

Institutional Entrepreneurship

Subjects: Business

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Institutional entrepreneurship comprises the activities of agents who disrupt existing social institutions or create new ones, often to enable diffusion, especially of radical innovations, in a market.

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1. Introduction

As a portmanteau, the term institutional entrepreneurship juxtaposes two almost opposing concepts in a paradoxical way^[1]: Institutions represent behavioral patterns based on collective beliefs, norms, and practices that are taken for granted^[2] and therefore shape human behavior and social interactions^[3]. These persisting social phenomena can be analyzed at the societal level by sociologists or—and this is this paper's focus—at the organizational level^[4] by management and, more specifically, organization scholars.

In contrast to the somewhat static conceptualization of institutions, entrepreneurship represents a dynamic perspective as an entrepreneur can be seen as a change agent or, more specifically, an actor who deals with uncertainty and creatively deconstructs markets with innovations^[5].

2. Content of institutional entrepreneurship

Combining both aspects, institutional entrepreneurship addresses the change of social phenomena that usually do not change easily. Institutional entrepreneurship comprises the “activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones”^[6]. In the long-standing paradigmatic debate in sociology and organization studies on the primacy of either structure or agency, proponents of (neo-)institutional theory argue that structure should be considered the main pillar of reasoning regarding social phenomena^[7]. Structure relates to stable social phenomena which constrain agency^[7]. Institutional entrepreneurship can be seen as the theoretical attempt to add agency to institutionalism^[8]. Agency relates to autonomy and free will^[7]. In this regard, institutional entrepreneurship can be seen as one of the theories—like structuration theory^[9]—that try to bridge the structure–agency dualism and turn it into a duality^[10], as neither structure fully determines behavior nor is agency limitless.

As change agents, institutional entrepreneurs purposefully disrupt old institutions or form new ones in order to realize interests that they consider important^{[11][12][13][14]}. Aldrich defines, “Thus, an institutional entrepreneur would be a person who, alone or with others, is credited with helping to transform an institution: introducing new social or cultural forms/logics into the world (typically embodied in organizations).” The scope of actors is not limited to individuals but also comprises organizations, networks, associations, and social movements^[12]. Aldrich stresses the collective nature of institutional entrepreneurship, that is, institutions are rarely changed by individuals but rather by groups or organizations.

Institutional entrepreneurs' agency does not only take place within a structure but it also changes and thus transcends it. In other words, institutional entrepreneurship's primacy is on agency. Battilana et al. (2009) propose a process model of institutional entrepreneurship that explains the interrelationship between agency and structure. At the core of the model, the institutional entrepreneur creates a vision of divergent institutional change and mobilizes allies who also support this vision. This group of agents then implements the vision which is supposed to lead to the aspired institutional change. However, the agents do not act in a social vacuum. Rather, they are embedded in a structural context comprising field characteristics and the agents' social position. These structures do not only restrict but specifically enable their actions. Therefore, the structure is both the prerequisite and the outcome of agency—a notion that reminds of structuration theory^[9]. In that sense, the notion of institutional entrepreneurship also somewhat resembles the concepts of path-breaking and path creation; whereas path-dependent processes lead to stable states, powerful actors might try to break them or create new ones^[15].

Diffusion, especially of radical innovations in a market, often also requires an institutional change^[17] including a change of meanings^[16], making institutional entrepreneurship also a relevant theory for entrepreneurship scholars. For Battilana et al. (2009), an overlap between the concepts of entrepreneurs and institutional entrepreneurs exists, when a firm employs a new business model because this might influence how other entrepreneurs have to do their businesses in the future. However, not only for-profit ventures are subject to institutional entrepreneurship but also social, cultural, and environmental ones. Therefore, an intersection of institutional entrepreneurship and social entrepreneurship can be seen in the literature^[2].

Due to its relevance in sociology, management, and entrepreneurship, institutional entrepreneurship theory has drawn much attention from researchers who generated a large number of scholarly publications, especially in the last 10 years. This information overload makes the necessity of structuring obvious.

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