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TOWARD A RESOURCE-BASED MODEL OF THE INSTITUTIONAL ENTREPRENEURSHIP PROCESS

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Abstract

Recent years have seen a growing body of studies about institutional entrepreneurship in management and entrepreneurship journals. As highlighted by DiMaggio's (1988) seminal definition, institutional entrepreneurs are actors with sufficient resources, who create new institutions or transform existing institutions that favor their interest. Despite this centrality of resources, prior literature has not thoroughly explored the strategic implications of resources (Levy & Scully, 2007), being "vague as to what is meant by 'resources' as well as what is done with them" (Hardy & Maguire, 2008, p. 207). To address this gap, we conduct a systematic review of the institutional entrepreneurship literature and develop a resource-based process model of institutional entrepreneurship.

Introduction

Institutional theory has become a viable theoretical lens within the entrepreneurship and management literature (Bruton, Ahlstrom, & Li, 2010; Covin & Miller, 2014; Jennings, Greenwood, Lounsbury, & Suddaby, 2013; Miller, 2011). Recent years have seen, in particular, a growing scholarly effort to juxtapose institutional and entrepreneurship perspectives evolving a new stream of research called "institutional entrepreneurship" (Garud, Hardy, & Maguire, 2007; Greenwood & Suddaby, 2006). Building on the work of Eisenstadt (1980), DiMaggio (1988) elaborated the notion of institutional entrepreneurship by defining institutional entrepreneurs as "organized actors with sufficient resources" (p. 14), who create or transform institutions that serve their interest. As such, the literature on institutional entrepreneurship recognizes an agentic role that entrepreneurial individuals or organizations play in institutional transformation (Greenwood & Hinings, 1996; Hirsch & Lounsbury, 1997; Powell & DiMaggio, 1991). Scholars embrace this endogenous explanation of institutional change as a means to enhance the overall richness and scholarly understanding concerning the complex organization-environment relationship (Greenwood, Hinings, & Whetten, 2014) and to explore new research agendas. Yet, departing from the traditional view of institutional theory, which focuses on the influence of exogenous forces and organizations' conformity to institutional demands (Sherer & Lee, 2002), research on institutional entrepreneurship faces the paradoxical nature of its own arguments; how can actors envision and enact institutional change if their norms and rationality are conditioned by the very institutions they wish to change? (Holm, 1995)

To resolve this "paradox of embedded agency" (Seo & Creed, 2002), scholars revisit DiMaggio's seminal definition, which highlights resources as a vital component enabling actors to envision and enact institutional change. Such scholars argue for a thorough exploration of the strategic implications of resources for the institutional entrepreneurship process (Battilana, Leca, & Boxenbaum, 2009; Garud et al., 2007; Levy & Scully, 2007; Misangyi, Weaver, & Elms, 2008). To facilitate this ambition, systematic review of the institutional entrepreneurship literature focusing on resource mobilizations is essential. Studies, such as Dorado (2005), Battilana and Leca (2009), and Wright and Zammuto (2013), discuss roles of resources in institutional change, but not through the perspective of systematic review. The existing reviews within the institutional entrepreneurship literature, i.e. Battilana et al. (2009) and Hardy and Maguire (2008), probe into resource mobilization as part of the institutional change process, but their discussions are limited to certain resource types or mobilization approaches. Taken together, despite the centrality of resources for the institutional entrepreneurship literature, the prior literature has been "vague as to what is meant by 'resources' as well as what is done with them" (Hardy & Maguire, 2008, p. 207).

The primary objective of our study is to fill this gap in research by conducting a systematic review dedicated to comprehending mechanism of resource mobilization in the institutional entrepreneurship process. In line with the perspective of Hardy and Maguire (2008), our systematic review focuses on types and mobilization tactics of resources during different phases of institutional change. In synthesizing the findings of our systematic review, we propose a resource-based process model of institutional entrepreneurship. Our second objective is to provide suggestions for future research that integrate entrepreneurship research with institutional entrepreneurship research through implications of resource mobilizations. Entrepreneurs must obtain resources for their venture successes (Villanueva, Van de Ven, & Sapienza, 2012). In this regard, comprehending resource mobilization mechanisms within institutional entrepreneurship is critical for entrepreneurship research, as well as institutional entrepreneurship research, because the entrepreneurs' embeddedness in institutional and social structures can constrain, as well as facilitate, their resource mobilization strategies (Aldrich & Zimmer, 1986). Yet, the effects of more traditional entrepreneurial activity on institutional entrepreneurship or vice versa have remained largely unexplored (Battilana et al., 2009; Pacheco et al., 2010; Phillips & Tracey, 2007). We will explore how the exhibition of entrepreneurial activity enables organizations to explore and exploit the resources necessary to enact institutional change. The subsequent section begins with explaining our data collection and analysis methods, followed by presenting findings of our review and a model developed based on the findings. Our paper concludes with discussion about future research agendas that adopt some fundamental aspects of entrepreneurship theory.

