INSTITUTIONAL INNOVATION:
OPPORTUNITY CREATION, RESISTANCE,
AND CONFLICT MANAGEMENT
(SUMMARY)

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SUMMARY

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Principal Topic

The concept of “institutional entrepreneurship” has become one of the most prominent concepts in the institutional theory in recent years. Entrepreneurial efforts often lead to “proto-institutions,” new practices, rules, and technologies that transcend a particular collaborative relationship and may become new institutions if they diffuse sufficiently (Lawrence, Hardy & Phillips, 2002: 281). Although research on institutional change has referred to a long and complex process of transformation from proto-institution to institutions, we still know very little about the complete institutional innovation process.

In this paper we unpack the institutional innovation process of how new practices, rules, or technologies developed by an institutional entrepreneur constitute a proto-institutions and how these proto-institutions are transformed into institutions. In our analysis we bridge the entrepreneurship and the institutional theory literature and focus on three issues: (1) entrepreneurial opportunity creation vs. opportunity recognition; (2) types and attributes of resistance to entrepreneurs’ acting upon created opportunities, and (3) the role of conflict/resistance management in institutional innovation process.

Method

We base our paper on a longitudinal case study of Sekem, an Egyptian organization that is a complex of a multifaceted agro-industrial group of business companies and several non-governmental organizations encompassing a variety of socio-cultural-human development institutions and cooperative associations. In addition to Sekem organizational form that we consider an example of a proto-institution, over the years Sekem has created a number of proto-institutions some of which have become widely spread and accepted all over Egypt while others are still in early stages of the institutionalization process. Our unit of analysis is a particular dyad of Sekem’s proto-institution and associated institutional innovation process. Our analysis builds on three types of data sources: (1) semi-structured interviews conducted during our research trips in December 2003 and July 2008; (2) participant observation and immersion into various organizational activities, and (3) archival data.

Results and Implications

Based on our analysis, we develop a model of how institutional innovations emerge, grow, and eventually get accepted. We point to three mechanisms affecting the outcome of the innovation process: market-mediated institutional linkages, empowerment of institutionally over-embedded agents, and institutional complementarity.

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