and it was used as a control. Team sizes ranged from 1 to 7.

Table 17: Number of Hospitals by Team Size per Year

Team Size	2004	2005	2006	2007	2008	2009
1	3	3	5	10	8	11
2	40	43	48	58	80	74
3	142	146	156	186	192	177
4	178	194	199	191	177	176
5	181	179	176	147	140	161
6	100	83	64	55	53	51
7	7	3	3	4	1	1

Control Variables

City Size

Hospitals in larger cities could have access to more resources in order to hire more employees and offer more services. Furthermore, hospitals outside of cities often face different challenges (Bolin et al., 2015). In order to control for potential effects due to city size, this measure coded as 1 any city ranked in the top 100 major cities in the United States, and coded as 0 those not on the list.

Hospital Size

I used number of beds in a hospital in order to control for potential effects due to size. The healthcare services literature uses hospital beds as a way to measure organizational size (Pfeffer & Salancik, 1978). The dataset had a continuous measure for the number of beds. The breakdown is presented in the table below.

Table 18: Hospital Size Category Per Year

	2002	2003	2004	2005	2006	2007	2008	2009
6-24 beds	59	58	65	62	65	66	69	73
25-49 beds	126	126	117	125	123	119	119	124
50-99 beds	99	99	99	92	90	90	89	77
100-199 beds	160	155	154	156	153	155	149	148
200 - 299 beds	93	96	97	94	101	97	100	99
300 - 399 beds	58	62	65	71	60	64	59	65
400 - 499 beds	26	22	21	21	28	28	33	36
500 or more beds	30	33	33	30	31	32	33	29

Ownership

Hospitals can be incorporated as for-profit or non-profit entities. This difference could account for differences in their strategy or behavior (Sloan, 2000). In order to control for potential effects due to ownership, I controlled for ownership throughout the analysis. For-profit organizations were coded 0, and non-profit organizations were coded 1.

Table 19: Hospital Ownership Per Year

	2002	2003	2004	2005	2006	2007	2008	2009
Non-Profit	491	489	486	489	489	486	487	479
For-Profit	160	162	165	162	162	165	164	164

Authority

This dataset also includes information on how a hospital is governed. Not-for-profit hospitals, for instance, could be controlled by a government or a church. Partnerships or corporations could control for-profit hospitals. Prior research has demonstrated that hospital

governance could influence organizational outcomes such as quality of care (Jha & Epstein, 2010). To that end, I controlled for governance in all analyses.

Table 20: Hospital Authority Per Year

	Code	2002	2003	2004	2005	2006	2007	2008	2009
State Government	1	8	7	8	7	8	8	8	8
County Government	2	28	29	30	29	28	28	28	28
City Government	3	4	4	3	3	4	3	4	4
City-County Government	4	5	4	2	2	2	2	3	4
Hospital District	5	148	149	148	146	148	145	144	146
Church	6	77	80	75	75	74	73	74	70
Other non-profit	7	221	216	219	227	225	227	226	226
Individual Investor	8	3	3	3	2	2	2	2	3
Partnership Investors	9	59	58	61	58	62	66	66	66
Corporation Investors	10	98	101	101	102	98	97	96	96

Year Founded

In order to control for the potential effects of the founding context, including the potential founding institutional logic, I controlled for year founded.

Critical Access Hospital

Critical Access Hospital is a designation given to hospitals by the Centers for Medicaid and Medicare Services. Hospitals with this designation must meet several requirements, including being located in a rural area and at least 35 miles away from another hospital. Hospitals with this designation receive a number of benefits, including cost-based reimbursements from Medicare (RHIhub, 2018). This measure did not change during the time period of this analysis. There were

98 hospitals in the sample that had this designation. Hospitals with this designation were coded 1, and those without were coded 0.

Sole Community Providers

Sole Community Provider is a designation given to hospitals by the Centers for Medicaid and Medicare Services. It is given to hospitals that, "by reason of factors such as isolated location, weather conditions, travel conditions, or absence of other hospitals, is the sole source of inpatient hospital services reasonably available in a geographic area to Medicare beneficiaries" (Thomas, 2018). Hospitals with this designation were coded 1, and those without were coded 0.

System Membership

Hospitals who were members of a health system were coded 1, and those who were not were coded 0. This measure did not change during the time period of this analysis. There were 321 hospitals that were members of health systems.

Succession Plan

In order to control for planned CEO departures, I used a measure in the dataset which indicated if hospitals had leadership succession plans. Hospitals that engage in leadership succession planning were coded 1. Those that did not were coded 0.

Leadership Development

In order to control for whether a hospital had an internal pool of candidates for CEO recruitments, I used a measure in the dataset which indicated if hospitals had a leadership

development program. Hospitals that engage in leadership development were coded 1. Those that did not were coded 0.

CEO is Doctor

A CEO's functional background has been shown to influence their power (Finkelstein, 1992). Professional experience includes being a medical or administrative professional, as well as understanding the kind of organization an individual worked in previously. Reay and Hinings (2009) demonstrated the importance of professional affiliation. CEOs with a medical education were coded 1 and those without were coded 0. There were very few CEOs that had a medical education, as depicted in the table below.

Table 21: Number of CEOs with a Medical Education Per Year

	2004	**2005**	**2006**	**2007**	**2008**	**2009**
No	615	612	613	606	625	618
Yes	12	15	13	19	19	18

Have Chief Medical Officer

Chief Medical Officers (CMOs) are the senior executives charged with providing clinical oversight in a hospital. In an executive team, CMOs represent the medical logic. Therefore, it is important to control if the CEO has the influence of a CMO. Hospitals with a CMO onboard were coded as 1. Hospitals without a CMO were coded as 0.

Percentage of Doctors in Top Management Team

I controlled for the number of doctors in a top management team, to capture the influence team members associated with a Medical Logic may have on a CEO. This was a continuous variable.

Previous Performance

Prior performance plays and important role in CEO replacement (Chen & Hambrick, 2012) and CEO power (Daily & Johnson, 1997). Therefore, it is important to account for prior performance. In this dissertation, I used the prior year's performance as a control.

Year

Since the model is tested over time, I used year to control for potential effects due to time using dummy variables for each year in the analysis.

ANALYSIS AND RESULTS

In order to test each of the hypotheses proposed, I looked at the sample of 651 hospitals from Texas and California.

Table 22 includes a summary of all hypotheses with their respective variables and scales.

Table 22: Summary of Hypotheses, Variables, and Operationalization

Hypothesis	Variables	Operationalization
Organization orientation alignment H1: Alignment drives the relationship between a change in institutional logics and a change in CEO.	IV: Alignment	IV: Alignment Continuous with 1 = Alignment

Hospitals with an orientation less aligned with the institutional logic of the local area (the state) will be more likely to change their CEO.	DV: CEO change	DV: CEO change 0 = No change 1 = Change
Organization orientation and CEO change H2: A change in CEO will lead to a change in the organization's orientation toward a business institutional logic with hospitals that are most misaligned demonstrating greatest change.	IV: CEO change DV: Alignment Change	IV: CEO change 0 = No change 1 = Change DV: Alignment change
The role of CEO Origin H3: CEO insider/outsider origin moderates the relationship between CEO change in the organization's orientation toward the business institutional logic.	IV: CEO change DV: Alignment Change MOD: Insider/Outsider Origin	IV: CEO change 0 = No change 1 = Change DV: Alignment change MOD: Insider/Outsider Origin 1 = Insider 2 = Outsider/Insider Logics 3 = Outsider/Outsider Logics
The role of TMT size H4: TMT size moderates the relationship between CEO change and change in the organization's orientation toward the business institutional logic, with the relationship weaker for a CEO with a large team.	IV: CEO change DV: Alignment Change MOD: TMT size	IV: CEO change in 2006 0 = No change 1 = Change DV: Alignment change MOD: TMT size
Organization Orientation and Performance H5: A change in organization's orientation toward the dominant institutional logic (better alignment) will lead to improved performance.	IV: Alignment Change DV: Performance	DV: Alignment change DV: Performance Linear = Efficiency

Model and Timeline

The time period considered for this study is 2004 to 2008. Hospital information is available from 2002 to 2009. This makes it possible to measure institutional logics starting in 2002, and institutional logics change starting in 2003. CEO information is available from 2004 to 2009. This makes it possible to measure CEO change starting in 2005.

Most of the variables used in this analysis are time-dependent, including controls. There are only three measures that do not change over time. They are year founded, critical access hospital designation, and large city ranking. The main model tested is depicted in the figure below. Additional models were tested as robustness checks and are discussed later in this chapter.

