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Working Paper
Creative forces for entrepreneurship: The role of institutional change agents

Working Paper, No. 01/15

Provided in Cooperation with:
Institut für Mittelstandsfororschung (IfM) Bonn

Suggested Citation: Welter, Friederike; Smallbone, David (2015) : Creative forces for entrepreneurship: The role of institutional change agents, Working Paper, No. 01/15, Institut für Mittelstandsfororschung (IfM) Bonn, Bonn

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Creative Forces for Entrepreneurship: The Role of Institutional Change Agents

Friederike Welter and David Smallbone

Working Paper 01/15
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Impressum

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Maximilianstr. 20, 53111 Bonn
Telefon +49/(0)228 / 72997 - 0
Telefax +49/(0)228 / 72997 - 34

Working Paper 01/15
ISSN 2193-1879 (Internet)
ISSN 2193-1860 (Print)

Bonn, März 2015

Das IfM Bonn ist eine Stiftung des privaten Rechts. Gefördert durch:

Bundesministerium für Wirtschaft und Energie

aufgrund eines Beschlusses des Deutschen Bundestages

Ministerium für Wirtschaft, Energie, Industrie, Infrastruktur und Handwerk des Landes Rheinland-Pfalz
CREATIVE FORCES FOR ENTREPRENEURSHIP:
THE ROLE OF INSTITUTIONAL CHANGE AGENTS
Friederike Welter¹ and David Smallbone²

9 March 2015

Abstract

The paper reviews the current discussion on institutional change and institutional entrepreneurship. Specifically, it focuses on institutional change agents, by which we mean individuals whose actions can be shown to have contributed to formal or informal institutional change, to the benefit of the wider economy or society as well as to themselves. It aims to explore their antecedents and behaviours, and the contingent factors contributing to institutional change, both intentionally and unintentionally. We find that the concept of institutional entrepreneurship does not provide an adequate conceptual underpinning for incorporating human agency into institutionalised theory. We therefore argue that a focus on “institutional change agents may be more productive. Whilst institutional theory recognises the impact of institutions on entrepreneurs and individuals, this paper draws attention to the role of human agency for institutional change. Institutional change can happen intentionally and as an unintended by-product of entrepreneurial or organisational ‘path-dependent’ behaviour. The implication of this is that it is not only intentional behaviour which contributes to institutional change, but rather any entrepreneurial behaviour which implicitly or explicitly questions existing institutions. Thus, the paper adds to the current debate on institutional entrepreneurship.

JEL-Classification: B52, D02, L26

Keywords: institutional entrepreneurship, human agency, entrepreneurship context

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1. Introduction

The starting point of this paper is the growing use of institutional theory for the study of entrepreneurship and entrepreneurial behaviour. At the same time, institutional theory has been repeatedly criticized for the lack of consideration given to human agency (Dacin, Goodstein & Scott, 2002). In this context, the paper reviews the current discussion on institutional change and institutional entrepreneurship. Specifically, it focuses on institutional change agents, by which we mean individuals whose actions can be shown to have contributed to formal or informal institutional change, to the benefit of the wider economy or society as well as to themselves. It aims to explore their antecedents and behaviours, and the contingent factors contributing to institutional change, both intentionally and unintentionally. The aim is to contribute to the current discussion on the role of human agency in relation to institutional change (Battilana, Leca & Boxenbaum, 2009; Koene, 2006). Already Polanyi (1957) and Granovetter (1985) stressed that economic behaviour cannot be understood outside the context of its social relations, and Granovetter (1992) emphasized the embeddedness of economic goals and activities in socially oriented goals and structures. But the endogenous and recursive nature of both contexts and behaviour poses a challenge, namely as to which extent and how exactly entrepreneurs can influence their contexts, while at the same time contexts influence their behaviour (Koene, 2006; Zafirovski, 1999). In relation to institutional change, for example, North (2005) points out the intentionality of players, concluding that their grip of the respective situation influences the development of the institutional environment. Just as contexts influence entrepreneurial behaviour by setting boundaries to actions, so too can entrepreneurial behaviour shape contexts because action develops in a “duality between agency and structure.” (Beckert, 1999: 789). This implies that institutional change may be interpreted as an interactive learning process between entrepreneurs and those organisations designing and implementing the formal framework, such as governments.