Methods

Following the norms of past research, our systematic review process began with the identification of a set of relevant articles about institutional entrepreneurship. We collected and analyzed data on the extant body of research on institutional entrepreneurship using an adapted version of the methodological technique of systematic review, originally developed by David and Han (2004) and later adapted by Newbert (2007) and Wales, Gupta, and Mousa (2013). Due to its replicable, scientific, and transparent nature (Briner, Denyer, & Rousseau, 2009), this multi-step approach of literature review is considered to be a ROBUST method of identifying a representative sample of journal articles while mitigating selection biases and thereby improving confidence in study findings.

David and Han (2004), Newbert (2007) and Wales, Gupta, and Mousa (2013) all required that selected articles must contain at least one 'methodological' keyword in their title or abstract (i.e., test, statistical). However, many key studies on institutional entrepreneurship are qualitative (Jennings et al., 2013). Restricting our sample to studies employing statistical methods, therefore, will undermine the comprehensiveness of our systematic review. Thus, we omit this filtering process. Moreover, we consult the articles published in, and the reference lists of, previous special issues of several prominent journals focusing on institutional entrepreneurship: *Academy of Management*

Journal, 2002, 45(1); *Organization Studies*, 2007, 28(7); *Journal of Business Venturing*, 2013, 28(1), and prior reviews on institutional entrepreneurship (Battilana et al., 2009; Hardy & Maguire, 2008; Pacheco et al., 2010). We restrict our sample to 'scholarly' journal articles to control the quality of gathered data (David & Han, 2004). In addition to ABI/INFORM, the database suggested by David and Han (2004) and Newbert (2007), we use the EBSCO and JSTOR databases to enhance our comprehensiveness (Wales et al., 2013) and follow the methods by the prior reviews on the institutional entrepreneurship literature (Battilana et al., 2009; Pacheco et al., 2010).

With these modifications, our review process is as follows. First, to ensure substantive relevance, we required that articles contain 'institution* entrepreneur*' as primary keywords in their title or abstract. Second, the identified titles and abstracts were filtered by 12 additional keywords (agen*, actor*, institutional change*, institutional design, institutional work, institution* and endogen*, institutional logic*, institutional innovation, embed*, legitima*, norm* or diffus*). Third, we eliminated substantively irrelevant articles by only selecting articles that appear in journals in which multiple articles appear. We then reviewed all remaining abstracts and articles for relevant substantive and empirical content to exclude articles that did not explicitly examine agency and endogenous change of institutions. Following Battilana et al. (2009) and Pacheco et al. (2010), we added the highly cited book chapters about institutional entrepreneurship (e.g., DiMaggio, 1988) to our dataset.

Due to the dominance of qualitative methods in institutional entrepreneurship research, our data analysis involved a content analysis method (Coviello & Jones, 2004; Keupp & Gassmann, 2009) paired with a qualitative thematic analysis following systematic reviews of the management literature (Crossan & Apaydin, 2010; Jones et al., 2011; Lane, Koka, & Pathak, 2006). Our content analysis entailed a combination of manual coding by two coders (Krippendorff, 2004) and computer-aided coding by a content analysis program, NVivo 10 (Short, Broberg, Cogliser, & Brigham, 2010), to enhance our robustness given different strengths and weaknesses across these two coding methods (Duriau, Reger, & Pfarrer, 2007). Our data synthesis reports key themes describing how resources are deployed in the institutional entrepreneurship process. Following a focus on resource deployment, we will discuss how resources are mobilized during a separate phase of the institutional entrepreneurship process.

