

Institutional entrepreneurship and organizational innovation: The start-up of a divergent new venture at the periphery of a mature field

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The International Journal of
Entrepreneurship and Innovation
2016, Vol. 17(2) 110–119
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sagepub.co.uk/journalsPermissions.nav
DOI: 10.1177/1465750316648578
ije.sagepub.com



Abstract

In this article, we address the question of institutional and organizational change through the start-up of new ventures. Following the institutional entrepreneurship theory, we examine the process of divergent change and the kinds of institutional work enabling entrepreneurs operating in a peripheral social position of mature fields to challenge the existing status quo. We argue that the start-up of new organizations can be an opportunity for repositioning existing traditional entrepreneurial capabilities by combining them with additional and complementary competences towards new institutional logics. Building on an in-depth longitudinal case study of a group of Italian small and medium-sized enterprises – acting intentionally as a community for innovation – we highlight the contextual conditions and the implementing factors allowing this type of institutional entrepreneurship. Our study makes two main contributions. First, we try to fill the gap with existing research mostly focused on dominant organizations, by showing how institutional entrepreneurship can be implemented by low-status organizations, within highly institutionalized fields. Second, we shed light on the process implementing new divergent organizational forms, by bridging established mature firms with new innovative fields.

Keywords

institutional entrepreneurship, organizational innovation, SMEs, local production systems

Introduction

Organizational innovation is considered strictly complementary to technological innovation to strengthen firms' competitiveness. Empirical research shows how complex and difficult is to change the organizational structure of established firms because of their resistance and inertia to innovation. Evidence demonstrates that the 'genetic' characteristics of nascent new ventures (Colombo and Piva, 2012) have a significant impact on their organizational structures, on their strategic orientation and, also, on their innovation performances (Criscuolo et al., 2012; Visintin and Pittino, 2014). In this article, we argue that it is more likely to create new institutional and organizational logics through start-up of new ventures instead of trying to change existing ones. We focus 'on change agents who initiate divergent changes, that is, changes that break the institutional status quo in a field of activity and thereby possibly

contribute to transforming existing institutions or creating new ones' (Battilana et al., 2009: 67). This is the research field of institutional entrepreneurship as a special kind of entrepreneurship, aiming not only to generate economic value but also to change established institutions and create new organizational forms (Tracey et al., 2011).

The aim of this article is to explore how institutional entrepreneurship theory (Battilana et al., 2009; Hardy and Maguire, 2008) can contribute to the very complex phenomenon of institutional change within a specific economic and social context, that is an Italian local production system, strongly characterized by the presence of small and

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medium-sized enterprises (SMEs) operating in traditional and mature industries and mainly adopting the family business institutional model. In this direction, we consider how the start-up of a new divergent new venture can contribute to the generation of new institutional logics leading to the creation of new organizational forms, beyond the traditional family business model of Italian SMEs (Drakopoulou Dodd et al., 2014; Pittino et al., 2013).

One of the main reasons of the persistent economic crisis in Italy is the lack of institutional change because of the strong inertia of existing institutions shaping actors' behaviours of the so-called 'made in Italy', mainly based on mature industries. To effectively face this crisis, we argue it is necessary to foster new institutional logics informing new organizational forms and new practices (Phillips, 2013) to strengthen the competitiveness of Italian new ventures. In our article, we analyse a high institutionalized but declining field (Perkman and Spicer, 2007), where the stable set of rules, norms and cognitive schemas is challenged by the incumbent crisis. In addition, within this context, we focus on the strategic role of peripheral actors who have incentives to create new practices but lack the power to modify existing institutions (Garud et al., 2007).

We will address the following research question.

RQ: What are the distinguishing enabling factors and the nature of the process implementing divergent institutional change by peripheral actors within high institutionalized fields?

To answer this question, we conducted a longitudinal in-depth case study of the start-up of a new venture created by a community of entrepreneurs coming from the established institutional logic but acting to explore a strategic divergent institutional change.

The structure of the article is as follows. The theoretical underpinnings of our arguments are considered first. Second, we present our methodology and the findings of our study. We conclude with a discussion of our theoretical model in the light of evidence from our empirical research.

Institutional entrepreneurship at the periphery of a mature field

Institutional entrepreneurship has been attracting growing attention in recent years (Garud et al., 2007; Kalantaridis and Fletcher, 2012) mainly because the analysis of change within a specific institutional field has become increasingly crucial for understanding innovation processes. Institutional entrepreneurship is the result of the 'paradoxical' integration of the two concepts of institution and entrepreneurship. It combines, on one side, institutions – which provide continuity and stability of organizational processes and constrain actor's behaviour – with, on the other side, entrepreneurship – which is a creative force shaping and transforming institutions themselves. The notion of institutional entrepreneurship refers to 'organized actors leverage

resources to create new institutions or transform existing ones' (DiMaggio, 1988; Maguire et al., 2004). The achievement of institutional change also requires specific institutional work as 'the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions' (Lawrence and Suddaby, 2006). Within this approach, the relevance of 'agency' and 'change' has been well recognized but considered embedded in a specific social and institutional context (Welter, 2011). In other words, when entrepreneurs are radical innovators they have – at the same time – to interact with existing institutions to be credible and to get identity and legitimacy and to change the institutional environment to create the new context for the growth of the venture.

The emerging issue is the 'paradox of embedded agency' (Seo and Creed, 2002). To overcome this paradox, Battilana et al. (2009) proposed a 'theory of actions that accounts for actors' embeddedness in their institutional environment' (p. 67). This theory reconsiders the tension between agency and structure (institutions). Beyond the agency theory perspective (and the new institutional economics view) – that tends to isolate organizations from their social context and focuses on actors' decision processes – following the neo-institutional perspective, the focus is on the impact of context and environment on actors' preferences, decisions and behaviours which are shaped by existing institutions (Welter and Smallbone, 2011). Institutional entrepreneurship's conceptualization helps to overcome the over-socialized view of action by considering the role of embedded actors in institutional change processes. In this view, we can argue that existing institutions influence actors' cognition and actions and constrain and enable, but do not determine, the choices of actors (Mutch, 2007). Recent research findings offer interesting examples of institutional practices which are in-between rational choice model of agency from one side and structural determinism on the other. Tracey et al. (2011) suggest a model of 'bridging existing and new institutions', following a 'hybrid' institutional logic. In this case, a not-for-profit logic has been integrated to a traditional-for-profit logic. Wijen and Ansari (2007) focus on 'endogenous drivers' of institutional entrepreneurship bridging different tactics to spearhead change despite constraints. Edwards and Jones (2008) suggest a relational approach to understand the interplay between agency and context. Greenwood and Suddaby (2006) put the attention again on processes of 'boundary bridging' and 'boundary misalignment' as institutional entrepreneurship facing contradictory logics bridges different organizational fields. A common point of the above contributions is that the paradox of embedded agency has to be contextualized which means that institutional entrepreneurship does not occur in an empty space but it is rooted in existing rules and norms to bridge the new institutional logics.

As a consequence, the characteristics of the organizational field and the actor's social position within the specific context are the key variables to be considered. Field characteristics mainly refer to 'the enabling role of field-level conditions' (Battilana et al., 2009: 74) and more specifically to the degree of heterogeneity and institutionalization associated with different levels of uncertainty. Low degrees of institutionalization with higher level of uncertainty might provide opportunities for strategic action. However, divergent change can also be realized in highly institutionalized organizational fields. The literature so far shows how institutional entrepreneurship can occur both in mature and emerging organizational fields. What makes the difference is the variety of enabling conditions required in different institutional contexts and particularly the different social position of central-dominant and peripheral-dominated actors (Battilana et al., 2009; Greenwood and Suddaby, 2006).

Let us consider now the interplay process between agency and context within a mature and highly institutionalized field, being the case of our research. 'A field is highly institutionalized if it has a stable set of rules, norms and cognitive schemas that define accepted ways of operating' (Perkmann and Spicer, 2007: 1104). A highly institutionalized field can be considered a 'mature organizational field' as a cluster of organizations whose boundaries, identities and interactions are defined and stabilized by shared institutional logics, taken for granted (Scott, 2001). The presence of dominant organizations and dominating organizational forms often characterizes such mature fields and thus would offer fewer opportunities for institutional change than new emergent fields (Fligstein, 1996). For this reason, many empirical studies on institutional entrepreneurship have focused on emerging fields (Lawrence and Phillips, 2004; Maguire et al., 2004). However, more recent studies show how institutional entrepreneurs have successfully acted in highly institutionalized and mature fields (Greenwood and Suddaby, 2006). The central point for our research is that even if emerging fields – being characterized by high uncertainty, lack of institutional practices and fluid relationships – seem to be more appropriate for institutional entrepreneurship – also mature and highly institutionalized contexts (eventually entering a crisis phase) can implement significant divergent institutional changes. The critical question becomes why and how some entrepreneurs – operating in their specific context – appear to 'break free' from the mimetic process and from institutional conformity trying to create innovative business models based on different norms and practice. The answer to this question requires consideration of the position/role occupied by the institutional entrepreneur within the context. The existing literature distinguishes between high-status and low-status organizations (Battilana et al., 2009) or between central and peripheral organizational players (Greenwood and Suddaby, 2006). The former are

usually strongly embedded within their institutional contexts, take advantages from the existing status quo and often fail to see new practices. The peripheral players, in contrast, are less engaged in institutionalized practices and they are often disadvantaged by prevailing rules and norms. 'Thus, although institutional entrepreneurship may emerge anywhere, it is generally thought more likely to emerge from less embedded organizations at the periphery of a field' (Greenwood and Suddaby, 2006: 29). Surprisingly, most of the empirical studies are on central and dominant organizations (Battilana, 2011; Greenwood and Suddaby, 2006; Major and Cruz, 2012) and only a few of them on peripheral organizations (Tracey et al., 2011). Our study focuses on the divergent institutional and organizational change occurring at the margin of a mature field by peripheral and unpowered entrepreneurs. Thus, we will try to explain under what conditions actors are enabled to initiate and accomplish divergent institutional change, starting from their 'weak' social position.

Methodology: The 'opportunistic, reflexive autoethnographic' approach

We conducted a longitudinal ethnographic case study. The adoption of a qualitative approach allows us to focus on understanding the in-depth nature of the entrepreneurial process rather than a 'positivistic' explanation based on quantitative data. The aim of the qualitative case study research has been the construction of the 'sense making' of activities and behaviours (Denzin and Lincoln, 2003).

The empirical research comprises three phases: (a) data collection; (b) construction of a narrative; and (c) construction of a collective interpretation through interaction with managers.

- a. Data collection – The access to company data and information was facilitated by the personal and direct participation in the entrepreneurial process. The first author actively participated in the start-up of the new venture since the very first phase. He was part of the 'explorative community' started in 2003, he became a formal partner of the nascent firm in 2004 and member of the board of directors, until he left the company in 2009. The primary source of data and information comes directly from the personal experience of the author who was a partner of the enterprise for more than five years. As a member of the board of directors, he had access to all company documents and he contributed to the generation of the same documents. As co-founder of the company the author could interact systematically with all other partners of the communities and with all the stakeholders involved in the start-up process. Empirical material includes the observation/participation in 25

meetings of the board of directors, 10 shareholder general assemblies and over 30 meetings with university researchers, hospital doctors and potential customers.

- b. The narrative construction – The second phase has been to write the story of the case over the 2003–2012 period drawing on the information collected to construct the narrative, with special attention on the main events. The narrative structure has been developed according to our research framework, with special emphasis on the field-enabling conditions and on the institutional work for implementing institutional change.
- c. The collective interpretation – In addition, during 2012, we conducted nine semi-structured interviews with key informants including founders and managers of the start-up as well as research and development partners and the final adopters and customers of the device put on the market. The interviews were structured around the main issues of the above narrative with the aim to mediate the point of view of the first author and to reach a more equilibrated ‘collective’ interpretation of the phenomenon.

As a consequence, the case study research can be considered a form of ‘opportunistic and reflexive autoethnographic’ methodology (Hayano, 1979; Jonsen et al., 2013; Reimer, 1977; Tracey et al., 2011). This approach seeks to extract theoretical value from the description and analysis of personal experience (Ellis et al., 2011; Karra and Phillips, 2008). The main advantage of this approach is that the researcher is facilitated to entry into the research setting because she/he is legitimate in being there. As a consequence, this research strategy gives great effectiveness to the interaction process with people being studied. The researcher knows the language and the symbolic meanings of persons inside the case study. This helps development of relationships and provides better accurate interpretation of what is going on. The risk of high involvement of the investigator that could determine a too ‘subjective’ interpretation of findings is the main disadvantage of this approach (Reimer, 1977). The narrative ‘interactive’ interviews with shareholders and managers allowed us to avoid an individual personal interpretation and the construction of an ‘objective’ course of events.

Case study: From the Idrogenet community to the Gloreha project

The following narrative of the case history is presented as a multilevel process starting from the action of institutional entrepreneurs for constructing the common ground to the institutional work to allowing the start-up of the new venture (Idrogenet limited) and, finally, to the affirmation of

the new institutional logics with the successful entrepreneurial innovative project (Gloreha – Glove Rehabilitation Hands).¹

The entrepreneurs’ micro context and the construction of the common ground

At the beginning of 2003, Mr Paride Saleri – CEO of OMB Saleri, a medium-sized enterprise located in Brescia (Italy) and engaged in the production of valves for the automotive industry – initiated activation of an informal community for innovation. In that period, the traditional local production system suffered from strong competition – mainly from developing countries and particularly from China. A consistent number of local SMEs decided to delocalize and offshore their operation abroad. The prevalent and strongly consolidated institutional logics – behind the traditional family business model – claim to defend them from foreign attacks, also with dumping barriers to reduce import of competitive products.

Paride Saleri and a small group of other local entrepreneurs totally disagreed with this defensive strategy and proposed an alternative proactive strategy based on the challenge of innovation at all levels to start a divergent process in the local production system. He decided to start with informal meetings (workshop and seminars) to analyse critically the existing situation and to discuss collectively new developments and changes. He did not propose this strategy to any formal institutions, such as local government, the local chamber of commerce, or trade and firm associations, but instead tried to follow a bottom-up approach, involving people he supposed were interested in the idea of developing a new way to compete. Critically, Paride Saleri asked people to participate within his ‘micro social context’ – friends and entrepreneurs, managers, researchers and academics – who shared values, feelings and the same idea of the evolving economic and industrial situation in the north of Italy. Most of them lived and worked within the important industrial district of Lumezzane (Val Trompia Valley, Brescia Province, Lombardy), which is a highly specialized area in mechanical industry and characterized by a strong presence of SMEs.

The initial informal community for innovation and for reacting actively to the industrial crisis had three components: (1) A group of 15 entrepreneurs and businessmen from Lumezzane. The group was born originally by the common need, among the members, to explore and locate spaces for innovation and competitively relaunch the local SMEs; (2) a group of Paride Saleri’s friends interested in social and industrial changes; and (3) a small group of researchers and academics – including the first author of this article – who were involved in researching technological and organizational local transformations.

‘Exploratory meetings’ that followed were dedicated to technological and organizational issues. Paride Saleri

engaged himself to guide the discussion in order to find an entrepreneurial opportunity based on divergent business strategies. The main issue discussed was how to reposition existing industrial and productive competences in innovative sectors and new markets. The outcome was an increasing and diffused consciousness among people of the 'real' opportunity to address existing 'practical' knowing towards new products and new entrepreneurial initiatives. In other words, participants become increasingly aware of the possibility to exploit the knowledge base in new directions following new institutional and organizational logics.

Implementing divergent change: The start-up of Idrogenet limited

The first exploratory stage led to a self-selective process of people involved and highly motivated to show a different way to do things. A total of 12 people remained attached to the project: 11 entrepreneurs² and one university professor (the first author). The selected businessmen and the researcher were linked by the strong motivation to explore a divergent way of entrepreneurship.

The entrepreneurs are engaged in different sectors within the mechanical industry and they bring and contribute a variety of productive and technological competences. They are linked by the same cultural background and all of them wanted to carry out a strong break from the traditional family business. In the first part of 2004, they started up the company Idrogenet limited owned with the same share by the 12 partners. The new venture was born as a highly innovative project within the hydrogen technology. The initial idea was to industrialize a highly qualified system of components to link the fuel cell with the hydrogen's container. Idrogenet applied for European funding but the bid was unsuccessful and the hydrogen project was suspended. Surprisingly, Idrogenet partners were not disappointed by this outcome (probably because they expected it) and they came out of it with higher energy to undertake new innovative project.

The learning process about complex innovations increased the involvement of the most sceptical members. Besides the attention dedicated to the hydrogen technologies, in this phase, the 'explorers community' elaborated and theorized – through meetings with businessmen, managers and university researchers – new institutional logics, radically different from those followed by their traditional companies.

The new institutional logics: The Gloreha project

Despite the unsuccessful hydrogen project, all members of the innovation community were persuaded of the necessity to progress towards new entrepreneurial initiatives. New institutional logics started to develop because people enjoyed breathing an exciting atmosphere, quite different

from that of the traditional 'trap' of closed 'family business' from where they came. Some meetings were devoted to analyse the errors made in the first explorative project and also the more sceptical members participated enthusiastically in the critical review of things done in the wrong way. As a result, Idrogenet partners decided to explore new projects but in a more focused way paying attention not only on technology push factors but also to the demand pull factors.

The main issue of the intense discussion was how to reposition and exploit in different markets the rooted competences owned by each partner, not only at the specialized level but also at the managerial level. The new innovation strategy was more oriented to market opportunities and to the discovery of growing sectors. The discovery process quickly led to the life and health industry and in particular to the segment of rehabilitation devices.

Pursuing this direction, the networking process with research centres and university departments allowed the discovery of an entrepreneurial opportunity through contact with the director of an important research institute in Lombardia (CNR – The National Research Centre in Lecco) strongly engaged in research on 'shape memory metal'. Some meetings followed which allowed an intense learning process of participants about the technological aspects as well as the institutional logics and organizational processes of the biomedical field and the rehabilitation sector. The outcome was the decision of Idrogenet to develop a very promising existing research project on the development of a hand prosthesis for stroke patient survivors made of shape memory metals.

Idrogenet recruited a young technical engineer from the technical side of CNR and a young project manager for the organizational and management side. This is a crucial point as Idrogenet shareholders decided to delegate managerial operative tasks to those two young but motivated and competent employees. Through the CNR established relationships, Idrogenet gained access to a wider consolidated network built by the research institute over many years. It includes two hospitals, some enterprises working on modelling and furnishing shape memory metals and some important university departments.

The collaboration with CNR quickly exhibited problems and ambiguities. The Idrogenet members were committed to the project but their actual participation in R&D activity was very weak. As a consequence, the partnership entered into a crisis phase. A 'soft' exit agreement with CNR was subscribed to stop the collaboration after a few months. But also in this critical phase, Idrogenet shareholders learn a lot from errors and they decided to enhance the project under different conditions and with different partners. At the beginning of 2007, the redefinition of the innovation network started. New and additional actors were called on board, including the Mechanics and Industrial Engineering and the Business Administration Departments of the

University of Brescia. The working style adopted by the new project was more effective and more industrially oriented. The final challenge was to produce a new prototype of the rehabilitation device within 1 year. The growing involvement of people in this phase was linked to their clear role and the active task performed inside the community (Muzzi and Albertini, 2015). The identification process speeded up as members actually participated in the decision-making process. Near the end of this phase, the promoter leader role – crucial in the previous stage to involve all members and to make sense of the project – became less relevant. For these reasons, the governance of Idrogenet changed at this moment. Paride Saleri gradually reduced his influence and leadership and Carlo Seneci was appointed as new CEO of the company. An intense turnover also occurred within the board of directors with the entrance of younger managers.

Gloreha in society before entering the market

In late 2011, Idrogenet launched Gloreha, a device for hand rehabilitation, on national and international markets. Before the market entrance of Gloreha – during the two-year period 2009–2011 – Paride Saleri and the promoters' team initiated the legitimization process of the new venture within the local production system and local society. Idrogenet members discussed deeply around the opportunity to ask local actors for visibility and credibility before the uncertain commercial success of the rehabilitation device but in the end they were persuaded that the success of the entrepreneurial divergent initiative could be acquired even before the expected commercial results. The innovation community and the project team had worked well to get a new prototype of an innovative project – against the scepticism of many local observers – following an innovative institutional and organizational logic. The main initiatives were as follows.

A public presentation in Lumezzane to local entrepreneurs, local public institutions, local press and opinion leaders. Idrogenet organized an event in the town hall of Lumezzane to present the company, the entrepreneurial project and the strategic logic adopted. A working prototype of the first version of the rehabilitation hand glove was available in the hall and everybody could hold and wear it directly on own hands. This is like a 'symbolic artefact' of the work done, to be seen and 'touched'. The interaction with attending entrepreneurs, managers, businessmen, employees and union representatives was strong and deep and went far beyond the specific Gloreha project to reach the overall vision of local entrepreneurship. At the end, the main issue on the table was: What is the meaning and the sense to be an entrepreneur today within the local context

of Lumezzane and of Province of Brescia? The day after the local and the regional media gave strong coverage to this event.

Frequent presentations of Idrogenet and of the Gloreha project within University and Master courses for executives. Paride Saleri – the past president – Carlo Seneci – the current president – and Michele Cotti Cottini (the project manager) engaged themselves in the diffusion and promotion of the 'Idrogenet–Gloreha model' of entrepreneurship. Particularly the meetings with managers, executives, consultants and practitioners were helpful to share the feeling that it 'is possible and convenient to do things in different way'.

The start-up of the second generation new Gloreha before the market response on the first generation. Whilst the industrial plan of the first generation is going to definition, the network is already thinking over the hand-prosthesis generation 2. The aim is to improve Gloreha and to build a new multidisciplinary complex to study a 'new hand-prosthesis generation', containing rehabilitation devices and electromyographic technologies to be used in far and virtual areas. On this second project (GLOREHA HOME TC), Idrogenet have received further public funds from the National Department of University and Research (MIUR). This means that Idrogenet starts to be trusted by the local institutions.

The participation to the nascent 'Biomedical Cluster' involving enterprises from Brescia and Bergamo areas. The aim is to promote a wide innovation community in the local production system focusing on the R.A.A.R. – Robotics Aided Arts Rehabilitation project.

Discussion: The model of divergent exploitation of existing entrepreneurial capabilities

The above narrative shows how the 'Idrogenet–Gloreha' story can be considered a significant case of institutional entrepreneurship. The actors involved fulfilled the two essential prerequisites: they initiated the divergent change and actively contributed to its implementation. The institutional entrepreneurial initiative has been implemented through a collective process. Even if the innovation community was started, thanks to a promoter leader, day after day all the members have been committed to the project and have accomplished a very important role at each stage of the process. During the project, development has been evident that the collective logics were prevailing on the individuals' strategies. The story shows how the turnover of actors took place quite frequently without weakening the ongoing process.

As regards the enabling contextual conditions, the institutional entrepreneurs were based mainly within traditional and mature industries with consolidated organizational structures. However, the exploration process they started was not locked within those sector barriers because the strategic intention was bridging the status quo to new organizational fields. In addition, the individual members of Idrogenet occupied a peripheral position in their fields, as they came mainly from subcontracting small and medium-sized firms. Their aggregation within the innovation community reinforced their social position but did not lead them to a central dominant position in the field. Networking allowed the start-up of this divergent change.

The Idrogenet shareholders were actively involved in the implementation of divergent change. The initial institutional work was dedicated to the creation of a new entrepreneurial vision. The participation and the discussion to the meetings and workshops during the exploratory phase allowed the discovery of ‘new worlds’ (new technologies, new products, new markets, new business models). However, overall – it helped to overcome the traditional individualistic attitude of local entrepreneurs. Members learnt that ‘working together is better than going solo’ and appreciated the open collaborative strategy within Idrogenet and with all external stakeholders. The collective new vision has been acquired through quite a long and iterative communication process. It required the reframing of the problem of business competitiveness; that is, the collective construction of a new framework on which to found a new business initiative.

The new vision determined the need to give an organizational structure to the ongoing explorative process. The institutional practice in this direction has been the design of a new organizational form. Idrogenet is a ‘post-family’ business model, clearly discontinuous with the local tradition. The governance is not in family hands but is shared among different families and actors. The managers are not appointed by the owner families but recruited on the basis of their competence. The human capital employed in the company is highly educated and highly qualified.

The delivery of the Idrogenet–Gloreha experiment to local society has been very important and happened before Gloreha was put on the market. Legitimation was acquired in two steps: the entrance and to get citizenship in the local innovation community and particularly in the nascent ‘biomedical cluster’; the growing visibility and credibility to the local government and to the national government and the alignment with other highly legitimate local actors.

A model of institutional entrepreneurship based on the divergent exploitation of existing entrepreneurial capabilities emerged based on our study. Having in mind our research question, we present the model along the following building blocks.

1. The strength of peripheral collective actors

We found that institutional change can effectively occur in the context we considered. Our case study shows that the enabling condition for peripheral actors is the existence of a highly motivated promoter/leader who intentionally mobilizes people and partners behind his vision. As a consequence, the individual initiative quickly became a collective interactive networking one. Our case study shows how institutional entrepreneurship can actually occur also in highly institutionalized field – with high homogeneity of business models – and its activation can be initiated by peripheral actors. The enabling conditions in this context are:

- the strong and explicit intentionality of actors who initiate the divergent change in response to the competitiveness needs, trying to reposition their business;
- the collective aggregation and networking of peripheral actors to implement a collaborative strategy to activate complementary resources (Pellinen, 2014).

2. Steps for divergent change implementation

Institutional practices emerge at different levels.

- a. *New vision for opportunity recognition* – The creation of the new vision can be considered essential at the level for opportunity recognition. This is the prerequisite for any form of entrepreneurship (Eckhardt and Shane, 2003) because the opportunities are not ‘out there’ waiting to be found (Ardichvili et al., 2003) but they have to be ‘enacted’ by the perception, interpretation and understanding of entrepreneurs (Dutta and Crossan, 2005). In our case, the microsocial context of the leader and of the starting group of promoters can be considered as the ‘cognitive lab’ to create the new vision and to enact the opportunity recognition. In our model, we focus on the narrow context instead of the wide one (Welter, 2011; Zahra and Wright, 2011). The micro context is inseparable from the actors involved (Van Gelderen et al., 2012) because of the strong overlapping of individuals and their relationships. This perspective helps to consider institutional entrepreneurship not as a ‘special’ attitude of ‘hero people’ but a more structured activity based on cognitive and social processes (Grandori et al., 2011). The intense social interaction within the micro context ‘in action’ allows opening up to a wider network of competences and resources (Jones and Jayawarna, 2013), to reach a new

- vision and a new frame enhancing the competitive strength of SMEs.
- b. *Selecting partners for the new organizational form* – The institutional work done to create the new vision – at the same time – has prepared the ground for mobilizing people behind it for a collaborative strategy among allies and members. As a result, the emergence of the necessity of designing an innovative organizational form for the nascent venture. The aim is to construct an entrepreneurial team with a distinctive bundle of capabilities required by the entrepreneurial activity (Arthurs and Busenitz, 2006). At first, a selection process is required to identify the right people and the specific resources. In our model, part of the process has to be self-selective (entrepreneurs autonomously decide to participate or not). As a consequence, the organizational design has to be coherent with expertise and resources contributed, providing a proper correspondence between skills and roles played within the firm (Muzzi and Albertini, 2015). The governance has to be a competence-based process in which skilled people take part in the decision making. A ‘post-family’ governance structure is needed in which the new venture is totally separated from the owner families. The executives and the managers operate with a high level of autonomy and the human resource management style give prior attention to the quality of human capital and competence development.
 - c. *Legitimation of the new venture* – The personal quality of promoters and entrepreneurs involved is the base for gaining legitimation of the new organizational form. In addition, the effectiveness of the start-up process and of the structure of the nascent new venture strengthens its reputation in context. One critical issue for divergent start-ups is how to gain legitimacy and build credibility in the social context to acquire resources for establishment and growth. The neo-institutional view argues that symbolism and culture are the main drivers for constructing identity and for the legitimation of a new venture. This point is central in our model and – according to Zott and Huy (2007) – the types of symbolic actions that have to be performed are mainly communicative and sense making oriented. The new venture has to grow in an emerging field – even if it is rooted in a mature field – and for this reason, the institutional entrepreneurs must have the ability to theorize and develop lines of argument that appeal to diverse stakeholders in the context.