This paper, therefore, sets out to explore in more detail, in which ways entrepreneurs can contribute to changing the contexts in which they are situated and embedded. Context refers not only to the business and industry context, but to social, institutional (regulatory and normative), spatial and temporal dimensions (Welter, 2011; Zahra & Wright, 2011). The next section will briefly outline the methodology and database of the review, before the paper proceeds to present initial themes and results from the systematic review in section 3 (actors) and 4 (behaviours). In section 5, the paper concludes with a short outlook.
2. Methodology and data

The paper is based on a systematic and critical review of the literature on human agency and institutional change, change agents, and institutional entrepreneurship. During August-September 2012, the authors conducted a systematic, Boolean keyword search through providers of major academic databases; that is ProQuest (711), EBSCO (166 for scholarly journals, after removal of duplicates, but still including non-English articles, reviews, commentaries), ScienceDirect (249) and SCOPUS (222). This search is complemented through on-going keyword alerts by ProQUEST, ScienceDirect and google scholar. Search terms are “institutional entrepreneurship”, “institutional entrepreneur*”, “institutional change agent*”, combined with OR so that each search result contains at least one of the terms. The search was restricted to scholarly outlets, and, where possible in the database, to scholarly articles.

We explain our procedure in more detail for the example of the ProQuest search. Initially, the search generated a total of 711 sources. In a first step, we removed non-English articles. Secondly, we removed book reviews and commentaries from our search. In a third step, all articles identified were downloaded or ordered where articles, based on their abstract, were deemed relevant. This generated a total of 685 articles from ProQuest. These steps were repeated for all searches, although we checked for multiple entries before ordering additional articles. Finally, the searches were combined, and remaining multiple entries removed from the database. As of September 2012, our database includes a total of 770 articles.

For each article, we now are in the process of scanning the abstract and, if required, the whole text, in order to decide whether they are relevant to include in our review. Contributions which are included in the final review will be categorized based on formal criteria (empirical or theoretical) and content, which refers to, amongst others, type of change agent; definition of institutional entrepreneurship; strategies used to initiate / trigger institutional change. As our review and analysis is work in progress, for this paper, we focused in more detail on those articles which explicitly included the keywords in their title and/or abstracts. A total of 83 articles includes one of the keywords in their title; 19 in their keywords (interestingly, none of those older than 2005); and 119 in their abstracts.

Table 1: Publication period of articles in ProQuest

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Source: Own search in ProQuest.
Table 2: Journals with ten and more articles on keywords

<table>
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<tr>
<td>Journal of Business Ethics</td>
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<tr>
<td>Organization Science</td>
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<tr>
<td>Organization Studies</td>
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<td>Human Relations</td>
<td>15</td>
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<td>Socio – Economic Review</td>
<td>14</td>
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<td>Journal of International Business Studies</td>
<td>12</td>
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<tr>
<td>American Sociological Review</td>
<td>11</td>
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<tr>
<td>Academy of Management Journal</td>
<td>10</td>
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<tr>
<td>Accounting, Auditing &amp; Accountability Journal</td>
<td>10</td>
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<tr>
<td>Organization</td>
<td>10</td>
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<tr>
<td>Journal of Organizational Change Management</td>
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Source: Own search in ProQuest.

Table 3: Author/s with 3 and more articles

<table>
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<tr>
<th>Author/s</th>
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<td>Phillips, Nelson</td>
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<td>Rao, Hayagreeva</td>
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<td>Lawrence, Thomas</td>
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<td>Battilana, Julie</td>
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<td>Ritvala, Tiina</td>
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<td>Westenholz, Ann</td>
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<td>Zilber, Tammar</td>
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Source: Own analysis.
Whilst acknowledging that the paper is work in progress, a preliminary descriptive analysis already shows some interesting trends. Not surprisingly, the topic gained importance over the past years. A closer analysis of ProQuest data show that the vast majority of articles (95%) have been published since 2000 (Table 1); and 7 journals account for around 26% of all published articles. The oldest articles in our database refer to accountants (Trueblood, 1960), to behaviour and institutional change agents (Reppucci, 1977) and to the role of institutional entrepreneurs for cultural change (Eisenstadt, 1980). The topic has been studied in several subjects, as reflected in the wide variety of journals with ten and more articles, which range from sociology to business ethics, general management, accounting, organization studies and economics (Table 2). Also, there are several authors (including co-authorships) who have published at least three articles on the topic (Table 3), assuming that they may have had a greater impact on the emerging discussion. In a next step, we will conduct a systematic citation analysis for all of these authors. Methodologically, case studies and historical analyses dominate.

3. The actor of change

3.1. Who are the institutional entrepreneurs?

So far, the literature review surfaced a wide variety of change agents, ranging from individuals and organizations to fields. Examples of individual actors include a wide range of entrepreneurs: the business families merging into institutions in Indonesia (Dieleman & Sachs, 2008); diaspora entrepreneurs who, inspired by the culture and society in their host country, transform institutional arrangements in their country of origin (Riddle & Brinkerhoff, 2011; Riddle, Hrivnak & Nielsen, 2010); a young Uzbek woman living in a rural community who was forced, due to family circumstances, to start a traditional craft enterprise at home, and who, over time, started breaking out of the norms of her traditional culture and offering further training possibilities for young girls (Welter & Smallbone, 2010). Moreover, research has identified museum directors (Bagdadli & Paolino, 2006) or gourmet chefs (Cousins, O’Gorman & Stierand, 2010; Ottenbacher & Harrington, 2009; Rao et al., 2005; Svejenova, Mazza & Planellas, 2007; Svejenova, Planellas & Vives, 2010); someone like Rachel Carson, the famous environmentalist (Kisfalvi & Maguire, 2011) or environmental managers (Rothenberg, 2007); scientists who act as “midwives” to clusters (Ritvala & Kleymann, 2012) or to health initiatives (Ritvala & Granqvist, 2009); civil servants such as judges (Colomy & Kretzmann, 1995), nurses (Sundin & Tillmar, 2008), physicians (Wang, Clinch & Osland, 2011) and the local school administrator (Denton, 1987) as institutional change agents.