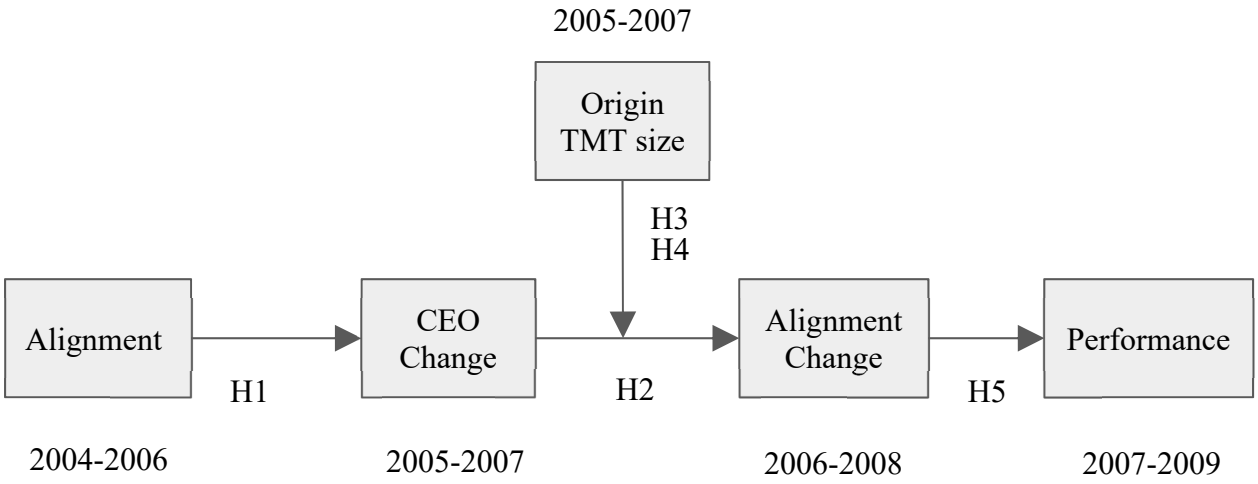

Figure 4. Model 1 and Timeline

Descriptive Statistics and T-Tests

The descriptive for the dataset used in the analysis are presented below. First, I will present the table of descriptive statistics. Second, I will include a correlations table. And last, I will discuss t-tests conducted to determine if there was a difference between the states of Texas and California.

Descriptive Statistics

The descriptive statistics presented in the Table below show the entire data set, which includes data from 2002 to 2009. As mentioned before, CEO-related variables in the dataset start in the year 2004, and CEO Change variables start in the year 2005. For instance, the CEO Change and Origin variables are expected to have only five years of data, or 3,255 observations. Alignment Change and Performance Change data starts in the year 2003 and is expected to have 4,557 observations.

Table 23: Descriptive Statistics for All Data

		Mean	Std. Deviation	N
1	Alignment	0.01	0.13	5208
2	CEO Change	0.1	0.30	3255
3	Alignment Change	-0.07	0.17	4557
4	Origin	0	0.99	3255
5	TMT Size	4.01	1.18	3906
6	Performance Change	0.05	0.13	4557
7	Performance	2.00	0.52	5208
8	Authority	22.95	6.41	5208
9	Ownership	0.25	0.43	5208
10	Beds	174.34	173.07	5208
11	Sole Community Provider	0.13	0.33	5208
12	System Membership	0.62	0.48	5208
13	Critical Access Hospital	0.15	0.35	5208
14	City Size	0.24	0.42	5208
15	Year Founded	1944.31	39.75	5208
16	Year	4.50	2.29	5208
17	Leadership Development	0.64	0.47	3906
18	Succession Planning	0.61	0.48	3006
19	CEO is Doctor	0.02	0.15	3906
20	Have CMO	0.93	0.26	3906
21	Percentage of Doctors in TMT	0.28	0.12	3906

Correlation Table

Table 24: Correlation Table for All Data

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
2	0.02																			
3	.48**	0.00																		
4	0.02	.75**	0.01																	
5	0.01	0.03	0.01	0.03																
6	0.01	-0.02	0.01	-0.03	0.00															
7	0.03	-0.01	-0.01	0.00	.48**	.13**														
8	0.00	.10**	-0.01	.12**	.13**	-0.02	.11**													
9	0.02	.14**	-0.01	.15**	.08**	-0.03	-0.03	.87**												
10	0.01	-0.01	0.00	-0.02	.38**	0.02	.78**	.05**	-.03**											
11	0.02	-0.01	0.01	-0.01	-.21**	0.00	-.35**	-.22**	-.14**	-.29**										
12	0.01	0.02	0.00	.04*	.13**	0.01	.32**	.42**	.25**	.21**	-.23**									
13	0.00	-.03*	0.01	-.04*	-.33**	0.02	-.56**	-.30**	-.18**	-.35**	.37**	-.31**								
14	0.00	0.02	0.00	0.02	.15**	-0.01	.37**	.22**	.16**	.43**	-.21**	.22**	-.23**							
15	.02*	.03*	-0.01	.03*	-0.02	0.00	-.09**	.11**	.12**	-.13**	-0.01	.04**	0.00	-.11**						
16	0.01	-0.03	0.00	-0.02	-.13**	0.01	0.02	0.01	0.00	0.01	0.01	-0.02	0.00	0.00	0.00					
17	0.03	-0.01	0.01	-0.02	.13**	0.00	.16**	0.03	-.05**	.18**	-0.03	.20**	-.08**	0.03	0.00	.06**				
18	.07**	-0.01	0.01	0.01	.14**	0.02	.29**	.17**	.05**	.20**	-.13**	.29**	-.16**	.11**	0.00	.19**	.43**			
19	0.00	0.00	0.00	-0.01	.05**	-0.01	.08**	0.00	0.00	.10**	-.06**	-.07**	-.06**	.03*	0.01	0.02	0.03	0.02		
20	0.02	.06**	0.01	.04*	.12**	0.00	-0.02	-.06**	-.06**	-.05**	.03*	0.01	0.00	-.08**	-0.03	-.03*	-0.02	0.02	-.08**	
21	-0.02	-.03*	0.00	-0.03	-.78**	0.01	-.31**	-.08**	-.03*	-.19**	.13**	-.09**	.23**	-.07**	0.01	.12**	-.09**	-.11**	.21**	-.16**

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

T-test

An independent-samples t-test was run to determine if there were differences in the Alignment, TMT Size, CEO Change, Origin and Alignment Change variables between the states of Texas and California. Data are mean ± standard deviation, unless otherwise stated. There were 324 Texas hospitals and 327 California hospitals. Alignment was stronger in Texas (0.01 ± 0.09) than California (0.01 ± 0.16). TMT Size was smaller in Texas (3.85 ± 1.23) than California (4.17 ± 1.11). CEO Change was less prevalent in Texas (0.10 ± 0.29) than California (0.11 ± 0.32). Origin values were z-scored, with negative values representing Insider origin, and positive values representing outsider origin with insider logics or outsider origin with outsider logics. Insider Origin was more prevalent in Texas (-0.01 ± 0.98) than California (0.01 ± 1.01). Alignment Change was smaller in Texas (-0.01 ± 0.10) than California (-0.008 ± 0.21). There was a difference in variance for the Alignment, TMT Size, CEO Change, and Alignment Change variables for Texas and California as assessed by Levene's test for equality of variances ($p < 0.01$). There was no difference in variance for the Origin variable ($p = 0.13$).

Hypothesis 1

The relationship suggested in Hypothesis 1 is between Alignment, which is a continuous measure, and CEO Change, which is a dichotomous measure. The correlation and descriptive statistics tables for the variables used in Hypothesis 1 are presented in Appendix 5. The analysis was conducted in two different ways. Because the hypotheses suggested changes based on State-level alignment, each state was analyzed separately. In order to control for potential CEO changes due to organizational performance, I controlled for prior year performance. To control for planned

CEO changes, I controlled for hospitals with a succession plan and leadership development programs. Because this model tested three years of data together, I also controlled for year.

Texas

A binomial logistic regression was performed to ascertain the effects of alignment on the likelihood that hospitals change CEOs. The alignment variable used in this analysis is Business Logic, as indicated in Table 13. The logistic regression model was statistically significant, χ^2 (16) = 62.86, $p < 0.05$. The model explained 13.30% (Nagelkerke R^2) of the variance in CEO change and correctly classified 88.90% of cases. Sensitivity was 5.00%, specificity was 99.00%, positive predictive value was 11.88% and negative predictive value was 33.00%. The predictor variable was statistically significant ($\beta = -4.67$, $p < 0.01$). Decreasing alignment was associated with an increased likelihood of changing CEOs. The results are displayed in Table 25.

California

A binomial logistic regression was performed to ascertain the effects of alignment on the likelihood that hospitals change CEOs. The alignment variable used in this analysis is Medical Logic, as indicated in Table 13. The logistic regression model was statistically significant, $\chi2(16) = 49.18$, $p < 0.01$. The model explained 16.70% (Nagelkerke R^2) of the variance in CEO change and correctly classified 88.90% of cases. Sensitivity was 11.05%, specificity was 99.00%, positive predictive value was 11.88% and negative predictive value was 33%. The predictor variable was not statistically significant. The results are displayed in Table 26.

