

Explorative Study on the Institutional Entrepreneurship and its Significance to the Business

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Abstract: *Institutional entrepreneurship explores the processes by which institutions emerge or change over time. Institutional entrepreneurs refer to those who possess a keen interest in altering established institutional systems or creating novel ones. They utilize resources to renovate or construct new institutions. The founders of Grameen Bank or Sekem brought about institutional revolution by fundamentally changing well-established institutions or organizational domains. These examples of institutional entrepreneurship provide insight into the cause of this occurrence. Undoubtedly, the ability of institutional entrepreneurs to modify established standards (such as the belief that lending money without collateral, especially to the underprivileged, is impossible) may ultimately prove to be more significant than the original problems they aimed to address.*

Keywords: Institutional entrepreneurship, institutional aspects, Institutional movement

I. INTRODUCTION

Institutional capital is a term used by researchers to describe the resources that are present and potential in the connections between individuals, groups, networks, and societies (Burt, 1997; Nahapiet & Ghoshal, 1998). Sociologists and organisational theorists have delineated three interconnected dimensions of institutional capital: relational capital, referring to the nature and caliber of an individual's personal connections; cognitive capital, denoting the degree to which an individual shares a shared framework and systems of significance within a community (Burt, 1992). The implications of the third dimension, sometimes known as the cognitive dimension, align with our previous discussion as it explores how normative and mimetic elements impact behavior. In the subsequent paragraphs, we will provide a more comprehensive analysis of how the initial two factors might contribute to the examination of institutional entrepreneurship.

Moreover, it presents an intriguing perspective to analyze the progression of institutional entrepreneurship. This can be done by exploring the conflict between the values of institutional entrepreneurs and their understanding of the actual situation. Alternatively, one can examine the clash between their personal convictions and the established norms of their community, which can be referred to as institutions in the context of institutional entrepreneurship.

We also hold the belief that the occurrence of institutional entrepreneurship has the capacity to add to the notion of institutional entrepreneurship. Neither DiMaggio's (1988) nor Fligstein's (1997) theories of institutional entrepreneurship adequately address the paradox of embedded agency, as pointed out by Holm (1995). The institution may have influenced players who have deeply rooted attitudes and may be resistant to changing the existing state of affairs. Embeddedness can suggest both a facilitating and a constraining situation at the same time. Less embedded players are more likely to participate in institutional enterprises that challenge laws and conventions because they are not constrained by the existing framework. However, highly entrenched institutional entrepreneurs find it easier to get resources and establish legitimacy. Further investigation is required to ascertain the existence of such a contradiction and devise strategies to resolve it.

The arrangement of relationships between individuals, or the extent to which one can establish contact with others, is known as the structural dimension (Burt, 1992). Several authors have emphasized the importance of networks in the context of institutional entrepreneurship. Structural capital determines the range of knowledge assets, and help

available to institutional entrepreneurs. Understanding the process of building, increasing, and maintaining institutional capital is crucial for institutional entrepreneurs to effectively solve institutional problems and gain public recognition. The structural dimension of institutional capital is a key factor in determining the success and impact of their efforts. The relational aspect of institutional capital focuses on the quality of interpersonal connections, encompassing factors such as mutual respect, amicability, and confidence. There is a growing body of research suggesting that when parties perceive trust, they are more inclined to engage in cooperation, potentially resulting in the establishment of additional trust (Fukuyama, 1997). An exemplary demonstration can be observed in the loan allocation system employed by the Grameen Bank. The formation of borrowers into small, homogeneous groups promotes engagement, unity, and the distribution of accountability for loans extended to fellow group members. It is vital to comprehend the development of trust among the numerous participants of the group, as well as between them and the Grameen Bank.

Despite the predominant focus on the positive benefits of institutional capital in the literature, it is important to acknowledge that it can also have negative consequences and unfavorable results. Prior study has identified four notable adverse consequences: the exclusion of those who are not part of the group, the making of exaggerated claims about group members, restrictions on personal freedoms, and a lowering of standards (Portes, 1998).