Examples of organizations refer to businesses, either to multinational corporations (Alon & Dwyer, 2012; Cantwell, Dunning & Lundan, 2010; Cantwell & Iammarino, 2000; Cantwell & Iammarino, 2003; Dahan, Doh & Guay, 2006; Koene & Ansari, 2011; Kolk & Pinkse, 2008; Pinkse & Kolk, 2012; Richter, 2011; Tempel & Walgenbach, 2012); or to domestic firms such as the bank in Ireland which changed the whole industry (Lawrence, Pazzaglia & Sonpar, 2011a), biotech companies (DiVito, 2012), local businesses in China which implemented measures to initiate IPR-related changes (Kshetri, 2009b) or local bureaucrats of town-village enterprises in China (Kshetri & Ajami, 2008). Other organizations studied include international sports organizations (Wagner, 2011); universities (Dobers,
Linderstrom & Mobjork, 2008; Liu & Dubinsky, 2000; Miclea, 2006), research units (Clausen, Fagerberg & Gulbrandsen, 2012); technology transfer offices which build legitimacy for novel technologies (Jain & George, 2007); civil society, non-profit and social movements (Arjaliès, 2010; Auplat, 2006; Crawford & Shenkin, 2008; King & Soule, 2007; Mair & Martí, 2009; McInerney, 2008; Perkmann & Spicer, 2007; Rao, 1998; Rao et al., 2000; Ritvala & Salmi, 2010; Ritvala & Salmi, 2011; Sarma, 2011; Steinman, 2005); national and regional governments, authorities and state officials (Coulombe & Martí, 2009; Kovriga, 2001; Maman, 2008; Maman & Rosenhek, 2009; Nasra & Dacin, 2010; Perkmann & Spicer, 2007; Stål, 2011a; 2011b); neighbourhood associations (Uitermark & Duyvendak, 2008) or multinational organizations such as the UN (McKague, 2011); trade or professional associations in developing countries (Kshetri & Dholakia, 2009; Montiel & Husted, 2009).

Examples of fields contain studies of various industries such as the popular music industry (Guiney & Zheng, 2012), cultural industries (Ferraro & Gurses, 2009; Glassmann, 2008), Norwegian fishery industry (Holm, 1995), news journalism (Grafström & Windell, 2012; Hughes, 2003), the sports industry (Den Hond, De Bakker & De Haan, 2010; Ratten, 2010; 2011) or the academic industry (Berman, 2012); of markets (Haigh, 2008 and (technological) practices (Garud et al., 2002; Garud et al., 2006; Hutchens, 2011; Huybrechts, 2010; Huybrechts & Reed, 2010; Järvensivu, Lukkari & Järvenivu, 2010; Munir & Phillips, 2005; Spicer, 2005); of professions such as accountancy or management consultancy (Greenwood & Suddaby, 2006; Reihlen, Smets & Veit, 2010; Suddaby et al., 2007); studies on regional level such as regional innovation systems (Hung & Whittington, 2011; Sotarauta & Pulkkinen, 2011), regions (Karlsen et al., 2012), or trans-border networks (Perkmann & Spicer, 2007), as well as local communities (Ude, 2008). These studies already indicate that it is less a single actor (the lone institutional entrepreneur) rather than the multiplicity of different actors within a particular context which trigger institutional change.

