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## INSTITUTIONAL ENTREPRENEURSHIP IN THE CREATION OF A HEDGE FUND INDUSTRY (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

**INSTITUTIONAL ENTREPRENEURSHIP IN THE  
CREATION OF A HEDGE FUND INDUSTRY**

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**Principal Topic**

Research on emerging industries implicates institutional entrepreneurship – the ongoing efforts to build new industries and infrastructures. While several conferences have been held on the intersection of entrepreneurship and institutions, a conceptual problem remains. Institutions are described in the literature as stable, enduring features of life, and as such, they are resistant to change. As well, institutions are constraining on their members; in other words, actors (individuals and organizations) are constructions of the very institutions to which they belong – they are defined and enabled by them. If this is so, how do actors gain the ability to escape, either partially or fully, from their institutional environment in order to generate change to that same institutional environment?

While several studies have sought to explain institutional entrepreneurship (and organizational entrepreneurship more broadly) as arising from social upheaval, social skill, social movements, or other such phenomena, the end result of these studies has been the unsatisfactory imposition of institutionally unconstrained actors.

The present research is a qualitative empirical study on the emergence of the U.S. field of hedge fund management companies. This research seeks to locate the specific actors involved in creating the industry, and those involved in shaping the institutions of the industry as it exists today. More specifically, this research seeks to understand the backgrounds and activities of these specific actors in order to uncover the reasons they were able to ‘partially escape’ the confines of the institutions that defined them.

**Implications**

There are significant theoretical and pedagogical implications arising from this work. By describing a theoretical process that allows conscious discovery of institutional conflicts, agentic action becomes possible. This insight enables entrepreneurs to be fully situated within institutional theory, therefore allowing all of institutional theory’s insights to be applied to the process of entrepreneurship. This study is also the first to test a specific insight into the agentic activation of individuals within a structured institutional process: actors are shown to be institutionalized, but the processes that generate the necessary insights allowing for agentic activity are described and tested.

From a pedagogical perspective, the implications for entrepreneurial lessons are significant: the empirical work suggests actors gain agentic capacity through discovery of conflicting institutional schema. This insight suggests entrepreneurial education should be more broadly focused, seeking to expose entrepreneurs to the deep knowledge of multiple domains of organizational life.

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