Table 25: Hypothesis 1 – Binomial Logistic Regression, Texas

DV: CEO Change	**Control**	**Texas**
Performance	-0.05 (0.35)	0.06 (0.35)
Authority	0.05 (0.05)	0.05 (0.05)
Beds	0 (0.01)	0 (0.01)
Leadership Development	0.23 (0.31)	0.27 (0.32)
CEO is Doctor	-0.27 (1.44)	-0.07 (1.41)
CMO	1.10 (0.61)*	1.08 (0.61)*
Succession Planning	0.38 (0.24)	0.39 (0.25)
Percentage of Doctors in TMT	0.12 (0.77)	-0.06 (0.77)
Ownership	0.64 (0.62)	0.67 (0.62)
Sole Community Provider	0.24 (0.31)	0.27 (0.31)
System Membership	-0.05 (0.31)	0.04 (0.31)
Critical Access Hospital	-0.0 (0.39)	-0.05 (0.40)
City Size	-0.25 (0.31)	-0.19 (0.32)
Year Founded	0 (0.02)	0.01 (0.02)
Year	-0.25 (0.13)*	-0.28 (0.14)
Alignment		-4.67 (1.46)***
Constant	(5.12)	(5.16)
N	972	972
R^2	0.10	0.13
ΔR^2		0.02

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Table 26: Hypothesis 1 – Binomial Logistic Regression, California

DV: CEO Change	**Control**	**California**
Performance	0.59 (0.84)	0.55 (0.84)
Authority	-0.14 (0.04)*	-0.14 (0.04)*
Beds	-0.01 (0.02)	-0.01 (0.02)
Leadership Development	-0.13 (0.37)	-0.12 (0.37)
CEO is Doctor	-19.87 (1026.19)	-19.88 (1024.34)
CMO	-0.30 (0.67)	-0.25 (0.67)
Succession Planning	-0.63 (0.33)	-0.63 (0.33)
Percentage of Doctors in TMT	0.05 (0.97)	0.04 (0.97)
Ownership	3.21 (0.70)**	3.24 (0.70)**
Sole Community Provider	-0.20 (0.53)	-0.16 (0.53)
System Membership	0.05 (0.36)	0.06 (0.36)
Critical Access Hospital	-0.20 (0.61)	-0.23 (0.61)
City Size	-0.66 (0.38)	-0.68 (0.39)
Year Founded	0.09 (0.05)	0.01 (0.01)
Year	0.09 (0.17)	0.09 (0.17)
Alignment		1.33 (1.27)
Constant	(10.07)	(10.06)
N	981	981
R^2	0.16	0.16
ΔR^2		0.003

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Hypothesis 2

The relationship proposed in Hypothesis 2 is between CEO Change (a dichotomous variable) and Alignment Change (a continuous variable). In order to test this relationship, I ran a regression analysis using all data in the sample. In addition, given that the organization alignment variable is measuring change, there was a need to use lag effects. Appendix 6 has descriptive statistics and correlations for the variables used in this analysis. This analysis was conducted in each state separately and using the same controls as in Hypothesis 1.

Texas

A linear regression was run to predict Change in Alignment to the Business Logic from CEO change in the state of Texas, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.73. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model did not statistically significantly predicted Change in Alignment to the Business Logic, $F(16,918) = 0.78$, $p = 0.70$, adj. $R^2 = 0.01$, VIF = 1.08. However, the predictor variable was not statistically significant. The results are displayed in

Table 27. Implications for this hypothesis not being supported will be discussed in Chapter 5.

California

A linear regression was run to predict Change in Alignment to the Medical Logic from CEO change in the state of Texas, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.06. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model did not statistically significantly predict Change in Organizational Alignment to the Medical Logic, $F(16,550) = 1.04$, $p = 0.41$, adj. $R^2 = 0.02$, VIF = 1.09. However, the predictor variable was not statistically significant. The results are displayed in Table 28. Implications for this hypothesis not being supported will be discussed in Chapter 5.

Table 27: Hypothesis 2 – Linear Regression, Texas

DV: Business Logic	**Control**	**Texas**
Performance	-0.08 (0.01)	-0.08 (0.01)
Critical Access Hospital	-0.01 (0.01)	-0.01 (0.01)
City Size	-0.02 (0.01)	-0.02 (0.01)
Founded	-0.05 (0)	-0.01 (0)
Authority	-0.07 (0.01)	-0.06 (0.01)
Ownership	0.06 (0.01)	0.07 (0.01)
Sole Community Provider	-0.02 (0.01)	-0.02 (0.01)
System Membership	-0.01 (0.01)	-0.01 (0.01)
Beds	0.09 (0)*	0.09 (0)*
Leadership Development	-0.02 (0.01)	-0.02 (0.01)
CEO is Doctor	-0.01 (0.03)	0 (0.03)
Succession Planning	-0.03 (0.01)	-0.03 (0.01)
Percentage of Doctors in TMT	0.01 (0.02)	0.01 (0.02)
CMO	-0.01 0.01)	0.01 (0.01)
Year	-0.01 (0.01)	-0.01 (0.01)
CEO Change		-0.05 (0.01)
Constant	(0.16)	(0.16)
N	972	972
F	0.69	0.78
R^2	0.01	0.01
Δ F		2.44
ΔR^2		0.002

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Table 28. Hypothesis 2 – Linear Regression, California

DV: Medical Logic 2006	**Control**	**California**
Performance	-0.05 (0.04)	-0.05 (0.04)
Critical Access Hospital	0.05 (0.03)	0.05 (0.03)
City Size	0.02 (0.02)	0.02 (0.02)
Founded	0.01 (0)	0.01 (0)
Authority	-0.12 (0.01)	-0.10 (0.01)
Ownership	0.05 (0.04)	0.02 (0.04)
Sole Community Provider	-0.04 (0.03)	-0.04 (0.03)
System Membership	-0.05 (0.02)	-0.05 (0.02)
Beds	0.07 (0)	0.08 (0)
Leadership Development	0.05 (0.02)	0.04 (0.02)
CEO is Doctor	-0.05 (0.07)	-0.04 (0.07)
Succession Planning	0.05 (0.02)	0.06 (0.02)
Percentage of Doctors in TMT	0.02 (0.04)	0.01 (0.04)
CMO	0.01 (0.03)	0.01 (0.03)
Year	0.03 (0.01)	0.02 (0.01)
CEO Change		0.07 (0.02)
Constant	(0.54)	(0.54)
N	981	981
F	0.93	1.04
R^2	0.02	0.02
Δ F		2.56
ΔR^2		0.004

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Hypothesis 3

The relationship suggested by Hypothesis 3 is a moderation of the relationship between CEO Change (a dichotomous variable) and Alignment Change (a continuous variable). The moderation variable of interest in Hypothesis 3 is CEO Origin, a scale variable. I ran a moderation analysis using the SPSS macro Process (Hayes, 2018). The analysis was conducted in two different ways. Because the hypotheses suggest changes based on State-level alignment, each state was analyzed separately. All analyses included variables to control for potential alignment changes due to prior performance. Then, since this data is for three years, in order to control for potential alignment changes due to time, I controlled for year.

Texas

An analysis was run to determine if new CEO Origin moderated the relationship between CEO Change and Organization Orientation Change. I used the procedures outlined by Hayes (2018) to run the analysis using the PROCESS Macros on SPSS. The moderation model was not statistically significant. The first step included the main variables and controls was discussed in Hypothesis 2. This model was not statistically significant, $F(16,918) = 0.87$, $p = 0.61$, adj. $R^2 = 0.01$. Next, the interaction term between CEO Change and CEO Origin was added to the regression model. This term did not account for a significant proportion of the variance, $\beta = -0.01$, $SE = 0.01$, $\Delta R^2 = 0.002$, $\Delta F = 2.10$, furthermore, this term was not significant ($p = 0.14$). Implications for this hypothesis not being supported will be discussed in Chapter 5.

California

An analysis was run to determine if new CEO Origin moderated the relationship between CEO Change and Alignment Change. I used the procedures outlined by Hayes (2018) to run the analysis using the PROCESS Macros on SPSS. The moderation model was not statistically significant. The first step included the main variables and controls was discussed in Hypothesis 2. This model was not statistically significant, $F(16,550) = 1.03$, $p = 0.42$, adj. $R^2 = 0.03$. Next, the interaction term between CEO Change and CEO Origin was added to the regression model. This term did not account for a significant proportion of the variance, $\beta = 0.03$, $SE = 0.02$, $\Delta R^2 = 0.003$, $\Delta F = 0.13$, furthermore, this term was not significant ($p = 0.16$). Implications for this hypothesis not being supported will be discussed in Chapter 5.

Hypothesis 4

The relationship suggested by Hypothesis 4 is a moderation of the TMT Size on the relationship between CEO Change (a dichotomous variable) and Alignment Change (a continuous variable). The moderation variable of interest in Hypothesis 4 is TMT Size, a continuous variable. I ran a moderation analysis using the SPSS macro Process (Hayes, 2018). The analysis was conducted in two different ways. Because the hypotheses suggested changes based on State-level alignment, each state was analyzed separately. All analyses included the same control variables used in Hypotheses 1,2, and 3. None of the analysis yielded significant results supporting the moderating relationship proposed in Hypothesis 4. While previous studies have indicated that TMT size can impact the representation of institutional logics (see Almandoz, 2012), this analysis found no significance.

Texas

An analysis was run to determine if new TMT Size moderated the relationship between CEO Change and Organization Orientation Change. I used the procedures outlined by Hayes (2018) to run the analysis using the PROCESS Macros on SPSS. The moderation model was not statistically significant. The first step included the main variables and controls was discussed in Hypothesis 2. This model was not statistically significant, $F(16,918) = 0.74$, $p = 0.76$, adj. $R^2 = 0.01$. Next, the interaction term between CEO Change and TMT size was added to the regression model. This term did not account for a significant proportion of the variance, $\beta = 0.28$, $SE = 0.79$, $\Delta R^2 = 0.001$, $\Delta F = 0.13$, furthermore, this term was not significant ($p = 0.71$). Implications for this hypothesis not being supported will be discussed in Chapter 5.

