WHO HAS THE RIGHT TO BE AN ENTREPRENEUR? THE THEORETICAL FOUNDATIONS OF ENTREPRENEURIAL LEGITIMACY (SUMMARY)

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SUMMARY

WHO HAS THE RIGHT TO BE AN ENTREPRENEUR?
THE THEORETICAL FOUNDATIONS OF ENTREPRENEURIAL LEGITIMACY

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Principal Topic

This paper outlines the theoretical foundation of the individual level construct of entrepreneurial legitimacy. Extending the definition of organizational legitimacy (Suchman, 1995) to an individual level of analysis, I define entrepreneurial legitimacy as a generalized perception or assumption that an individual entrepreneur is desirable, proper, or appropriate within a system of norms, values, beliefs, and definitions that are socially constructed by the parties that participate in the entrepreneurial process.

Within the entrepreneurship literature the concept of organizational legitimacy is seen as an important resource for organizational survival and growth (Aldrich and Fiol, 1994; Zimmerman and Zeitz, 2002; Delmar and Shane, 2004; Tornikoski and Newbert, 2007). Organizations are started by individuals (Baron, 2007), and research shows that individual entrepreneurs can work on a new business idea for more than two years prior to a venture being formed (Reynolds and White, 1997). Prior to establishing an organization, an individual needs to garner support from external stakeholders. Whether an individual is able to garner that support will depend on whether they are perceived to be legitimate as an entrepreneur. Entrepreneurial legitimacy is therefore argued to be a critical resource for entrepreneurs creating new ventures and an important construct for researchers studying emerging organizations (e.g. Katz and Gartner, 1988).

Method

I adopt both a deductive and inductive approach to develop the construct of entrepreneurial legitimacy. Beginning with a deductive approach, I draw on theories and empirical findings from multiple fields to develop a theoretical framework underpinning the concept of entrepreneurial legitimacy. Then using an inductive approach, I gathered data from venture capitalists serving as judges in a business plan competition on the factors that influenced their perception of individual entrepreneurs presenting business plans. The issues identified by the judges were coded, grouped and analyzed to examine the extent to which they fit within the theoretical framework.

Results and Implications

Entrepreneurial legitimacy is construed as a formative construct – a construct composed of multiple dimensions (Petter, Straub and Rai, 2007). The proposed theoretical framework highlights how the different dimensions – an individual’s background, relationships, apparent disposition, presentation and audience engagement – all contribute to whether that person is perceived to a legitimate entrepreneur. The outcomes of entrepreneurial legitimacy in the entrepreneurial process are briefly discussed and consequences for future research are outlined.

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