Consider the manner in which the loan delivery system of the Grameen Bank promotes a sense of unity and cooperation. While solidarity is generally regarded as beneficial, there are instances where it might have unintended negative consequences. Various scholars have discussed the adverse consequences of excessive embedding. Gargiulo and Bernassi (1999) argued that an excessive level of devotion towards people within a certain group might result in over embedding. This, in turn, hinders the introduction of new ideas and promotes narrow-mindedness and resistance to change.

Institutional movements:

Institutional movement researchers have focused on various factors such as political opportunities and threats, resource mobilizing structures, active appropriation of mobilization sites, collective action frames, identity formation, established repertoires of contention, and creative collective action by challengers and their opponents (McAdam, Tarrow, & Tilly, 2001).

Scholars studying institutional entrepreneurship have drawn upon many insights from the body of literature on institutional movements. Institutional transformation is a subject that is addressed by both institutional movements and institutional entrepreneurs. Academics researching institutional movements can provide valuable insights for the study of institutional entrepreneurship, as they seek to comprehend the motivations behind individuals' desire to bring about institutional transformation. Similarly, comprehending the many tactics employed by institutional movements, such as crowdsourcing, protest, and negotiation, as mentioned by Andrews (2001), can be advantageous for the research and implementation of institutional entrepreneurship.

The literature on institutional movements also cautions against evaluating endeavors primarily based on their achievement or lack thereof. According to Andrews, success is achieved when specific, widely accepted objectives are met. However, the goals of many institutional movements face opposition from both participants and observers. During the progression of a movement, objectives may also change. The given text is "(2001: 72)". When assessing the result or effectiveness of institutional entrepreneurship, it is advisable to prioritize measuring the levels of success or failure. It is important to consider both the intended and unintended consequences of the initiative, rather than solely focusing on the success or failure of a specific program or initiative. By doing so, we would be able to analyze the occurrence and mechanisms of learning throughout the process, as well as the strategies employed by institutional entrepreneurs to detect and address difficulties and mistakes. Furthermore, it would allow us to assess their ability to learn from their errors and adapt their actions accordingly. Providing a clear explanation of the attributes and purpose of the system in which institutional entrepreneurs operate, as well as their position within it, will enhance our comprehension of institutional entrepreneurship as a field of research and practice. In this section, we have highlighted the importance of continuous communication between institutional entrepreneurs and the environment in which they operate. This will enhance our capacity to understand, validate, and showcase the viability of institutional transformation.

II. CONCLUSION

The objective of this article was to stimulate scholarly interest in the field of institutional entrepreneurship. We consider institutional entrepreneurship to be a highly intriguing and fulfilling subject of study. This article aims to inspire and establish institutional entrepreneurship as a means of creating both institutional and economic value, as well as a field of research.

The purpose of the definition of institutional entrepreneurship provided in this article is to facilitate a more comprehensive analysis of both the institutional and entrepreneurial aspects of institutional entrepreneurship. We contended that additional conceptual and empirical investigation is necessary to provide a comprehensive understanding of institutional entrepreneurship. In this article, we have covered several challenges, such as the requirement to set limits to clearly define the extent of the field and ascertain its autonomy as a distinct area of study. Additionally, we have emphasized the importance of distinguishing various levels of analysis, disciplines, and literatures. To enhance our comprehension of institutional entrepreneurship, we will delve into the subsequent topics and concerns: the distinct realm of institutional entrepreneurship as a subject of study, assessing institutional performance and impact, and determining the role of embeddedness.

