CHAPTER V. ENTREPRENEURIAL MOTIVATIONS

GIVE-AND-TAKE RITUALS: HOW INFORMAL ENTREPRENEURS ELEVATE THEIR STATUS (SUMMARY)

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SUMMARY

GIVE-AND-TAKE RITUALS: HOW INFORMAL ENTREPRENEURS ELEVATE THEIR STATUS

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Principal Topic

Original theories of status and markets underscore status as a symbolic and universalistic resource that is externally and evenly allocated (Podolny, 1993). Newer theory, however, sees that there are also concrete and particularistic elements of status, which can be allocated unevenly across different situations, and can be built and changed through social and economic exchanges (Binning & Huo, 2012). While most status work in entrepreneurship explores how entrepreneurs draw on the symbolic and universalistic status of others to enhance venture legitimacy (Saxton & Saxton, 2011), we inductively explore a context where status is vastly different. We focus on informal entrepreneurs – those working outside of the institutional and legal frameworks of their countries (Webb, Tihanyi, Ireland, & Sirmon, 2009) – and inductively explore how they discursively construct concrete and particularistic status through social and economic actions.

Method

We use 180 in-depth interviews with entrepreneurs from four contexts where both informality and entrepreneurship are endemic (Kenya, Tanzania, Rwanda and Ghana) and analyzed them using a new combination of comparative (Eisenhard & Graebner, 2007) and processual inductive methods (Gioia, Corley & Hamilton, 2013). In coding these interviews, we emphasize the concrete and particularistic nature of status for informal market entrepreneurs.

Results and Implications

We reveal how entrepreneurs in informal markets use status transactions to create and/or replicate opportunity (Bennett & Estrin, 2007). We build on the understanding of status as a social resource (Binning & Huo, 2012) and contribute more broadly to social resource theory (Foa & Foa, 1974) which specifies how non-economic resources (status, love and information) are exchanged with economic resources (goods, services, money).

Our inductive understanding of how entrepreneurs give-and-take status from themselves, in large part through dual transactions (economic and non-economic), extends our understanding of expressions of entrepreneurial agency (Goss, Jones, Betta & Latham, 2011). We elaborate on the positive implications of self-declarative and self-authoring processes (Rindova, Barry & Ketchen, 2009) by showing their role in building concrete and particularistic status. By revealing status-building antecedents to opportunity creation and replication, we then reconcile the dual paradox of (il)legitimacy (Webb, Tihani, Ireland & Sirmon, 2009) and wealth potential (Alvarez & Barney, 2014) in informal markets by explaining how status transactions relink upward social mobility with opportunity creation and replication.

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