The diversity of actors hints at some arbitrariness in how institutional change and its actors are conceptualized or, in other words, a lack of conceptual clarity of whether and when someone qualifies as institutional change agent or not. Much of the analysed literature to date puts forward “institutional entrepreneurship” as a concept to consider agency and its role in institutional change (e.g., Battilana, 2006; Battilana & Casciaro, 2012; Battilana et al., 2009; Beckert, 1999; Beckert, 2010; Pacheco et al., 2010). Definitions of what constitute so-called institutional entrepreneurs vary widely. Organizational sociologists such as DiMaggio (1988: 14) interpret institutional entrepreneurs as “organized actors with sufficient resources” that see in new institutions “an opportunity to realize interests that they value highly”. In the context of an emerging market economy, namely China, Daokui et al. (2006) see institutional entrepreneurs as those agents who destroy prevailing market institutions during business start-up or expansion because otherwise their own business would fail. In other words, while the activities of these entrepreneurs are intentionally, triggered by profit-oriented goals, the change they initiate may have been unintended; it is external to the business and has a wider impact on the whole economy. Kshetri (2009a) suggests that institutional entrepreneurship in a post-socialist context can only be found in those countries where capitalism dominates and it is non-productive in the sense that it operates outside legality, whilst in post-socialist countries where socialism still dominates, political entrepreneurship also changes institutions, indicating blurred boundaries between the different concepts.
In this vein, Douhan and Henrekson (2010) suggest a distinction between business and institutional entrepreneurship, where the latter reflects actions of agents to “exploit institutions to one’s economic advantage” (Douhan and Henrekson 2010: 641), in contrast to business entrepreneurs who realize profits based on, for example, patents or market niches. This implicitly refers back to Fligstein (1997) who already acknowledged that institutional entrepreneurs are not necessarily business owners, but also could be politicians. Battilana et al. (2009) add yet another layer, arguing that for agents to qualify as institutional entrepreneurs they not only would have to initiate changes that break with the existing institutional framework, but also actively participate in implementing those, although they (the institutional entrepreneurs) may not be successful in implementing institutional changes. Moreover, the authors acknowledge that institutional entrepreneurship can be both intentional and a by-product of other (entrepreneurial) actions.

So far, the concept of institutional entrepreneurship does not appear to fully capture the complexities of the interplay between context and agents, nor does it suggest an adequate conceptual underpinning for exploring agency within institutional theory (Aldrich, 2010). Therefore, whilst the concept draws attention to the “lived experiences” of actors (Lawrence et al., 2011b: 52), its application to entrepreneurship remains questionable, in particular because the embeddedness and dynamics of entrepreneurial actions are neglected respectively conceptualised in a rather static way. Clegg (2010: 5) gives a voice to these concerns, stating that “(...) Yet it [the institutional entrepreneur] is an answer that focuses overly on a few champions of change and neglects the wider social fabric in which they are embedded. Nelson Mandela may have been an institutional entrepreneur in South Africa, but without the long struggle, armed resistance, and civil disobedience campaigns of the ANC, he could not have achieved much.” Furthermore, Weik (2011: 472) criticizes that many of the studies on institutional entrepreneurship neglect both the reflexivity of agents and the messiness of institutional change, by portraying “heroes and successes in a linear time line”.

Thus, if the aim is to understand how human agents can initiate institutional change despite existing institutional constraints on their behaviour, then a more appropriate concept may be that of institutional change agents, whether this is intended or a by-product of other actions. Such institutional change agents may be business entrepreneurs, but this concept may also be extended to include social movements, collective and community entrepreneurship, political entrepreneurship and other organizational actors such as academicians.

3.2. Why are some change agents, and others not?

Kisfalvi and Maguire (2011) argue that thinking and feeling, as reflected in the individual background, personal experiences and emotions, have a decisive influence how institutional entrepreneurs see their world, subsequently shaping their change behaviour. Using a psychodynamic approach to explore the life of Rachel Carson, the great environmentalist, the authors highlight the importance of vision and passion as drivers for institutional change agents, together with independence, comfort with marginality, a desire to perform and a sense of agency and duty. Moreover, several authors emphasize the subject positions of actors (Battilana, 2011) as an important antecedent for institutional change behaviour: actors need to be legitimised or in a position to easily gain such legitimacy, they need access to resources and power to implement institutional change (amongst others, e.g., Brown, de Jong &
Lessidrenska, 2009; DiMaggio, 1988; Kshetri & Ajami, 2008; Levy & Scully, 2007; Levy, Brown & de Jong, 2010; Maguire et al., 2004; Rothenberg & Levy, 2012). But, Länsiluoto and Järvenpää (2010) suggest a need to differentiate between levels of power and status and their changes over time, which impacts on roles of actors and their behaviour. They argue that someone with a high status might not necessarily have the power to implement changes. This in turn indicates that also those with weaker status positions may become or are at least willing to become institutional change agents. The latter is illustrated for the case of the UK National Health Service, where those with limited structural legitimacy were most willing to embrace change, but least able and vice versa (Lockett et al., 2012).

As factors that enable social community change, Johnstone and Lionais (2004) emphasized local embeddedness as well as an ability and willingness to connect to the outside world. In their study, this was reflected in formal (non-entrepreneurship related) positions the business leaders hold prior to their community business, which contributed to respect and authority within their communities, in other words, their social standing (Battilana, 2006), together with their ability to step outside their accepted roles, thus challenging the perceptions communities hold of them; and with formal education acquired outside their community, which allowed them to draw on external and international networks.