California

An analysis was run to determine if new TMT Size moderated the relationship between CEO Change and Alignment Change. I used the procedures outlined by Hayes (2018) to run the analysis using the PROCESS Macros on SPSS. The moderation model was not statistically significant. The first step included the main variables and controls was discussed in Hypothesis 2. This model was not statistically significant, $F(16,550) = 0.95$, $p = 0.51$, adj. $R^2 = 0.03$. Next, the interaction term between CEO Change and TMT Size was added to the regression model. This term did not account for a significant proportion of the variance, $\beta = 1.16$, $SE = 1.91$, $\Delta R^2 = 0.007$, $\Delta F = 0.37$, furthermore, this term was not significant ($p = 0.54$). Implications for this hypothesis not being supported will be discussed in Chapter 5.

Hypothesis 5

The relationship proposed in Hypothesis 5 is between Alignment Change, a continuous variable, and Performance, a continuous variable. In order to test this relationship, I ran a regression analysis. Appendix 7 has descriptives and correlations for the variables used in this analysis. The analysis was conducted using the same controls and in the same way as the previous hypotheses.

Texas

A linear regression was run to predict Performance Change from Alignment Change with the local institutional logic, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 1.95. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model statistically significantly predicted Performance, $F(16,927) = 3.18$, $p < 0.001$, adj. $R^2 = 0.03$, VIF = 1.02. The predictor variable was marginally significant ($\beta = 0.08$ $p = 0.10$). The results are displayed in Table 29.

California

A linear regression was run to predict Performance Change from Alignment Change with the local institutional logic, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the

predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.13. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model statistically significantly predicted Performance, $F(16,555) = 2.22$, $p < 0.01$, adj. $R^2 = 0.03$, VIF = 1.05. The predictor variable was not statistically significant. The results are displayed in Table 30. Implications for this hypothesis not being supported will be discussed in Chapter 5.

Table 29: Hypothesis 5 – Linear Regression, Texas

DV: Performance	**Control**	**Texas**
Performance	-0.32 (0.01)**	-0.32 (0.01)**
Critical Access Hospital	-0.02 (0.01)	-0.02 (0.01)
City Size	0.01 (0.01)	0.01 (0.01)
Founded	-0.01 (0)	-0.01 (0)
Authority	0.03 (0.01)	0.03 (0.01)
Ownership	-0.07 (0.01)	-0.07 (0.01)
Sole Community Provider	-0.07 (0.01)*	-0.07 (0.01)*
System Membership	0.09 (0.01)*	0.09 (0.01)*
Beds	0.20 (0)**	0.20 (0)**
Leadership Development	0.05 (0.01)	0.05 (0.01)
CEO is Doctor	-0.04 (0.02)	-0.04 (0.02)
Succession Planning	-0.03 (0.01)	-0.03 (0.01)
Percentage of Drs. in TMT	-0.01 (0.02)	-0.01 (0.02)
CMO	-0.04 (0.01)	-0.04 (0.01)
Year	-0.06 (0.01)*	-0.06 (0.01)*
Alignment Change		0.08 (0.03)
Constant	(0.16)	(0.16)
N	972	972
R^2	2.98	3.18
Δ F	0.03	0.03
ΔR^2		0.06
R^2		0.001

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Table 30: Hypothesis 5 – Linear Regression, California

DV: Performance	**Control**	**California**
Performance	-0.45 (0.01)**	-0.45 (0.01)**
Critical Access Hospital	-0.15 (0.01)	-0.15 (0.01)
City Size	0.01 (0.01)	0.01 (0.01)
Founded	0.05 (0)	0.05 (0)
Authority	-0.08 (0.01)	-0.08 (0.01)
Ownership	0.03 (0.01)	0.03 (0.01)
Sole Community Provider	-0.01 (0.01)	-0.01 (0.01)
System Membership	0.01 (0.01)	0.01 (0.01)
Beds	0.37 (0)**	0.37 (0)**
Leadership Development	-0.06 (0.01)	-0.06 (0.01)
CEO is Doctor	0.01 (0.03)	0.01 (0.03)
Succession Planning	0.04 (0.01)	0.04 (0.01)
Percentage of Drs. in TMT	-0.01 (0.02)	-0.01 (0.02)
CMO	-0.03 (0.01)	-0.03 (0.01)
Year	0.05 (0.01)	0.05 (0.01)
Alignment Change		0.05 (0.01)
Constant	(0.21)	(0.21)
N	981	981
R^2	2.08	2.22
Δ F	0.03	0.03
ΔR^2		0.16
R^2		0.001

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

ROBUSTNESS CHECKS

In addition to the main analysis described in the previous section, I ran three separate robustness checks. First, I investigated whether alignment to the federal-level institutional logics could be more relevant than alignment to the state. Second, I investigated whether performance could explain the change in alignment observed in Hypothesis 1. And last, I investigated whether CEO Origin would better explain Alignment Change.

The Role of Federal-Level Institutional Logics

A strength of the institutional logics approach is the ability to consider multiple levels, from the micro to the macro. This dissertation hypothesized effects based on alignment to the institutional logic to the environment. It is possible, however, that organizations are choosing to align themselves with the country instead of their state. Therefore, in addition to the model tested above, I conducted the same analysis using all data. This analysis looked at all five hypotheses. Since the country has a Business institutional logic, I used the business alignment and business alignment change variables.

Hypothesis 1

The robustness check for Hypothesis 1 involved testing the same relationships, with the same variables and controls, and during the same years. The difference is that this analysis used all data. A binomial logistic regression was performed to ascertain the effects of alignment on the likelihood that hospitals change CEOs. The alignment variable used in this analysis is Business Logic, as indicated in Table 13. The logistic regression model was statistically significant, χ^2 (16) = 75.45, $p < 0.01$. The model explained 9.90% (Nagelkerke R^2) of the variance in CEO change

and correctly classified 89.10% of cases. Sensitivity was 6.00%, specificity was 99.00%, positive predictive value was 10.00% and negative predictive value was 50%. The predictor variable was statistically significant (β = -1.04, $p < 0.05$). Decreasing alignment was associated with an increased likelihood of changing CEOs. The results are displayed in Table 31.

Table 31: Hypothesis 1 – Binomial Logistic Regression, All Data

DV: CEO Change	**Control**	**All Data**
Performance	0.26 (0.30)	0.26 (0.30)
Authority	-0.03 (0.03)	-0.04 (0.03)
Beds	0 (0.01)	0 (0.01)
Leadership Development	0.03 (0.23)	0.07 (0.23)
CEO is Doctor	-0.99 (1.18)	-0.96 (1.19)
CMO	0.68 (0.44)	0.68 (0.44)
Succession Planning	0.01 (0.19)	0.02 (0.19)
Percentage of Doctors in TMT	-0.08 (0.59)	-0.11 (0.59)
Ownership	1.81 (0.45)**	1.87 (0.45)**
Sole Community Provider	0.12 (0.26)	0.14 (0.26)
System Membership	0.03 (0.23)	0.06 (0.23)
Critical Access Hospital	-0.12 (0.32)	-0.12 (0.32)
City Size	-0.30 (0.23)	-0.31 (0.23)
Year Founded	0.01 (0.01)	0.01 (0.01)
Year	-0.13 (0.10)	-0.13 (0.10)
Alignment		-1.04 (0.45)**
Constant	(4.55)*	(4.55)*
N	1953	1953
R^2	0.09	0.99
ΔR^2		0.90

Note: All tests of variables are two-tailed. Standard errors are in parentheses.
Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Hypothesis 2

The robustness check for Hypothesis 2 involved testing the same relationships, with the same variables and controls, and during the same years. The difference is that this analysis used all data. A linear regression was run to predict Change in Organizational Alignment to the Business Logic from CEO change in the United States, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.09. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model did not statistically significantly predict Change in Organizational Alignment to the Business Logic, $F(16,1485) = 0.53$, $p = .96$, adj. $R^2 = 0.006$, VIF = 1.06. The predictor variable was also not statistically significant. The results are displayed in Table 32. Implications for this hypothesis not being supported will be discussed in Chapter 5.

Table 32: Hypothesis 2 – Linear Regression, All Data

DV: Business Logic 2006	Control	All Data
Performance	-0.01 (0.27)	-0.01 (0.01)
Critical Access Hospital	0.01 (0.01)	0.1 (0.01)
City Size	0.01 (0.01)	0.01 (0.01)
Founded	0.01 (0.01)	0.01 (0)
Authority	-0.02 (0)	-0.01 (0.01)
Ownership	0.01 (0.01)	0.01 (0.02)
Sole Community Provider	-0.01 (0.02)	-0.01 (0.01)
System Membership	-0.02 (0.01)	-0.02 (0.01)
Beds	0.02 (0.01)	0.02 (0)
Leadership Development	-0.04 (0)	-0.03 (0.01)
CEO is Doctor	-0.01 (0.01)	-0.01 (0.04)
Succession Planning	-0.02 (0.04)	-0.02 (0.01)
Percentage of Doctors in TMT	0.01 (0.01)	0.01 (0.03)
CMO	0.01 (0.03)	0.01 (0.02)
Year	-0.01 (0.02)	-0.01 (0.01)
CEO Change		-0.03 (0.01)
Constant	(0.27)	(0.27)
N	1953	1953
F	0.42	0.53
R^2	0.004	0.006
Δ F		1.95
ΔR^2		0.002

Note: All tests of variables are two-tailed. Standard errors are in parentheses.
Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

Hypothesis 3

The robustness check for Hypothesis 3 involved testing the same relationships, with the same variables and controls, and during the same years. The difference is that this analysis used all data. An analysis was run to determine if new CEO Origin moderated the relationship between CEO Change and Alignment Change. I used the procedures outlined by Hayes (2018) to run the

analysis using the PROCESS Macros on SPSS. The moderation model was not statistically significant. The first step included the main variables and controls was discussed in Robustness Checks Hypothesis 2. This model was not statistically significant, $F(16,1485) = 0.48$, $p = .96$, adj. $R^2 = 0.05$. Next, the interaction term between CEO Change and CEO Origin was added to the regression model. This term did not account for a significant proportion of the variance, $\beta = -0.05$, $SE = 0.01$, $\Delta R^2 = 0.001$, $\Delta F = 0.14$, furthermore, this term was not significant ($p = 0.69$). Implications for this hypothesis not being supported will be discussed in Chapter 5.