The issue of whether institutional entrepreneurship constitutes a distinct field of study is highly debated. Many studies on institutional entrepreneurship have integrated concepts and terminology from the existing body of research on conventional entrepreneurship. Does this imply that institutional entrepreneurship is a subset of entrepreneurship, where the institutional context provides a unique and innovative environment for studying and assessing entrepreneurial phenomena? In this essay, we have endeavored to identify the specific domain of institutional entrepreneurship. We argued that institutional entrepreneurship distinguishes itself from other forms of entrepreneurship by placing a higher emphasis on generating institutional value rather than solely focusing on capturing value. This is achieved through initiating institutional change and/or addressing institutional needs. Institutional entrepreneurship deserves significant attention as a subject of research. It provides a valuable opportunity to critically examine and reassess key concepts and assumptions, which can significantly propel the field of entrepreneurship forward.

Evaluating institutional performance and impact is a significant challenge faced by institutional entrepreneurship practitioners and experts. The primary concern may not lay in the act of measurement itself, but rather in how the measurements might be utilized to assess the efficacy and influence of institutional entrepreneurship. Quantifying the socio-economic, environmental, and societal effects is widely regarded as extremely challenging, if not outright impossible. Emerson stated that most aspects of institutional worth are not easily measurable or quantifiable, which is commonly accepted by people working in the institutional sector.

Nevertheless, substantial endeavors are necessary in this domain to establish meaningful measures that accurately reflect the desired objectives and encompass the impacts of institutional entrepreneurship. It is evident that further study and practical experience in management are necessary to ensure that institutional effect becomes an essential aspect of performance evaluation.

We have often emphasized that institutional entrepreneurship can manifest in various forms, contingent upon the socioeconomic and cultural milieu. In other words, we emphasized the importance of the concept of embeddedness in the examination of institutional entrepreneurship. An area of possible research involves analyzing the effects of embeddedness, both in terms of enabling and restricting implications. Institutional change initiatives may face challenges due to a significant amount of embeddedness, particularly when they include modifying established rules and norms. The user's text is a single period. This presents an interesting subsequent question: supposing that What is the influence of embeddedness on institutional entrepreneurship at various stages, including the stage of formulating intentions, the stage of starting off, the stage of growth, the stage of consolidation, etc.? Embeddedness plays a vital role in the initial, growth, and expansion phases of a business as it significantly enhances entrepreneurs' ability to obtain necessary resources and ensure their availability. Conversely, it may have an adverse effect while the entrepreneur is shaping their intentions or determining whether or not to do the work.

It is important to emphasize that some research concerns require more attention given the early stage of the field. Studying institutional entrepreneurship provides an interesting context to examine different perspectives and bodies of knowledge. We conclude with a series of inquiries that offer a concise summary of significant issues. To what extent may practices and initiatives be expanded beyond national and local boundaries considering the significance of context

and embeddedness? Are certain institutional entrepreneurship organizational strategies more effective than others in addressing certain needs? What distinguishes institutional entrepreneurship in wealthy nations from that in developing nations? Is it possible to determine geographical areas with higher densities of institutional entrepreneurship, such as Brazil and Ecuador, or India and Bangladesh? If such is the case, what is your reasoning for the emergence of these clusters? Do isomorphic forces exist both within and between clusters? Which institutional variables and theoretical frameworks can provide insights into the emergence of institutional entrepreneurship? The relationship between institutional entrepreneurship and sustainable development is the interconnection between these two concepts, where institutional entrepreneurship plays a crucial role in supporting sustainable development. Institutional entrepreneurship refers to the practice of using entrepreneurial principles to address institutional and environmental challenges. It involves the creation of innovative solutions that have a positive impact on society and the environment. Sustainable development, on the other hand, refers to the process of meeting the needs of the present generation without compromising the ability of future generations to meet their own needs. Institutional entrepreneurship may promote sustainable development by promoting economic growth, addressing institutional inequalities, and finding environmentally friendly solutions to pressing issues. Through their innovative approaches, institutional entrepreneurs can contribute to the achievement of sustainable development goals and create lasting positive change.

The aim is for the answers to these questions, together with any new inquiries and responses they generate, to enhance the standing of institutional entrepreneurship as a valuable resource for justification, prediction, and entertainment.

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