This refers to contextual discontinuity and boundary crossing as potentially important elements of a change agent’s background and experiences, as suggested by Mutch (2007). Both may result in individuals being insiders in some contexts and outsiders in others, which seem to enable them to act as change agents. The author illustrates his point drawing on the story of Sir Andrew Barclay Walker, who pioneered directly managed pubs in England during the late 19th century. Because of his Scottish background, Walker was able to see beyond existing and taken-for-granted managerial practices and organizational models such as the tied tenancy system still prevailing at that time in England. This allowed him to introduce a novel and innovative business model, thus contributing to changes in the brewery and pub industry. In relation to the Gulf countries, Kshetri and Ajami (2008) make a similar point by indicating that it is those leaders with an understanding of their own context, but who have been educated abroad (i.e., opened to modern ideas), that display the ability to act as change agents. Some research relates border crossing to professions, arguing that for example, for scientists to be able to act as change agents, they need to be able to “operate across spatial scales” and their own professional standards (Ritvala & Granqvist, 2009; Ritvala & Kleymann, 2012) or demonstrating that during the period from 1970 to 1997, when classical and nouvelle cuisines competed for the allegiance of chefs, French chefs redrew the boundaries of culinary categories (Rao et al., 2005). Other research shows that border crossing may depend on the age of a field: Especially where fields are mature, (Wright & Zammuto, in press), actors draw on their field positions and create opportunities for institutional entrepreneurship.

Other instances where contextual discontinuity enables individuals to become change agents can be found in cross-border, diaspora or transnational entrepreneurship, with entrepreneurs acting as boundary-spanners across several diverse contexts (e.g., Terjesen & Elam, 2009; Xheneti, Smallbone & Welter, 2012). Riddle and Brinkerhoff (2011) present the fascinating case of Thamel.com, founded by a Nepali diaspora entrepreneur (http://www.thamel.com/). Not only is this the story of humble beginnings (returning after his
studies in the US, the entrepreneur started out as a street-trader) as stepping stone towards a substantial and successful e-business, but also the story of someone who introduced a new business model (e-commerce) to Nepal and its diaspora, and thus contributed to changing several Nepali institutions. Amongst changes in the formal institutional framework, this includes the Nepali government’s role in creating an enabling business environment (the entrepreneur today advises the Nepali government); rules concerning the role of commerce in diaspora-homeland social rituals; new rules concerning consumer expectations of product and service quality as well as the responsiveness of producers to their demands (Riddle & Brinkerhoff, 2011: 677). Thamel.com also contributed to changes to the norms and values of Nepali society. For example, its prestige encourages both employees and customers to interact with lower caste individuals, thus influencing changes in those rules which governed inter-case social interactions. All this did not happen overnight, but appears to have been a slow and incremental process, supported by the legitimacy, credibility and reputation the entrepreneur had earned in his host and home society (Riddle & Brinkerhoff, 2011).

_Time_ adds another explanation to why some entrepreneurs can become change agents and others not, pointing at the dynamics and process of change behaviour. For example, women, through entering entrepreneurship, may learn over time to break out of norms of their society and place. This has been illustrated for the case of a young Uzbek woman living in a rural community who was forced, due to family circumstances, to start a traditional craft enterprise at home, and who, over time, started breaking out of the norms of her traditional culture which ascribed a house-bound role to her (Welter & Smallbone, 2010). Using the example of two family-owned non-governmental organisations in India, which are involved in empowering women, Jakimow (2012) argues that women have to challenge existing gender and family norms, because otherwise they would not be able to take on leadership roles. Thus, where traditional societal norms come into conflict with modern practices such as those required for setting up a business, this may trigger change behaviour regardless of the individual’s experiences, background and intentions.

4. Institutional change behaviour

4.1. Institutional change behaviour: intentional or unintentional?

Oliver (1991) was one of the first to discuss behavioural responses to the institutional framework. Her five types of strategic responses can be distinguished by the extent to which entrepreneurs conform to institutional settings (acquiesce, compromise) or do not conform (avoidance, defiance, manipulation); each strategic response comes with three tactics (Table 1). While acquiescence represents a more passive form of conforming behaviour, compromise indicates a more active strategic response. Similar, avoidance refers to more passive tactics of concealing, buffering or escaping through changes at micro (organizational) level, while defiance and manipulation strategies reflect more active forms of resistance to institutional pressures. For example, defiance includes actions which ignore, attach or openly challenge institutional rules. This especially happens in situations where there is low potential for external enforcement as is frequently the case in turbulent and hostile business environments (Smallbone & Welter, 2009). Manipulation includes active attempts to change the institutional environment. Whilst a lack of legitimacy and power may be a hindrance for many
entrepreneurs to apply manipulation, this differs where entrepreneurs are well-connected. Here, research in emerging market economies has illustrated how well-connected individuals can draw on ‘guanxi’ or ‘blat’ networking relations to influence institutions in their favour (Batjargal, 2010; Voszka, 1994).