Hypothesis 4

The robustness check for Hypothesis 4 involved testing the same relationships, with the same variables and controls, and during the same years. The difference is that this analysis used all data. An analysis was run to determine if new TMT Size moderated the relationship between CEO Change and Alignment Change. I used the procedures outlined by Hayes (2018) to run the analysis using the PROCESS Macros on SPSS. The moderation model was not statistically significant. The first step included the main variables and controls was discussed in Robustness Checks Hypothesis 2, Model 2. This model was statistically significant, $F(16,1485) = 0.47$, $p = .97$, adj. $R^2 = 0.006$. Next, the interaction term between CEO Change and TMT Size was added to the regression model. This term did not account for a significant proportion of the variance, $\beta = 0.48$, $SE = 1.20$, $\Delta R^2 = 0.001$, $\Delta F = 0.16$, furthermore, this term was not significant ($p = 0.68$). Implications for this hypothesis not being supported will be discussed in Chapter 5.

Hypothesis 5

The robustness check for Hypothesis 5 involved testing the same relationships, with the same variables and controls, and during the same years. The difference is that this analysis used

all data. A linear regression was run to predict Performance Change from Alignment Change with the US institutional logic, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 1.99. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model statistically significantly predicted Performance, $F(16,1499) = 3.29$, $p < 0.01$, adj. $R^2 = 0.02$, VIF = 1.04. The predictor variable was marginally significant ($\beta = 0.01$ $p = 0.10$).

Table 33: Hypothesis 5 – Linear Regression, All Data

DV: Performance 2007	**Control**	**All Data**
Performance	-0.31 (0.01)**	-0.31 (0.01)**
Critical Access Hospital	-0.05 (0.01)	-0.05 (0.01)
City Size	0.01 (0.01)	0.01 (0.01)
Founded	-0.01 (0)	-0.01 (0)
Authority	0.01 (0.01)	0.01 (0.01)
Ownership	-0.05 (0.01)	-0.05 (0.01)
Sole Community Provider	-0.06 (0.01)*	-0.06 (0.01)*
System Membership	0.06 (0.01)	0.06 (0.01)
Beds	0.20 (0)**	0.20 (0)**
Leadership Development	0.01 (0.01)	0.01 (0.01)
CEO is Doctor	-0.02 (0.02)	-0.02 (0.02)
Succession Planning	-0.01 (0.01)	-0.01 (0.01)
Percentage of Drs. in TMT	-0.01 (0.01)	-0.01 (0.01)
CMO	-0.03 (0.01)	-0.03 (0.01)
Year	-0.03 (0.01)	-0.03 (0.01)
Alignment Change		0.01 (0.01)
Constant	0.12 (0.13)	0.12 (0.13)
N	1953	1953
R^2	3.29	3.52
Δ F	0.02	0.02
ΔR^2		0.002

Note: All tests of variables are two-tailed. Standard errors are in parentheses. Beta coefficients are standardized.
* p<0.1; ** p<0.05; *** p<0.01

The Role of Performance

The first hypothesis suggested that misalignment between the organizational logics and the immediate environment's logic can lead to a change in CEO. However, it is also possible that a change in CEO is a result of poor performance. In order to test that idea, I ran the Hypothesis 1 analysis and robustness check using Performance as the DV instead of Alignment. The analysis used almost all the same controls as Hypothesis 1. The only change was that Performance was used as a control in the main analysis and robustness check, whereas it was now used as the DV. Alignment was dropped from the analysis altogether. The analysis used the same data as Hypothesis 1.

Texas

A binomial logistic regression was performed to ascertain the effects of performance on the likelihood that hospitals change CEOs. The logistic regression model was statistically significant, $\chi 2(15) = 68.11$, $p < .005$. The model explained 9% (Nagelkerke R^2) of the variance in CEO change and correctly classified 89.1% of cases. The predictor variable was not statistically significant ($p = 0.839$).

California

A binomial logistic regression was performed to ascertain the effects of performance on the likelihood that hospitals change CEOs. The logistic regression model was statistically significant, $\chi 2(15) = 51.52$, $p < 0.01$. The model explained 10.10% (Nagelkerke R^2) of the variance in CEO change and correctly classified 89.1% of cases. The predictor variable was not statistically significant ($p = 0.87$).

All Data

A binomial logistic regression was performed to ascertain the effects of performance on the likelihood that hospitals change CEOs. The logistic regression model was statistically significant, $\chi 2(15) = 48.87$, $p < 0.01$. The model explained 16.40% (Nagelkerke R^2) of the variance in CEO change and correctly classified 88.90% of cases. The predictor variable was not statistically significant ($p = 0.61$).

The Role of CEO Origin

The second hypothesis suggested that CEO Change can lead to a change in alignment to the dominant logic of the state was not significant. However, it is also possible that a change in alignment is a direct effect of the Origin of a CEO instead of a boundary condition. In order to test that idea, I ran the Hypothesis 2 analysis and robustness check using Origin as the DV instead of CEO Change. The analysis used all the same controls as Hypothesis 2. CEO Change was dropped from the analysis altogether. The analysis used the same data as Hypothesis 2.

Texas

A linear regression was run to predict Change in Alignment to the Business Logic from CEO Origin in the state of Texas, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.36. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed

by a Q-Q Plot. The multiple regression model did not statistically significantly predict Change in Alignment to the Business Logic, $F(16,918) = 0.71$, $p = 0.77$, adj. $R^2 = 0.01$, VIF = 1.08. However, the predictor variable was not statistically significant ($p = .23$).

California

A linear regression was run to predict Change in Alignment to the Medical Logic from CEO Origin in the state of California, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.10. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed by a Q-Q Plot. The multiple regression model did not statistically significantly predict Change in Alignment to the Business Logic, $F(16,550) = 1.05$, $p = 0.40$, adj. $R^2 = 0.01$, VIF = 1.09. However, the predictor variable was not statistically significant ($p = .11$).

All Data

A linear regression was run to predict Change in Alignment to the Business Logic from CEO Origin in the United States, controlling for prior performance among other things. There was linearity as assessed by partial regression plots and a plot of studentized residuals against the predicted values. There was independence of residuals, as assessed by a Durbin-Watson statistic of 2.34. There was homoscedasticity, as assessed by visual inspection of a plot of studentized residuals versus unstandardized predicted values. There was no evidence of multicollinearity, as assessed by tolerance values greater than 0.1. The assumption of normality was met, as assessed

by a Q-Q Plot. The multiple regression model did not statistically significantly predict Change in Alignment to the Business Logic, $F(16,1485) = 0.50$, $p = 0.94$, adj. $R^2 = 0.01$, VIF = 1.06. However, the predictor variable was not statistically significant ($p = .24$).

SUMMARY OF FINDINGS

In order to assess the results of all three models, the table below presents a summary of findings for the main analysis and for the robustness check using all data.

Table 34: Summary of Findings

		Texas	California	All Data
Hypothesis 1	Model	$\chi2(16) = 62.86$ $p < 0.01$	$\chi2(16) = 49.18$ $p < 0.01$	$\chi2(16) = 75.45$ $p < 0.01$
	Predictor Variable	Significant $\beta = -4.67$ $p < 0.01$	Not Significant $\beta = 1.33$ $p = 0.29$	Significant $\beta = -1.04$ $p < 0.05$
Hypothesis 2	Model	$F(16,918) = 0.78$ $p = 0.70$	$F(16,550) = 1.04$ $p = 0.41$	$F(16,1485) = 0.53$ $p = 0.96$
	Predictor Variable	Not Significant $\beta = -0.05$ $p = 0.11$	Not Significant $\beta = 0.07$ $p = 0.11$	Not Significant $\beta = -0.03$ $p = 0.11$
Hypothesis 3	Interaction Term	Not Significant $\beta = -0.01$ $p = 0.14$	Not Significant $\beta =0.33$ $p = 0.69$	Significant $\beta = -0.05$ $p = 0.16$
Hypothesis 4	Interaction Term	Not Significant $\beta = -028$ $p = 0.71$	Not Significant $\beta =1.16$ $p = 0.54$	Not Significant $\beta = 0.48$ $p = .68$
Hypothesis 5	Model	$F(16,927) = 3.18$ $p < 0.01$	$F(16,555) = 2.22$ $p < 0.01$	$F(16,1499) = 3.29$ $p < 0.01$
	Predictor Variable	Marginally Significant $\beta = 0.08$ $p = 0.10$	Not Significant $\beta = 0.05$ $p = 0.60$	Marginally Significant $\beta = 0.01$ $p = 0.10$

CHAPTER FIVE: GENERAL DISCUSSION

This dissertation examined the relationship between a change in CEO and a change in an organization's orientation toward the dominant institutional logic. Drawing from the CEO literature (e.g., Boeker, 1989; Harris & Helfat, 1997; Zhang & Rajagopalan, 2003) and building on the theory of institutional logics (e.g., Besharov & Smith, 2014; Thornton et al., 2012; Thornton & Ocasio, 1999), I argued that misalignment between the organizational and state logics will lead to a change in CEO, and that a change in CEO would in turn change the alignment of the organization's logics with the state. I also argued that improved alignment will lead to better organizational performance. Below is a discussion of the empirical results, then how empirical support for two direct relationships and the lack of empirical evidence for one direct relationship as well as the moderating relationships contribute to management theory and practice. Most importantly, I will suggest avenues for further research.