Results

Sample Description

Our final sample includes 139 studies on institutional entrepreneurship. Our sample size is very similar to Pacheco et al.'s (2010) sample size of 141 studies based upon broader criteria (including the literature on institutional economics as well), yet larger than Battilana et al.'s (2009) analysis of over 60 studies (excluding the literature on institutional economics). Our robust sample is not a surpiring result; we used multiple databases during our search process whereas Pacheco et al. (2010) and Battilana et al.(2009) relied upon a single database (i.e., JSTOR) and a considerable number of institutional entreprneurship studies have been published since publication of Pacheco et al. (2010) and Battilana et al.(2009). Of all scholarly journals, *Organizational Studies* has published the largest number of articles (23 articles), including 11 articles in the 2007 special issue on the topic. *Academy of Management Journal* came second, publishing 17 articles on institutional entrepreneurship. *Journal of Business Venturing* and *Organization Science* have published 12 and 13 articles on the topic respectively. These findings are consistent with those of Pacheco et al.'s (2010) review of the institutional entrepreneurship literature.

Types of Resources

To comprehend distinct resources explored by the institutional entrepreneurship literature, we first run NVivo Text Search Query, using the search term "resource(s)" including synonymous as the search criterion. We then used the keywords identified to be relevant to resources (e.g., capitals, discursive Hensmans, 2003; Lawrence & Phillips, 2004; Maguire & Hardy, 2006) and run NVivo Auto Coding with these keywords. We reviewed all coding results manually to examine the context the resource-related keywords were used and eliminated the coding results if the context is irrelevant to institutional creation or change (e.g., "human resource manager"). We followed the prior reviews (Battilana et al., 2009; Hardy & Maguire, 2008) and classified our results into four categories, (1) material resources, (2) organizational resources, (3) network resources, and (4) symbolic and discursive resources.

Table 1 shows that symbolic and discursive resources are the most frequently explored in the institutional entrepreneurship literature (69 studies, including Durand & McGuire, 2005; Khavul, Chavez, & Bruton, 2013; Rao, 1994; Rao & Sivakumar, 1999). Legitimacy is included in this category, following seven studies of our sample (e.g., Almandoz, 2012; Hung & Whittington, 2011) that state legitimacy is a symbolic resource. 44 studies refer to discursive resources (e.g., Lawrence et al., 2005; Levy & Scully, 2007; Mutch, 2007; Phillips et al., 2000; Wright & Zammuto, 2013; Zilber, 2007). Institutional entrepreneurs often author new texts during the institution-building process and use these discourse resources to shape the emergence of new institutions (Maguire & Hardy, 2006). The second most frequently explored resource types are material and financial resources (62 studies, including Dorado, 2005; Maguire et al., 2004; Phillips, Lawrence, & Hardy, 2000; Purdy & Gray, 2009). Financial resources are by far the most frequently explored among the previously explored material resources (49 studies, including Beckert, 1999; Garud & Karnøe, 2003; Greenwood & Suddaby, 2006; Maguire, Hardy, & Lawrence, 2004). Financial resources are discussed as resources available for and controlled by dominant actors (Maguire et al., 2004). Third, 43 studies, including Creed, Scully and Austin (2002), Greenwood and Hinings (1996), and King, Clemens and Fry (2010), examine organizational resources. Orgazational resources broadly reflect human resources (Hardy & Maguire, 2008), as they are required to organize collective actions among different actors during the process of institutional entrepreneurship. Finally, the literature on institutional entrepreneurship stresses the importance of network-related resources, which are closely associated with an actor's position (Battilana, 2006, 2010; Maguire et al., 2004). We found 45 studies examining a wide variety of network-related resources, including status, social capital, and community resources. The following section examines mobilization techniques to deploy these different resources and implementation phases during which the resources are deployed.

Synthesis Toward a Resource-Based Process Model

Scholars emphasize institutional entrepreneurship as a process consisting of discrete, incremental and multi-level elements (Jain & Sharma, 2013; Khavul et al., 2013; Oliver & Montgomery, 2008). We thus synthesize key results from our analysis into a process model (Figure 1). Following Battilana and Leca (2009) and Dorado (2005), we apply three implementation phases of institutional change during the institutional entrepreneurship process: (1) the institutional emergence phase; (2) the institutional elaboration phase; and (3) the institutional expansion phase. As Figure 1 shows, our model is distinguished from the previous process models (e.g., Battilana et al., 2009), as it illuminates mechanisms of resource mobilization, and also highlights the multilevel nature of the institutional entrepreneurship process during the three different implementation phases.