Similar to the initial classification by Oliver (1991), the behavioural responses of other classifications also can be grouped along a continuum of conforming to non-conforming behaviour. In Henrekson’s and Sanandaji’s terminology (2010), abiding refers to conforming actions, while altering constitutes the opposite end of non-conforming behaviour, where entrepreneurs actively attempt to reform the existing institutions. For entrepreneurs in uncertain institutional environments, such as emerging market economies, Tracey and Phillips (2011) suggest institutional brokering, spanning institutional voids and bridging institutional distance as strategies contributing to reducing institutional uncertainty. Institutional brokering refers to entrepreneurs setting up ventures which reduce institutional uncertainty for other actors, thus emphasizing the new organizational form or business model implemented in the emerging market context as institution, rather than a new rule of the game. In spanning institutional voids, entrepreneurs search for creative solutions to institutional deficiencies. Bridging institutional distance refers to transposing and adapting institutions (either organizational forms or practices) to a new country context.

A common feature of these classifications is their focus on purposeful and also opportunistic actions of human agents, with the various strategies representing “increasingly active levels of resistance to given institutional demands and expectations.” (Oliver 1991: 157). In other words, the classifications recognise that agents maintain institutions, have an active role to play in changing them, and do so through acting strategically and intentionally (Weik, 2011). At a first glance, it is generally non-conforming behaviour which triggers and drives institutional change. Actions such as tax evasion or semi-legal, but frequently tolerated behaviour such as informal entrepreneurship (Welter & Smallbone, 2009; Welter & Smallbone, 2011; Xheneti et al., 2012) challenge existing institutions and weaken their effectiveness, thus contributing to change, even if in a longer-term perspective (Douhan & Henrekson, 2010). Martin (2010) emphasizes processes of gradual institutional evolution, by adding new procedures or structures (layering), they are reoriented towards new purposes (conversion) or recombined (recombination).
Table 1: Selected classifications of behavioural responses to institutional settings

<table>
<thead>
<tr>
<th>Strategic responses to institutional processes (Oliver, 1991)</th>
<th>Conforming behaviour</th>
<th>Non-conforming behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquiesce:</td>
<td>Compromise:</td>
<td>Avoidance:</td>
</tr>
<tr>
<td>- habit - following invisible, taken-for-granted norms</td>
<td>- balance: balancing</td>
<td>- dismiss: ignoring</td>
</tr>
<tr>
<td>- imitate: mimicking institutional models</td>
<td>- expectations of</td>
<td>- explicit norms and</td>
</tr>
<tr>
<td>- comply: obeying rules and accepting norms</td>
<td>- multiple constituents</td>
<td>- values</td>
</tr>
<tr>
<td>Entrepreneurship typology (Henrekson &amp; Sanandaji, 2010)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abiding entrepreneurship</td>
<td>Evading entrepreneurship: alters impact of existing institutions</td>
<td></td>
</tr>
<tr>
<td>- self-perpetuating, legitimising and strengthening existing institutions</td>
<td>- exploiting institutional holes and imperfections: productive where new (legal) businesses emerge, unproductive where illegal actions abound</td>
<td></td>
</tr>
<tr>
<td>- implicitly contributing to institutional change in case of innovative, disruptive entrepreneurial activities</td>
<td>Altering entrepreneurship: changing institutional set-up and rules of the game through political or market-based entrepreneurship</td>
<td></td>
</tr>
<tr>
<td>Strategies to reduce institutional uncertainty in emerging markets (Tracey &amp; Phillips, 2011)</td>
<td>Institutional brokering: managing uncertainty by creating ventures that reduce risks for others</td>
<td>Spanning institutional voids: entrepreneurs exploit undeveloped institutional space and create value, by creating proto-institutions.</td>
</tr>
</tbody>
</table>

Applying this to the repertoire of actions outlined in Table 1, one can conclude that it is not only non-conforming behaviour which might contribute to institutional change, but rather any entrepreneurial behaviour which either openly questions existing institutions (through evasion or manipulation), or, by conforming, contributes to gradual change over time as suggested by Martin (2010). For example, even if conforming to the general institutional settings, entrepreneurs can trigger institutional change through disruptive innovations such as the introduction of new technologies (Kalantaridis, 2007) or by introducing new organizational forms and business models (Tracey & Phillips, 2011).

Weick (2011: 472) argues that most institutional entrepreneurship literature to date, when discussing the actions individuals and organizations take to change institutions, has a bias towards a “managerialist view of the creation and destruction of institutions where individuals found institutions in the same way and for the same reasons as they found companies.” This also is apparent in our review so far, where most authors see institutional change behaviour as intentional actions. Weick (2011) furthermore claims that even more recent studies on collective institutional entrepreneurship (e.g., Santos & Eisenhardt, 2009) draw on this same managerial bias, portraying institutional change behaviour as rational, planned, intended and linear. But, institutional change also could result as an unintended consequence of behaviour which occurs in an institutional context that “never reaches equilibrium but instead continually develops through cumulative reinterpretation.” (Carstensen, 2011: 160). In this regard, several authors emphasize the role of discourses and language for institutional change (Dolfsma, Finch & McMaster, 2011; Hardy & Phillips, 1999; Munir & Phillips, 2005; Zilber, 2007; 2011).