RESULTS DISCUSSION

Organizations exist in complicated institutional environments. This dissertation examined the United States healthcare field, which has been moving away from a medical institutional logic and toward a business logic, while different states simultaneously try to resist or embrace that change. Therefore, hospitals in the United States must reconcile the competing pressures of their immediate location (the state) and the federal level. I hypothesized that alignment with the State would have an impact, yet organizations could also be impacted by the federal level. So, I tested the hypotheses at the state level as part of my main analysis, and at the federal level as part of my robustness checks.

The empirical results presented in the main analysis of Chapter 4 show support for the direct relationships suggested by Hypotheses 1 and 5 in the state of Texas but not in California. The analysis conducted in the state of California showed no support for any hypothesis. The moderating relationships were not significant in any analysis in Texas or California. In order to determine if misalignment was more relevant at the federal level, I ran as a robustness check the same analysis using all data. The empirical results showed support for hypotheses 1 and 5, as in the results for the state of Texas.

Hypothesis 1, which suggested that misalignment will lead to a change in CEO, was significant in the state of Texas as well as the whole country. This suggests that misalignment is important not in the immediate context as suggested by contingency theory arguments, but at the federal level. This insight is possible due to the nature of institutional logics research, which allow researchers to consider multiple levels of analysis. Furthermore, a robustness check examining whether performance could be the driver for CEO change was not significant. Meaning that performance did not predict a change in CEO. Taken together, the main analysis of Hypothesis 1 as well as the two robustness checks indicate support for this relationship.

Hypothesis 2, which suggested that a change in CEO will lead to a change in alignment, was not significant in any analysis. Not only were the predictor variables not significant, the models themselves were not significant either. Similarly, the moderating relationships associated with Hypothesis 2 were not significant in the main analysis in Texas and California. The lack of support was extended to the robustness check which tested these relationships at the federal level. Given that the direct relationship in Hypothesis 2 was not supported, the moderating relationships suggested in Hypotheses 3 and 4 were not expected to be significant. A robustness check testing

whether CEO origin would be a better predictor of Alignment Change was also found to not be significant.

A possible explanation for the lack of support for Hypotheses 2, 3, and 4 is in the data itself. CEO change was a relatively rare occurrence over the years of this study. Hypothesis 2 tests whether a change in CEO in the years 2005, 2006, and 2007 could influence alignment change in the years 2006, 2007, and 2008, respectively. In the years 2005 to 2007, there were 217 CEO changes while there were 1,736 hospitals without a CEO change. CEO change, over the course of three years, was only observed 11% of the time. Furthermore, CEO change on its own may not necessarily lead to alignment change. In Chapter 3, I suggested that CEO Origin could play an important role. Specifically, I suggested that logics carried by the new CEOs would increase or dampen their ability to create change, with outsider CEOs carrying outsider logics being the most effective. During the years of this analysis, there were 217 CEO changes, most of which were replaced by insiders to the organization (87, or 40%), or outsiders who carried the same logics of their new organization (125, or 57%). This means most of the CEO changes observed (97% of CEO changes) were of executives who were theorized to be unable to make change in the alignment of an organization. Only 8 CEOs (or 3% of CEO changes, or 0.4% of all observations in the analysis) were chosen who were both outsiders and were carriers of logics different that those of their new organization.

Hypothesis 5, which suggested that alignment change leads to performance change was marginally supported in the main analysis for the state of Texas, but not in California. The analysis was also marginally supported using all data in the robustness check. The statistical model for Hypothesis 5 was significant. The predictor variables were significant at $p = 0.10$, which is just beyond the $p < 0.1$ threshold of significance. These results indicated, as in the analysis in

Hypothesis 1, that the federal-level logics are relevant when discussing alignment between an organization's logics and those of their environment.

Taken together, these results suggested support for Hypothesis 1 and limited support for the direct relationships proposed in Hypothesis 5 in Texas and in the country as a whole. The lack of support for any hypothesis in the state of California, coupled with support using all data, indicated that the driver for institutional logics alignment was not the immediate environment, but rather the federal-level environment. This may be due to the fact that increasingly, hospitals are subject to regulations by the federal government and other accreditation agencies. The lack of support for Hypotheses 2, 3, and 4 may reflect the data rather than the theoretical arguments themselves.

THEORETICAL CONTRIBUTIONS

This dissertation built on the theory of institutional logics and drew from the CEO literature to argue that a misalignment between the institutional logics of an organization and its environment will lead to a change in CEO, who in turn will be able to align the organization with its environment thereby increasing performance. This means that this dissertation attempted to make contributions to each literature separately, as well as the growing intersection between these two literatures. In this section I will describe how the support and lack of support for my hypotheses contributes to these three streams of literature.

CEO and Institutional Logics Literatures

Institutional logics scholars have begun investigating the role of top management teams in the logics of an organization. The literature describes people as the carriers of logics, and argues

that they produce and reproduce the logics available to them in an environment (Thornton & Ocasio, 2008; Thornton et al., 2012). Furthermore, researchers discuss how people participate in different settings that allow them to carry the institutional logics of one environment into another, leading scholars to study how individuals impact the broader environment and their organizations (Pache & Santos, 2013; Smets et al., 2011; Thornton et al., 2012). These insights have been applied to TMT research. For example, Almandoz investigated whether the logics of founders impacted their organizations (Almandoz, 2012, 2014). In his research, he focuses on how organizations are impacted by the logics of TMT members by linking the institutional logics of the founding top management team to the performance of organizations.

This stream of research, however, does not narrow its focus to the CEO and their impact on organizations' logics. This dissertation attempted to address this gap in Hypothesis 2, which proposed a link between a CEO and the logics of the organization they lead, by suggesting that a CEO change will lead to a change in the institutional logics of the organization toward better alignment with the environment. While this hypothesis was not supported, a potential explanation for the lack of results is that of the low-rate occurrence of the dependent variable.

Even without significant results, a potential contribution of this dissertation to the institutional logics and CEO research may be in highlighting the need to understand how the institutional logics of non-founder CEOs impact their organization's institutional logics. This study hypothesized that new CEOs with outsider logics would be posed to make the most institutional logics change. These CEOs, however, made up only 3% of all CEO changes in the sample. So, the lack of results is expected. However, the question remains: could a CEO's logics impact organizational strategy and strategy-making processes in a way that would shift organizational institutional logics? This question can be further explored in future studies.

CEO Literature

CEO characteristics is the focus of a robust stream of research within the CEO literature. The CEO characteristics literature has studied the impact of a new CEO's different attributes on organizational performance (Briscoe et al., 2014; Chatterjee & Hambrick, 2007; Chin et al., 2013; Hayward & Hambrick, 1997). A separate stream of research, the CEO origin literature, looks at how CEOs hired from the outside bring different experiences to their organization (Harris & Helfat, 1997; Zhang & Rajagopalan, 2003, 2004). Furthermore, a key insight from the CEO literature, is that new CEOs can influence strategic change, strategy-making processes, organizational capabilities, and structure (Boeker, 1997; Cao et al., 2006; Miller, 1993). Taken together, the literature points to CEOs having influence over their organizations, and their origin being a key determinant of the changes they will make.

Given that the impact of a CEO on organizational institutional logics has not been explored in the literature, the CEO characteristics literature has not yet explored if the institutional logics carried by a CEO impact their organizations. This dissertation attempted to address this gap in Hypothesis 3. The characteristic explored was the institutional logics carried by the new CEO, and explored building on the insider/outsider origin literature. Specifically, this Hypothesis theorized that CEOs whose institutional logics are different from those of their new organization (outsider logics) would moderate the change a new CEO could make. This hypothesis was not supported, and the robustness check testing this variable as a dependent variable was also not significant.

A reason that could explain why the results were not significant is that the theorized relationship is a low-rate occurrence of this phenomenon. However, it is still possible to contribute to the CEO literature. This study highlights the need to understand the institutional logics carried

by a CEO as one of the many characteristics that are studied in the Upper Echelons theory. Furthermore, this study highlights how even when organizations hire CEOs, ostensibly to create change, they are hiring CEOs that are not fundamentally different than the organizations which hired them.

Institutional Logics Literature

The institutional logics literature has focused on how a logic becomes dominant (Dunn & Jones, 2010; Reay & Hinings, 2005). These studies focus on change at the field level that is permanent and over a long period of time. However, institutional logics is a multi-level construct, and logics can be studied at the individual, team, and organizational levels as well. Researchers have not yet addressed whether logics can shift in shorter time periods, and if that change can happen at the organizational level. Furthermore, the institutional logics stream or research is missing an understanding of the mutability of logics in short periods.