Resource Mobilization during the Institutional Emergence Phase

Our analysis via NVivo Coding Matrix accompanied by manual review of the studies confirms that material and financial resources are vital during the early stages of institutional entrepreneurship. Creating new institutions is more costly than maintaining the status quo (Misangyi et al., 2008) and requires high levels of resources (DiMaggio, 1988). Material resources, however, are scarcest at an early stage of institutional change. Institutional entrepreneurs also tend to be marginal actors, lacking significant access to material resources. Thus, the main resource mobilization technique during the institutional emergence phase is bricolage with whatever is at hand (Creed et al., 2002a; Dorado, 2013; Garud & Karnøe, 2003; Maguire et al., 2004; Mair & Marti, 2009; Phillips & Tracey, 2007). This finding underscores the importance of human resources that enact bricolage during this phase.

Human resources are found to be another vital resource during the institutional emergence phase. To act upon stimuli (e.g., adverse conditions of a field) to initiate institutional change, institutional entrepreneurs must possess appropriate skills, cognitive resources, and abilities. Cognitive resources enable entrepreneurs to recognize and translate stimulus into actions via sensemaking (Beckert, 1999; De Holan & Phillips, 2002). Sensemaking is found to be effective in mobilizing cognitive resources during the early stages of institutionalization. A perspective on sensemaking between existing and new institutional elements (e.g., practices, organizational structure) is that it operates as a normative mechanism to reconcile conflicting institutional logics (Etzion & Ferraro, 2010). The combination between cognitive resources and sensemaking then helps entrepreneurs, albeit subject to their embeddedness in the institutional field, envision new institutional identities and meaning (Creed, Scully, & Austin, 2002). This can also help with the rejection of path dependence (e.g., materials previously used such as practices and organizational forms) (Kistruck & Beamish, 2010), i.e., a critical process of institutional change.

Resource Mobilization during the Institutional Elaboration Phase

Once an institutional entrepreneur launches an institutional change project, its success depends upon the likelihood of its diffusion (Battilana & Leca, 2009). During the institutional elaboration phase, therefore, institutional entrepreneurs must establish a collaborative relationship with external actors and persuade them that new institutional arrangements serve allies' interests and values better than exiting arrangements. Thus, main resources during the institutional elaboration phase are network and community resources. Trust and social capital allow institutional entrepreneurs to build a close relationship with allies (Aldrich & Fiol, 1994; Holm, 1995; Sine & Lee, 2009). Status as, or endorsement from, a formal authority helps legitimize and diffuse divergent ideas among diverse actors (Fligstein, 2001; Maguire et al., 2004; Phillips, Lawrence, & Hardy, 2004). A successful mobilization of network resources requires social and political skills (Fligstein, 1997; Garud, Jain, & Kumaraswamy, 2002; Holm, 1995; Levy & Scully, 2007; Perkmann & Spicer, 2007). Social skills capture the ability of institutional entrepreneurs to motivate cooperation in other actors by providing those actors with common and justified identities through framing and alliance building (Fligstein, 1997; Lawrence, Mauws, Dyck, & Kleysen, 2005). Political skills, on the other hand, are used to sustain cooperation through bargaining (Fligstein, 2001) when private interests force divergence from these common meanings and identities (Garud et al., 2002).

Our analysis found resources utilized during the institutional emergence phase, such as material resources and human resources, continue to be exploited during the institutional elaboration phase, but in a distinct way to help organize community resources by social and political skills. Financial resources are used in conjunction with other resources. This combination allows institutional entrepreneurs to develop broader strategies. For instance, significant financial resources become a source of power and political resources—network resources—for entrepreneurs to manipulate their relationships with other actors (Greenwood & Suddaby, 2006) and encourage them to participate in collection action (Rao & Sivakumar, 1999). Success of the institutional elaboration phase, therefore, depends on the collaboration of stakeholders and the resources they control, and make the employment of political skills (framing, bargaining, and negotiating) inevitable.

Resource Mobilization during the Institutional Expansion Phase

The central goal of the institutional expansion phase is to establish an agreed upon vision and gain legitimacy toward the development of a new institutional field among various stakeholders in a large, macrolevel field. Institutional entrepreneurship at this level is a complex political and cultural process. Legitimacy becomes more difficult to acquire the more a project diverges from the practices of existing institutions (Zimmerman & Zeitz, 2002). Two broadly classified resources, i.e., symbolic resources (Delmestri, 2006; Garud & Karnøe, 2003; Khan, Munir, & Willmott, 2007; Misangyi et al., 2008) and discourse resources (Bartley, 2007; Etzion & Ferraro, 2010; Greenwood et al., 2002; Hardy & Maguire, 2010; Maguire & Hardy, 2006; Suddaby & Greenwood, 2005), are found to be closely associated to the final "convening" stage of institutionalization (Dorado, 2005). Institutional entrepreneurs can use these resources to overcome resistance to institutional change and to further diffuse their institutional aims and ambitions (Battilana & Leca, 2009).