4.2. Contexts and change behaviour

The interplay of context dimensions with behaviour can provide additional insights into the range of actions individuals and change actors draw on to deal with institutions, how that may trigger or support institutional change, and also insights into why some individuals or communities may become change agents and others may not (Welter, 2012). Kalantaridis (2007) points to localised interpretations of institutions, which result in differing micro-level solutions and which, in the long run, also may contribute to institutional diversity at macro level. Thornton and Flynn (2005) indicate the social and institutional boundaries of place, where cultural rules and shared meanings contribute to defining local neighbourhoods and communities. In this regard, some research has explored the role of entrepreneurship, both individual and community activities, as leverage for social change (Johannisson, 1990; Johnstone & Lionais, 2004; Welter, Trettin & Neumann, 2008).

In relation to gender, Berg (1997: 265) argues that for women entrepreneurs place oftentimes triggers a “breaking out of the norms” of, in this case, female behaviour. Empirical evidence for post-Soviet countries illustrates two behavioural patterns of women
entrepreneurs which can trigger institutional change over time (Welter & Smallbone, 2008; Welter & Smallbone, 2010): They openly break out of societal norms which ascribe traditional gender roles in relation to sector choices or related to family life; and they frequently defy the male norm of entrepreneurship by playing with gender stereotypes. Bruno (1997: 63-64) shows how women entrepreneurs re-interpret the predominant male image of entrepreneurship by emphasizing “their ‘natural’ feminine attitudes when engaging in business and turning them into the central principle behind their work activities”. Educational levels, together with previous professional experience, both of which might also reflect their social standing (Battilana, 2006) appear to be enabling factors for those women who voluntarily defy traditional gender roles and values and are even proud of their “outsider status”.

Change agents do not act in a vacuum. Weik (2011) points to that even powerful individuals have to rely on others to follow their newly established actions and behavioural patterns, which refers back to the multiple contexts in which institutional change agents are embedded and which they, in turn and together with other actors, change (also cf. Delbridge & Edwards, 2008). Some authors have studied the interplay between governments and individuals, indicating that the former often creates the conditions which in turn enable individuals to become change agents. Bika (2012) demonstrates this interplay for Greece: During its period of military dictatorship, in rural areas entrepreneurial sons from farming families were enabled to break away from traditional patriarchal structures which gave the family father all decision power and control over their lives. In an attempt to modernize Greece, the military regime introduced new farming methods, which, together with cheap credit and improved infrastructure, changed village life and farm families, emphasizing individuality, consumerism and entrepreneurship.

Such interplay across contexts and actors also contributes to explaining unintentional change behaviour as illustrated by Haggard and Nolan (2010) for North Korea. During the famine in the 1990s, the North Korean government failed to provide its citizens with food. This in turn resulted in entrepreneurial coping behaviour of the population, much of it illegal, to overcome food shortages. In this case, state failure led to unintended and to some extent also unwanted institutional changes, with managers, entrepreneurs and workers taking up market activities, initially out of necessity, later because of opportunities, but in any case “well beyond the permission and reach of the state.” (Haggard & Nolan, 2010: 151). Similarly, Rehn and Taalas (2004) have emphasized how entrepreneurship, often illegal but tolerated, flourished in the daily lives of individuals during the Soviet period, as people struggled to cope with material shortages.

Institutional voids, in other words an institutional and business environment, which is deficient, also may trigger institutional change. This can happen, paradoxically, by initially enabling actors to exploit such voids. Some do so in order to make profit, as in the
case of a business service provider in the Ukraine (Smallbone et al., 2010): In the Ukraine of the 1990s, rapid and frequent changes in laws and overly excessive business regulations created a demand for consultants who could solve particular operational problems, such as taxation or accounting issues, as well as a demand for assistance in obtaining licences, permits and planning permissions required for starting or expanding a business, including contacts and connections to administrations. An innovative business service provider exploited this institutional void by offering “full service” packages which included the necessary connections to officials. Temporal-historical contexts, in the form of a legacy of economies of favours from Soviet times (Ledeneva, 2006), contributes to explaining why such entrepreneurs may be successful in exploiting such institutional loopholes. Other actors use their activities to directly fill institutional voids, often with a social motivation. This has been illustrated by Mair and Marti (2009) for the example of a non-governmental organisation in Bangladesh, aiming at alleviating poverty and empowering the poorest of the poor.