This dissertation addressed those gaps in Hypotheses 1and 5, as tested in the main analysis as well as the robustness checks. Hypothesis 1 explored how misalignment between the organization and the immediate environment can lead to a change in CEO. Misalignment was measured on a year-long basis, and was found to be a significant determinant of CEO change. This change was significant in Texas and in Texas and California together, but not in California on its own. This indicates the advantages of using institutional logics as a theoretical lens, as this theory allows researchers to focus on multiple levels. Hypothesis 5 explores the link between alignment change, again measured over the period of one year, and performance change. This link was found to be marginally significant.

The findings in this dissertation contribute to the institutional logics theory by showing that institutional logics can change over the course of a single year. Furthermore, this study contributes to the growing body of work linking institutional logics and performance. And finally, this study contributes to the literature by establishing a tenuous link between institutional logics change and positive organizational outcomes such as improved performance.

Operationalization

Beyond the potential theoretical contributions, this dissertation has potential contributions to methods used in institutional logics research. More specifically, to the operationalization of institutional logics themselves. Previous studies focusing on the conflicting institutional logics present in the healthcare system have used qualitative approaches to discuss and describe the institutional logics. Institutional logics research using contexts other than healthcare have begun to use quantitative approaches in the operationalization of logics (Almandoz, 2012, 2014; Dunn & Jones, 2010), however most use qualitative methods. This dissertation builds on quantitative approaches in the existing literature and applies them to institutional logics in the healthcare sector.

LIMITATIONS

The study has a three limitations. The first limitation relates to the operationalization of institutional logics. The second limitation relates to the data and sample used in the analyses. And the third limitation relates to the setting being studied. Each limitation was identified during the study design phase, and attempts were made to address them in the analysis of this dissertation.

The first limitation is that the organization's orientation toward the dominant institutional logic (or the organization's institutional logics) in this study is operationalized as the sum of many

observable and quantifiable practices and staffing choices. However, previous research has relied on much more qualitative data such as interviews and case study observations. While previous research has identified these two logics before (Reay & Hinings, 2005, 2009), it is possible to address this limitation by conducting a series of interviews with different healthcare professionals in order to provide further evidence of the two distinct and conflicting logics, as I did in this dissertation. In particular, I used a subject matter expert with experience in the medical and administrative fields in healthcare with experience working in Texas and California in order to address this limitation.

The second limitation is the sample. This study looks at hospitals exclusively in the states of Texas and California. While the end result yields about 651 hospitals per year as the sample, very few hospitals experienced turnover each year (11% on average). The three-year design was chosen to increase the number of CEO turnover events observed in the analysis, yielding 217 CEO Change observations. However, even taking that precaution, very few CEOs were observed to have outsider institutional logics. This might serve as a potential explanation for the lack of support for Hypotheses 2, 3 and 4.

The third limitation is the setting. While the healthcare sector produces a lot of data that can be used in the operationalization of organizational orientation toward the dominant institutional logic, and organizational theorists have used it as a setting to test empirical ideas, it can also represent a limitation. Few industries are subject to as many local, state, and federal policies and regulations in addition to several accrediting bodies. And even fewer industries still face similar levels of federal-level political attention, discussion, and action.

FUTURE DIRECTIONS

This dissertation assumed that long-term strategic change hinges on the institutional logics changing as well. However, future papers could describe the role of organization orientation toward the dominant institutional logic change on the ability of an organization to have sustainable strategic change. For instance, is organization orientation change a necessary predecessor to sustainable strategic change? Future research efforts could also include the community and care logics as discussed by Glouberman and Mintzberg (2001). Next is the exploration of gender and institutional logics change. If the healthcare setting is explored as having four logics, two of them have been historically associated with gender roles not only in society at large, but also within the professions. A future paper could explore whether a change to female CEO is associated with an increase in the orientation toward the care or community logics.

Predictive studies

Much of the institutional logics research has explored the number of ways the institutional context, and the logics within it, can impact an organization's decisions. In order to achieve this, scholars have used retrospective research and case studies. These have been very useful in order to unpack the mechanisms at play within organizations, and between organizations and their environment. This body of literature has contributed significant insights into the emergence and impact of institutional logics. A potential future avenue of research is to explore the impact of institutional logics in a series of predictive, quantitative studies. This is possible now, as there are very strong papers that can serve as the foundation to develop and test questions about the future impact of institutional logics.

Connecting the studies with the larger context

The institutional logics literature discussed logics having their origins in the institutional sectors: markets, corporations, professions, states, families, and religions. The literature, however, rarely explores logics at this level (see Pahnke et al., 2015 and Smets, Morris, and Greenwood, 2011 for two exceptions). Take, for instance, papers that focus on institutional logics within the professions sector. Dunn and Jones (2010) discuss the medical profession and Reay and Hinings (2009) discuss medical professionalism; yet neither traces back these logics to the greater, institutional sector of professions. Another example is readily evident in the market institutional sector. A number of papers discussing publishing (Thornton & Ocasio, 1999; Thornton, 2002), hybrid organizations (Battilana & Dorado, 2010), and the healthcare sector (Reay & Hinings, 2009, 2005) all mention a market logic (or something equivalent). Yet these papers do not mention how their individual conception and operationalization of the market logic relates to the larger institutional sector.

The exceptions discussed above approached this issue in two very different ways. Pahnke et al. discussed logics at the institutional sector level. They were able to show how actors in different institutional sectors approached venture funding differently. Smets et al., on the other hand, focused on creating a multilevel model. By looking at the collision of practices, that is how individuals practiced their profession, they built a model that details the mechanisms of field-level dominant logic shift. There are few papers connecting logics discussed at the organizational field and industry levels to the institutional level. Thus, this is a potential avenue for future research.

Methodological

As discussed in the Chapter 4 operationalization section, a very large number of empirical papers rely on case study methodology. These are useful when the purpose of the study is to explore the dynamics and mechanisms of how logics emerge, and how organizations cope and respond to multiple logics. In addition, the field has recognized the over use of case studies and the need for more quantitative methods (Almandoz, 2012, 2014). The need to move away from case studies is also reflected in the previous discussion of the need of predictive studies. There are many research methods that can be, and have been, used in the institutional logics perspective. However, one method remains under explored: network analysis.

The core principles of the institutional logics perspective are duality of agency and structure, institutions as material and symbolic, institutions as historically contingent, and institutions at multiple levels of analysis. Implicit in all of these principles is the idea of micro-mezzo-macro interactions. Network analysis can be used in multiple levels of analysis: from investigating a dyad of two people to a dyad of two organizations. In addition, organizational networks can be aggregated and tracked over time.

MANAGERIAL IMPLICATIONS

When boards make the decision to appoint a new CEO, they usually have the intent to change certain organizational outcomes and performance. This dissertation found empirical support for the argument that an organization's alignment with Federal-level institutional logics can impact an organization's performance. Interestingly, this dissertation found that most outsider CEOs shared their new organization's logics. This finding could be interesting to boards as they create and adjust their expectations of just how much change an outsider CEO can make.

CONCLUSION

I drew from the CEO literature and built on the theory of institutional logics to answer the question "can new CEOs change the orientation of an organization to better fit the changing institutional logics of an environment?" I found support for the argument that misalignment between the organization's and the state's institutional logic will lead to a change in CEO. Furthermore, I found that most CEOs are replaced by executives who share the same institutional logics of their new organization and are therefore unable to make institutional logics alignment change.

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APPENDIX

APPENDIX 1

Business Basis of Membership Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.05	-0.04	0.07	0.02	-0.01	0.01	-0.03	-0.02
Std. Deviation		1	1	1	1	1	1	1	1
Variance		26.77	27.13	27.88	28.84	25.93	30.40	26.93	28.36
Minimum		-21.60	-4.99	-20.41	-23.58	-14.20	-22.17	-1.71	-6.06
Maximum		5.17	22.13	7.47	5.26	11.73	8.23	25.23	22.30

Medical Basis of Membership Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		-0.05	0.04	-0.07	-0.02	0.01	-0.01	0.03	0.02
Std. Deviation		1	1	1	1	1	1	1	1
Variance		26.77	27.13	27.88	28.84	25.93	30.40	26.93	28.36
Minimum		-5.17	-22.13	-7.47	-5.26	-11.73	-8.23	-25.23	-22.30
Maximum		21.60	4.99	20.41	23.58	14.20	22.17	1.71	6.06

APPENDIX 2

Business Basis of Strategy Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.23	0.08	0.23	0.24	0.24	0.23	0.23	0.20
Std. Deviation		1	1	1	1	1	1	1	1
Variance		7.25	6.74	7.40	7.36	8.25	7.81	8.40	7.00
Minimum		-3.32	-3.14	-2.84	-2.92	-3.57	-3.54	-3.67	-3.28
Maximum		3.92	3.60	4.57	4.44	4.68	4.27	4.73	3.72

Medical Basis of Strategy Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.10	0.11	0.15	0.11	-0.04	-0.02	-0.03	-0.04
Std. Deviation		1	1	1	1	1	1	1	1
Variance		6.86	6.40	5.00	5.08	6.98	6.23	5.79	6.12
Minimum		-3.56	-3.50	-2.46	-2.76	-4.48	-3.55	-3.13	-3.45
Maximum		3.30	2.90	2.54	2.31	2.50	2.68	2.66	2.67

APPENDIX 3

Business Primary and Associated Goals Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.15	0.12	0.16	0.14	0.18	0.17	0.18	0.18
Std. Deviation		1	1	1	1	1	1	1	1
Variance		7.60	7.61	7.49	7.36	7.37	7.05	7.22	7.10
Minimum		-5.55	-5.54	-5.47	-5.45	-5.43	-5.12	-5.26	-5.14
Maximum		2.05	2.07	2.03	1.91	1.94	1.93	1.96	1.96