To shape a new collective understanding and establish legitimacy for their transformative institution, institutional entrepreneurs must replace existing discourses with new discourses that they author. Theorization—referring to "both the development and specification of abstract categories, and the formulation of patterned relationships such as chains of cause and effect" (Strang & Meyer, 1994, p. 104)—enables entrepreneurs to mobilize discursive resources. Theorization allows entrepreneurs to specify a problem with existing practices, justify new ones as a solution, and promote diffusion among diverse stakeholders by enhancing perceived similarity among stakeholders (David, Sine, & Haveman, 2013; Greenwood et al., 2002). Finally, framing is another technique used to create and maintain a new collective identity in a newly established institution and minimize conflicts with powerful and legitimate actors (Mair & Marti, 2009). These findings allude to the importance and power of discourse (Suddaby & Greenwood, 2005). Convincing powerful and legitimate actors to lend their support can lessen the risk of the initiative being considered illegitimate (Greenwood et al., 2002; Suchman, 1995).

Discussion

Given the centrality of resources to institutional entrepreneurship, comprehending the strategic implications of resource mobilization within a broader resource-based process model is indispensable for theoretical advancement within the institutional entrepreneurship literature (Battilana et al., 2009; Misangyi et al., 2008). Our study offers a systematic, and integrative review dedicated to responding to this need. Herein an extended process model is advanced that examines resource management as major part of the institutional entrepreneurship process.

In conclusion, we propose a few notable opportunities for the future integration of entrepreneurship research into the emerging study of institutional entrepreneurship from the perspective of resource mobilization. For instance, scholars may be interested in investigating relationships between particular stimuli (e.g., institutional voids, multiple and competing institutional logics, and actor's marginal position in a network) and specific resource mobilization techniques. Institutional voids often limit resource flow, creating opportunity spaces for entrepreneurial activity that demand creativity and bricolage (Desa, 2012; Mair & Marti, 2009). Voids such as weak or inefficient legal and regulatory institutions that poorly protect private property rights can also affect norms of how resources are mobilized through 'unproductive' piratical (Baumol, 1990) or 'shadow economic' (Puffer, McCarthy, & Boisot, 2010) entrepreneurial activity. In this regard, whereas mobilization of macrolevel discursive resources is vital to legitimizing institutional entrepreneurs' efforts, such dialectical framework in the context of heterogeneous institutional environments highlights the pivotal role of entrepreneurial actors' capacity and skills. The tasks are extremely difficult because the process often demands a high level of innovativeness and flexibility while institutional embeddedness inherently constrains action and institutional change. Moreover, institutional logics define the resource structures upon which successful institutional change depends—when multiple and competing institutional logics exist, entrepreneurs must mobilize a broad array of resources in an effort directed at wining conflict over the identity claims vital to enacting successful institutional change (Misangyi et al., 2008). Research into resource mobilization has the potential to unlock greater understanding of how multiple and competing institutional logics are resolved and higher levels of productive entrepreneurial activity are achieved. In terms of marginal network positions, bridging ties which facilitate the mobilization of resources from less conventional sources outside a firm's immediate industry boundaries have been shown to play a crucial role in the relationship between a firm's entrepreneurial orientation (EO) and its performance (Stam & Elfring, 2008). This suggests potential additional networking-oriented moderating factors as ripe for investigation in future research. In sum, it is our hope that the present model and synthesis of prior research provides guidance for future studies and advances at the intersection of the institutional and entrepreneurial research domains.

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Appendix

Table 1: Analysis of types of resources

Resource types	# of articles	Examples of terms used
Material resources	62	
financial resources	49	assets, capital funds, donation, economic resources, funding, money
other material resources	28	physical resource, property resource, material resources, unspecified
Organizational and human resources	43	
human resources	36	
skills, expertise, and labor		entrepreneurial resource, professional expertise, managerial resource
cognitive resources		intellectual resource, psychological resource
knowledge		information
organizational resources	13	unspecified
Network and community resources	45	
status, authority, and political resources	20	power, formal authority
social capital	9	inter-organizational resource, relational resource, trust
social and community resources	14	collective resource, local resource, social resource
Symbolic resources	69	
discursive resources	44	discourse, rhetoric, rhetorical history, story, symbolic language
symbolic resource	39	reputation, legitimacy, cultural resources, public opinion, new identity

Figure 1: Resource-based process model of institutional entrepreneurship