When actors engage in change activities, they may face not only institutional voids, but also contradictory institutional logics. This again emphasizes the temporal dimension of change behaviour. A typical example are situations where new institutions are not yet legitimised in economy and society (Beckert, 1999) as frequently happened in post-Soviet economies, where governments may have already introduced market-based legal frameworks but where individuals continued to draw on behaviour governed by Soviet norms such as legacies of non-compliance (Feige, 1997). Such “negative” path-dependent behaviour has been shown to constrain institutional change, in particular that of normative institutions (Greif & Laitin, 2004; Peng, 2003). Recently, studies on institutional change also started to acknowledge “positive path-dependent informality” such as revived entrepreneurship traditions in Poland, Hungary, China, together with innovative informal rules (Chavance, 2008), whose development often was (unconsciously) initiated by entrepreneurs searching for solutions to contradictory institutional logics (Smallbone & Welter, 2009; Stark, 1996). Such innovative institutions could be both detrimental to further change as is the case with corruption and law evasion or ambiguous as in the case of labour hoarding or barter (Chavance, 2008).

Bjerregaard and Lauring (2012) illustrate in more detail how entrepreneurs manage institutional tensions, working around and brokering contradictory institutional logics. In their case it is the tensions between the requirements of a modern market economy and a traditional, rural culture, where extended family is both a resource as well as hindrance to entrepreneurship and witchcraft still informs individual actions. One of the two entrepreneurs they studied is quite effective in “bridging institutional contradictions” (Bjerregaard & Lauring, 2012: 31), by distancing himself from local traditions and thus openly bringing in new values, while the other entrepreneur draws heavily on traditional
normative patterns to ensure legitimacy for his entrepreneurial activities. Kshetri and Ajami (2008) show for the Gulf countries and the example of modern banking which combines both elements of Western banking practices with traditional commercial Sharia, how institutional change is achieved by “combining components from the existing institutional environment and reorganizing them strategically” (p. 313).

Thus, a new institutional logic emerges less from a clear break with existing institutions, but is more of an incremental process, a “co-mingling containing changed, reused and new templates” as suggested by Stål (2011a). Drawing on the case of microfinance in Guatemala, Khavul and co-authors (2012) illustrate this in some detail, showing how institutional change in this field started with following a dominant development logic, over time shifted towards a market logic and finally got stuck in conflicts over regulatory logics. Here, the concept of “institutional bricolage” (Cleaver, 2002; Merrey & Cook, 2012) may offer a way forward to integrate the context and behavioural dimensions of institutional change. It emphasizes that institutional change emerges from collective actions, social identities and social relationships, thus drawing attention to the embeddedness of institutions in everyday lives and practices of those agents, who then, consciously and unconsciously, contribute to their change.

5. Outlook

This paper has explored institutional change and institutional change agents. The paper argues that the concept of institutional entrepreneurship does not appear to fully capture the complexities of the interplay between context and agents. Instead, “institutional change agents” may be a more appropriate concept to study the role of human agency in shaping its contexts. Also, current conceptualisation of institutional change behaviour assume a rational, intended, planned and linear process of institutional change. But, institutional change can happen intentionally and as an unintended by-product of entrepreneurial or organisational “path-dependent” behaviour. This implies that it is not only intentional behaviour which contributes to institutional change, but rather any entrepreneurial behaviour which implicitly or explicitly questions existing institutions. This has already been suggested by Giddens (1984) who pointed out that structures are generally quite stable, but when people ignore, replace or reproduce them differently, they can change them as an (un-)intended by-product of their actions. Moreover, change agents do not act on their own or in a vacuum. Institutional change results from individual and collective actions; it is embedded in multiple contexts as well as in everyday lives and practices.

Contextual discontinuity and boundary crossing both related to spatial and cultural contexts as well as to social roles, appear to explain why some become change agents and others do not. The evidence reviewed in this paper also indicates that in any situation where
institutional logics are in conflict, it is not only the “exceptional” entrepreneurs or actors (e.g., those with broad experiences and background, and access to resources) who take up the challenge as change actor, but that these institutional tensions can be a trigger for others as well. Institutional change behaviour then is not limited to the chosen few, as generally implied in the concept of institutional entrepreneur, but it can be enacted by other groups as well as be a collective undertaking (Khavul et al.; Wijen & Ansari, 2007).

Kalantaridis and Fletcher (2012) point to the need “to be cautious about being over attentive to the individual acts of institutional entrepreneurs”, instead arguing for research to consider the multiplicity of actors. It is here that a multi-stakeholder perspective on institutional change (Manning & von Hagen, 2010) may provide a novel perspective onto institutional change as an interactive process between actors and contexts (Castel & Friedberg, 2010), in other words, the co-creation of change (Karlsen et al., 2012). These are but some of the themes, together with the so far under-researched dark side of institutional entrepreneurship (Khan, Munir & Willmott, 2007), that emerge from our preliminary review, promising interesting insights into the topic.

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