Medical Primary and Associated Goals Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.15	0.17	0.17	0.20	0.18	0.19	0.21	0.23
Std. Deviation		1	1	1	1	1	1	1	1
Variance		5.28	5.30	5.22	5.30	5.42	5.24	4.92	5.03
Minimum		-3.25	-3.27	-3.26	-3.35	-3.24	-3.27	-3.11	-3.12
Maximum		2.03	2.03	1.96	1.95	2.18	1.97	1.81	1.92

APPENDIX 4

Business Logics Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.16	0.06	0.13	0.13	0.14	0.18	0.15	0.16
Std. Deviation		1	1	1	1	1	1	1	1
Variance		13.09	14.00	13.55	14.66	12.30	14.89	15.65	13.99
Minimum		-10.30	-3.72	-9.53	-11.44	-6.20	-10.45	-3.29	-3.31
Maximum		2.79	10.28	4.02	3.22	6.11	4.44	12.37	10.68

Medical Logics Descriptives

		2002	2003	2004	2005	2006	2007	2008	2009
N	**Valid**	651	651	651	651	651	651	651	651
	Missing	0	0	0	0	0	0	0	0
Mean		0	0	0	0	0	0	0	0
Median		0.09	0.08	0.09	0.13	0.13	0.12	0.17	0.15
Std. Deviation		1	1	1	1	1	1	1	1
Variance		14.19	14.98	14.46	15.75	12.32	14.73	13.85	14.54
Minimum		-3.38	-11.76	-3.66	-2.75	-5.18	-3.22	-11.62	-10.98
Maximum		10.81	3.22	10.80	13.00	7.14	11.51	2.23	3.56

APPENDIX 5

Hypothesis 1 Descriptives

		Mean	Std. Deviation	N
1	Alignment	0	0.16	1953
2	CEO Change	0.11	0.31	1953
3	Performance	1.99	0.53	1953
4	Authority	22.94	6.41	1953
5	Beds	173.72	173.05	1953
6	Leadership Development	0.62	0.48	1953
7	CEO is Doctor	0.02	0.14	1953
8	CMO	0.94	0.24	1953
9	Succession Planning	0.53	0.49	1491
10	Percentage of Doctors in TMT	0.27	0.10	1953
11	Ownership	0.25	0.43	1953
12	Sole Community Provider	0.13	0.33	1953
13	System Membership	0.60	0.49	1953
14	Critical Access Hospital	0.15	0.35	1953
15	City Size	0.24	0.42	1953
16	Leadership Development	0.62	0.48	1953

Hypothesis 1 Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2	-.054*														
3	.047*	0.006													
4	.101**	.126**	.109**												
5	0.015	-0.001	.781**	.051*											
6	0.037	-0.005	.128**	0	.169**										
7	-0.003	-0.005	.081**	0.001	.102**	0.001									
8	0.012	.046*	0.004	-.056*	-0.032	-0.021	-.065**								
9	.051*	0.016	.233**	.164**	.147**	.374**	-0.023	.068**							
10	-.061**	-.046*	-.373**	-.144**	-.239**	-.101**	.236**	-.158**	-.150**						
11	.076**	.168**	-0.026	.870**	-0.044	-.066**	0	-.055*	0.05	-.095**					
12	-0.008	0.013	-.294**	-.217**	-.280**	-0.007	-.056*	.065**	-.101**	.123**	-.140**				
13	.102**	.054*	.299**	.433**	.242**	.169**	-.095**	0.023	.273**	-.159**	.276**	-.209**			
14	-.068**	-0.035	-.557**	-.313**	-.356**	-.069**	-.061**	-0.006	-.130**	.279**	-.194**	.207**	-.303**		
15	0.001	0.009	.366**	.220**	.447**	0.014	.055*	-.088**	.067**	-.112**	.163**	-.217**	.230**	-.235**	
16	0.019	0.044	-.103**	.122**	-.139**	0.02	0.022	-.052*	0.024	-0.002	.133**	-0.007	.061**	-0.003	-.113**

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

APPENDIX 6

Hypothesis 2 Descriptives

	Mean	Std. Deviation	N
1 CEO Change	0.11	0.314	1953
2 Origin	-0.0000013	0.9994877	1953
3 TMT Size	4.05	1.163	1953
4 Alignment Change	0	0.1812	1953
6 Performance	1.9968	0.53169	1953
5 Authority	22.97	6.403	1953
7 Beds	173.98	172.888	1953
8 Leadership Development	0.63	0.482	1953
9 CEO is Doctor	0.02	0.153	1953
10 CMO	0.92	0.267	1953
11 Succession Planning	0.61	0.488	1502
12 Percentage of Doctors in TMT	0.2838	0.11934	1953
13 Ownership	0.25	0.433	1953
14 Sole Community Provider	0.12	0.328	1953
15 System Membership	0.6	0.489	1953
16 Critical Access Hospital	0.15	0.358	1953
17 City Size	0.24	0.426	1953
18 Founded	1944.31	39.765	1953
19 Year	2	0.817	1953

Hypothesis 2 Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2	.941**																	
3	0.03	0.033																
4	-0.025	-0.019	-0.019															
5	-0.002	-0.003	.514**	-0.023														
6	.125**	.137**	.152**	-0.031	.096**													
7	-0.005	-0.004	.425**	-0.004	.783**	.051*												
8	-0.008	-0.007	.147**	-0.031	.162**	0.017	.183**											
9	0.019	0.034	.068**	0.002	.086**	0.004	.110**	0.015										
10	.078**	.074**	.115**	0.005	-0.006	-.063**	-0.037	-0.017	-.067**									
11	-0.011	0.001	.177**	-0.044	.295**	.179**	.191**	.437**	-0.01	0.03								
12	-0.033	-0.029	-.775**	0.016	-.339**	-.097**	-.224**	-.094**	.187**	-.153**	-.154**							
13	.164**	.177**	.096**	-0.019	-0.037	.869**	-0.04	-.061**	0.017	-.067**	.057*	-0.044						
14	0.022	0.013	-.138**	0.002	-.266**	-.198**	-.264**	0.018	-.059**	0.038	-.119**	.072**	-.126**					
15	0.04	0.038	.162**	-0.042	.299**	.436**	.242**	.185**	-.078**	0.024	.300**	-.123**	.273**	-.183**				
16	-0.035	-0.032	-.347**	0.028	-.552**	-.299**	-.359**	-.084**	-.066**	-0.007	-.174**	.245**	-.180**	.096**	-.306**			
17	0.009	0.014	.184**	-0.008	.364**	.224**	.442**	0.024	.053*	-.068**	.105**	-.097**	.171**	-.209**	.229**	-.235**		
18	0.044	.053*	-0.01	0.002	-.097**	.120**	-.137**	0.011	0.035	-.053*	0.001	-0.003	.131**	-0.007	.065**	-0.003	-.113**	
19	-0.014	0	-.095**	0	-0.016	0.003	0.001	0.029	0.016	-0.04	.108**	.081**	0.004	-0.031	0.014	0	0	0

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).

APPENDIX 7

Hypothesis 5 Descriptives

		Mean	Std. Dev.	N
1	Alignment Change	0	0.1812	1953
2	Performance Change	0.0061	0.15098	1953
3	Performance	2.0027	0.53218	1953
4	Authority	22.97	6.407	1953
5	Beds	174.86	174.491	1953
6	Leadership Development	0.65	0.477	1953
7	CEO is Doctor	0.03	0.16	1953
8	CMO	0.92	0.274	1953
9	Succession Planning	0.66	0.473	1516
10	Percentage of Doctors in TMT	0.2948	0.1279	1953
11	Ownership	0.25	0.434	1953
12	Sole Community Provider	0.13	0.335	1953
13	System Membership	0.61	0.488	1953
14	Critical Access Hospital	0.15	0.358	1953
15	City Size	0.24	0.426	1953
16	Authority	22.97	6.407	1953

Hypothesis 5 Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2	-0.004														
3	-0.019	-.145**													
4	-0.031	0.005	.085**												
5	-0.003	0.002	.783**	.049*											
6	-0.025	0.022	.179**	0.038	.197**										
7	-0.007	-0.02	.087**	0	.110**	0.039									
8	0	-0.022	-0.031	-.075**	-.060**	-0.014	-.104**								
9	-0.04	-0.024	.346**	.183**	.234**	.494**	0.025	0.003							
10	0.021	0	-.312**	-.064**	-.208**	-.091**	.186**	-.160**	-.153**						
11	-0.018	0.002	-.047*	.869**	-0.039	-.050*	0.016	-.078**	.067**	-0.012					
12	0.011	-0.023	-.352**	-.217**	-.291**	-0.018	-.063**	0.02	-.146**	.118**	-.132**				
13	-0.033	0.015	.301**	.432**	.237**	.215**	-.060**	0	.315**	-.088**	.257**	-.219**			
14	0.028	0.021	-.550**	-.285**	-.359**	-.099**	-.069**	0	-.194**	.221**	-.168**	.380**	-.313**		
15	-0.008	0.012	.366**	.228**	.432**	0.032	0.044	-.080**	.146**	-.081**	.178**	-.215**	.215**	-.235**	
16	0.002	0.001	-.091**	.115**	-.136**	-0.009	0.026	-0.027	-0.025	0.002	.126**	-0.005	.060**	-0.003	-.113**

* Correlation is significant at the 0.05 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed).