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SUMMARY IN ENGLISH

NETWORKING FOR LEGITIMACY: A STUDY OF ENTREPRENEURIAL NETWORKING AND NEW VENTURE LEGITIMATION IN DUTCH HEALTHCARE

To market new products and services successfully, innovative ventures not only require good ideas but also organizational legitimacy. Legitimacy or ‘social acceptance’ from stakeholders allows entrepreneurs in the mobilizing of resources and necessary supportive contacts to grow their venture. Developing legitimacy is a particularly complex process for private ventures operating in markets of social goods. Historically established institutions and high levels of regulations characterize markets of social goods such as healthcare, education and energy. In the Netherlands, however, these markets are increasingly opened up to competition. Existing literature calls for a refinement of the sources and origins of both the process of entrepreneurial networking and organizational legitimacy development. Therefore, in this dissertation I examine processes of new venture legitimation by studying the social networking practices of entrepreneurs in the empirical setting of the Dutch healthcare sector. The main research question of this dissertation is therefore *‘To what extent do variations between, and, within, entrepreneurial social networking and stakeholder engagement explain the degree and character of variations in new venture legitimation in Dutch healthcare?’* This study follows a mixed-method research design to gain insight into this compound process. This dissertation consists of two opening chapters (1-2) four empirical studies (3-6) and a concluding chapter (7).

Study 1 *Contextualizing Entrepreneurship in Administered Markets: New Entrants’ Stakeholder Mobilization and Legitimacy Generation in Dutch Healthcare.* This study applies a behavioral theory on entrepreneurial networking and relates the question of how entrepreneurs in highly institutionalized and regulated markets, such as healthcare, generate social acceptance through active stakeholder mobilization. We focus on differences in the entrepreneurs’ motivation for, and the process of, stakeholder engagement. We analyzed and compared three case studies involving health care ventures and their founders. The three cases differed in that the innovations focused either on a product or a process innovation, or a combination of the two. From this we analyze the differences in the ventures’ development and paths towards success. We used a combination of data which were collected through an ego-network analysis, a stakeholder analysis and semi-structured interviews focusing on the venture development process and the entrepreneur’s networking behavior. From analyzing our data we identified three different stakeholder engagement strategies that healthcare

entrepreneurs apply through social networking in the early phases of new healthcare ventures. These are ‘active’, ‘reticent’ and ‘early aligning’ stakeholder engagement. We conclude that the process of embedding an innovative venture into existing social structures is strategically executed by entrepreneurs who consciously incorporate the innovation into the institutionalized context through active social networking. A successful introduction of an innovation takes more than merely presenting the idea to the environment. It requires individual entrepreneurs to employ and engage in collective action. Starting as early as the exploration and preparation phases of developing a venture around the innovation, healthcare entrepreneurs draw upon local, regional, sectoral and professional communities, and on the dynamics within these communities to mobilize support. We conclude that healthcare entrepreneurs often lack the awareness of, and focus on, the pivotal and necessary role of generating social acceptance and venture legitimacy.

Study 2 *Acting Ingeniously: Opportunity Development through Institutional Work*. This paper contains an embedded case study aimed at exploring ingenious entrepreneurial actions in integrating opportunity development and institutional work. Institutional work is the purposive actions of individuals and organizations aimed at creating, maintaining and disrupting institutions. In this study, we recognize that, for ingenious entrepreneurs, institutional work can be at the same time a strategy and a set of tactics. Ingenuity denotes the space between a challenge and a solution, and involves an actor’s effort in bringing together thoughts and actions, individually and collectively, to take advantage of opportunities or overcome obstacles. This study proposes an integrated perspective on institutional work as ingenious actions on the part of entrepreneurs for the purpose of opportunity development. Our analysis is based on a longitudinal case study describing four years of venture development from the perspective of the entrepreneur; a nurse organizing for a care cooperative of freelance homecare nurses. His initiatives have a recognizable effectuating logic. Seeing the institutional setting from an opportunity perspective matches the increasing attention in the literature to the dynamic aspects of organizational areas.

By examining action patterns of the entrepreneur in question, this chapter contributes to the integration of entrepreneurship and institutional work scholarships in three ways. First, we describe which entrepreneurial actions can be interpreted as institutional work and examine how these actions are aimed at influencing institutional processes. Second, we extend and modify the view on opportunity development by showing how ingenious entrepreneurial engagement in institutional processes simultaneously creates latitude in the opportunity structures of the venture development. And finally, we contribute to existing insights on

institutional work by considering the interrelatedness of both delegitimizing and destructive work with the legitimizing or creational work of entrepreneurs in densely interconnected and regulated organizational areas.

Study 3: *Entrepreneurial Networking: a Configurational Approach.* This study empirically explores a configurational approach to entrepreneurial networking practices in securing external resources in venture development. We compare current indicators of networking as used in the literature and classify them against Rivera, Soderstrom & Uzzi's (2010) theoretical dimensions of dyadic network evolution. Using data of 127 Dutch healthcare startup entrepreneurs, we generate a theoretically grounded taxonomy of networking styles of startup entrepreneurs. Using cluster analysis we group entrepreneurs on high/low levels of, and different inclinations across, networking practices blocks. Entrepreneurs differ in their frequencies of use of networking practices, preferred methods of networking, bringing us to delineate configurations of 'high all round', 'low all round', and 'passive fragmented networkers'. Additionally, we interpret the distinctive characteristics of their networking style. Finally, we establish that high all round networking influences these entrepreneurs' goal of attaining venture legitimacy, both in terms of tangible resources (bank loan and established strategic partnerships), and intangible resources (self-reported measures of legitimacy and opinion leadership). Overall, we advance conceptual development and empirical validation of entrepreneurial networking practices and demonstrate the benefits of adopting a configurational approach to understand how networking practices relates to new venture legitimation. Therefore, our configuration of networking practices, which we perceive as network development styles, implies theoretical nuances between overly structural assumptions and individual agency in entrepreneurial networks.

Study 4 *A Social Practice Perspective on Entrepreneurial Networking: the Role of Network Reflexivity, Use of tools and Tie Handling.* In this study I take the theoretical stance of social practice perspective to explore the actor-perspective in entrepreneurial networking. Social practice approaches focus on work activity as how actors get things done in complex settings (Orr 1996). To that end, I combine netnographic and social network data and apply a discovery-oriented grounded theory approach to build theory on the networking intentions and practices of entrepreneurs' tie handling and heuristics. I follow a Dutch healthcare new entrant over four years. Blogging about his start-up intent and activities, he discusses the institutional constraints keeping both himself and a collective of private home care nurses, from starting up. Through the readers of his blog and issue corroborators, he starts recruiting aspiring private nurses to work together on a new organizational form of a private care cooperative.

While creating an online community of stakeholders of the care cooperative he creates other care ventures to sustain his financial independence. I observe the entrepreneur's perceptions, motivations and actual practices in structuring new ties, and tail his engagement with technological tools to arrange for a dialogue with his stakeholders. I observe alignment between these intentions and the very network structures of his personal network and those of the blog's hyperlink network and the blogosphere network.

This study offers three contributions. First, a social practice perspective on networking allows to considering entrepreneurs' consciousness and intentions in the process of organizing effective social relations. I refer to this process as the practices of organizing of entrepreneurial social capital. From analyzing how this entrepreneur uses technological tools to communicate with different stakeholder groups, I also observe the changing principles and effects in terms of developing network reach and network effect reach and network of organizing entrepreneurial relations. With the active and strategic use of tools, the entrepreneur blurs simulated lines in the physical and the virtual realms where he operates and he becomes socially accessible at all times and for many interested parties. As a result, in our modern economy, the way entrepreneurs network and organize social capital becomes a sociomaterial effort. Second, I develop a deeper meaning of entrepreneurial network reflexivity and subsequent decision-making in networking along the concept of 'practical consciousness' (Emirbayer & Mische 1998). From my analysis I abduct agent-level perceptions of the entrepreneur's dimensions as tie handling. Tie handling and tie probing as seems to affect the entrepreneurs' judgement on new tie potential, and hereby affect the entrepreneur's tie categorisation and prioritization of tie selection and engagement.

Third and final, from these interpretations, I taper the entrepreneur's overarching heuristic of 'tie triage' in everyday actor-level networking perceptions and practices. Triage is a decision-making technique in resource deployment which organizational actors use in resource scarce environments under time constraint. I create a process model of tie handling to represent the interconnectedness of the entrepreneur's network reflexivity and tie handling. Overall, my validated findings on networking practices and heuristics permit both future verification of and have the potential to, improve research endogenous change variables in entrepreneurial networking research.

Together, these four studies further our understanding on how variations in entrepreneurial networking and stakeholder engagement relate to variations in new venture legitimation in institutionalized setting. In this thesis, I have examined the emergence and achievement of

novel venture legitimacy in relation to field actors that bestow legitimacy, and the networking practices that entrepreneurs use to engage critical field actors. My research setting was the Dutch healthcare sector, an organizational field with dense governance structures and regulation, implying high regulatory demands and market entry barriers. I demonstrated that, from the point of view of individual entrepreneurs and their networking practices, new venture legitimation processes in institutional settings vary. Healthcare entrepreneurs differ in their perceived need to protect, share, or justify their innovations. Moreover, entrepreneurs seem to contrast in terms of both their targeting strategies and the sets of practices in networking with targeted audiences. These choices guide their actions and explain differences in those very actions as well as the level (venture level or field level) in the use of technical tools by which they orchestrate coordinated their networking practices.

Overall, I conclude that, in justifying and negotiating support for their entrepreneurial goals in the administered market of healthcare, entrepreneurs vary in their networking motivations and maybe too often, lack strategic awareness towards the need of developing collective social acceptance for their innovations. Moreover, at times, entrepreneurs seem to opt for non-disclosure of the innovative potential amongst stakeholder and protect the competitive advantage they perceive until they engage in risky full-fledged and prepared market introduction. Healthcare entrepreneurs even differ in the choices they make, and the need to perceive, to engage in field level networking activities, which influences the setting of new venture legitimation. At field level, the legitimation activities of individual entrepreneurs take on the form of institutional work and the shaping of legitimation discourses and alliance building. At the same time, I demonstrated that characteristics and repetitive patterns of networking activities amongst entrepreneurs differ that influence their potential to develop strategic partnerships and obtain bank loans. From my data, I demonstrate that ‘high-all-round’ networkers and overall balanced networkers (‘low-all-round’ networkers’) attain significant higher levels of new venture legitimacy.

Furthermore, from studying the networking activities of one single entrepreneur enacting a wide spread field legitimating campaign for an extended time, I propose that entrepreneurs possibly also differ in networking reflexivity and which influences choices and activities in the planning and executing of networking practices. Moreover, the role that sociomaterial organizing takes on fundamentally alters principles and practices in the modern entrepreneur in networking. Future research on individual differences in network reflexivity and tie handling, as well as on differences in entrepreneurs’ use of technological tools in networking, is therefore necessary. Finally, I argue the usefulness of a social practice approach to further

theory development on entrepreneurial networking. A social practice approach on entrepreneurial networking, may offer a valuable research stance to increase our theoretical and practical understanding of entrepreneurial networking. A social practice stance will bring more insight into entrepreneurs' everyday practices and self-organizing principles in networking and bring to the front the seemingly mundane micro-foundations of why, how and where, entrepreneurs network.