Conclusions

This study started by setting up a conceptual framework based on enabling conditions and the process for implementing divergent change. Then we presented the narrative of our case study and the related discussion for emphasizing the crucial events to highlight the logics of a divergent entrepreneurial process. Our study makes two main contributions. First is the identification of a specific and contextualized institutional entrepreneurial process, initiated by peripheral actors within a highly institutionalized field. Second is the definition of the specific entrepreneurial practices required to prepare the common ground and to implement the new organizational structure to bridge new legitimated organizational fields.

Our narrative shows a meaningful example of the development of new institutional logics within Italian local mature production systems. The emerging model of an alternative exploitation of existing entrepreneurial capabilities shows that the generation of new ventures can be a powerful opportunity for the start-up of *entreprises pas comme les autres*. The new firms can be strongly divergent with respect to the established firms if their start-up occurs under specific conditions, as follows.

The existence of the purposive action of a collective peripheral actor able to develop the resource base needed to pursue a new business model. The key entrepreneurial capability is ‘the ability to make connections between existing organizational practices and the new practices’ (Phillips and Tracey, 2007: 316). This is the essential prerequisite for repositioning the existing skills of SMEs, through the start-up corporate spin-off in innovative industries.

The creation of a divergent organizational form with a high absorptive capacity for acquiring additional complementary resources to bridge emerging fields. The institutional logics behind the new organizational processes are based on the shift from the dominant closed family model to the open competence-based model with high quality of human and social capital (Debrulle et al., 2013). Moving from the familial subcontracting model to a new corporate spin-off based on professional management and high investment in innovation and marketing is the main outcome of this type of institutional entrepreneurship.

Our case study can also be considered from the perspective of corporate entrepreneurship as the entrepreneurial process has been initiated by a group of owners and managers of established traditional SMEs. The two dimensions of corporate entrepreneurship – corporate venturing and strategic entrepreneurship – incorporate new business development through the creation of new independent or

quasi-independent firms (Phan et al., 2009). In particular, our findings refer to the internal corporate venturing activities involving the start-up of new businesses located outside the firm as semi-autonomous entities (corporate spin-offs). A significant avenue for future research could be to focus on the organizational process of corporate entrepreneurship across the threshold from the start-up to the established stage (Zahra et al., 2009). It would be particularly interesting to consider the emerging characteristics of hybrid organizations (Battilana and Dorado, 2010; Doherty et al., 2014), which may reconcile competing logics by enacting a combination of activities, instead of adopting strategies for compromising (Pache and Santos, 2013). This perspective seems to be useful for understanding the micro dynamics of innovation and growth of Italian mature SMEs through the creation of semi-independent and hybrid new ventures, trying to combine capabilities drawn from the established logics and from new institutional logics.

Acknowledgements

The authors thank S Syrett, L Sepulveda, D North, F Lyon, I Vickers of Middlesex University of London and O Jones of Liverpool University for extended comments on earlier drafts of the manuscript.

Declaration of conflicting interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

Notes

1. The names of Idrogenet, of the founders companies, as well as of the Gloreha project and of every person involved are all real as we acquired the consensus of all actors.
2. The 11 businessmen came from the following small and medium-sized enterprises: Berna Ernesto (brass rods); Bonomi Eugenio (railway and electromechanical components); Bugatti Group (pneumatic fittings and parts, lighting, machining centre, household appliances, cutlery); Gagiti (custom cutting tools, drills and toolholders); Greiner (brass valves and fittings, electronic regulators for water and plants); Mario Fernando (cold metal deformation, cold forming dies, design and manufacturing of steel parts); OMB Saleri (valves for automotive, brass parts, aluminium pipes); OMP Pasotti Tea (accessories for bathroom, bathroom traps); Sanicro (hand showers, plastic injection moulding); SerafinoZani (pottery, kitchen tools) and Urbani (die casting moulds, brass parts, high-design infrared heaters).

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