The Strategic Selection of Entrepreneurial Enterprises Based on Embedded-agency View

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ABSTRACT

The institutional entrepreneurship is a cross-organizational field behavior. Its essence is the interaction between organization and environment. The analysis of institutional entrepreneurship can be explained from embedded and agency perspectives. This paper puts forward the analysis of entrepreneurial behavior from the perspective of integration, as embedded – agency view. We sum up the 12 strategies and divide them into four kinds of strategic behaviors, find out legitimacy acquisition and legitimacy construction logic by combing the literature.

KEYWORDS

Institutional entrepreneurship, Embedded – agency view, Organizational field.

INTERACTION BETWEEN ORGANIZATION AND ENVIRONMENT

Didichuxing achieves institutional entrepreneurship from the mature field with determined environment to new field with uncertain environment. Its essence lies in the organization and the environment interaction, from the embedded and dynamic view of two perspectives explanation. Institutional entrepreneurship research is based on the organizational field as the core. Organizational field is a basis analysis unit focusing on the interaction between the organizations within the field and the complex role of the organization and the environment. When the organization in the field is subject to a variety of institutional arrangements and the institutional logic is significant different, organizations under institutional pressure are more likely to face conflicts, and thus the exploration and expectation of the new system. The existing research divides the organization field into the emerging field and the mature field according to the field development stage. In this paper, the method of division is used to increase the environmental certainty dimension, and the organization field type is divided into four kinds. The case analysis shows that the field type and the entrepreneurial behavior of the system are related to the change of the field (as shown in figure 1).

This paper considers that the organizational field in the interval B (environmental certainty, mature field) and interval C (environmental uncertainty, emerging field) is the most prone to system conflict and conflict by the analysis of Didichuxing. The institutional entrepreneurial process of Didichuxing is distance from interval B to interval C. Interval B has two characteristics as follows: First, the institutional environment is determined, the institutional logic is relatively unified; second, the field

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development is more mature, the organizational interaction and interaction with the environment within field have experience to follow. In this interval, the strong pressure will bring a series of negative effects, the concession of the franchise, from the industry's market development law, resulting in uneven distribution of benefits, triggering a lot of social contradictions, drivers refused to load, strike and other real problems have occurred. Interval C and the interval B are completely inconsistent with the characteristics of: First, the institutional environment is uncertain, institutional diversification, institutional logic is not uniform and the possibility of institutional development diversity within the field. Second, the field belongs to the emerging field, lack of some organizations and regulations. Didichuxing introduces private cars into the car team. It breaks the inherent constraints of the taxi industry, but the field belongs to the emerging blank areas. This field needs organizations play a subjective ability to seek collective recognition to actively build a new institutional framework. Due to the diversity of the system and the choice of diversity, the field is also prone to institutional conflicts, and the institutional entrepreneurship has taken place. Interval B and Interval C describe two static interval states, and Interval B implies that the institutional environment affects the organization under strong pressure. Interval C explores that in the institutional blank field, the organizations how to build a new institutional impact actively. On the one hand, the organization will become more and more convergence by the same cultural impact, so the organizations in same field have a certain similarity. On the other hand, by the influence of the system constraints, the organizations in the same field to the surrounding organization to move closer to take the legitimacy by taking the initiative to learn and imitate the behavior of existing organizations. Agency view considers that organizations make sense of institutional environment. Cross-field institutions imitate to the formation of a new institution. It should be pointed out that both the institutional embedded view and the institutional agency view are not isolated. When the enterprise breaks through the existing institutional environment, its behavior is influenced by the existing institutional environment, and the two cannot be discussed isolated.

INSTITUTIONAL EMBEDDED – AGENCY VIEW

First, the relationship between institutional embedded view and institutional agency view is complex. Platform enterprise network effect is the key to the development and expansion of platform enterprises. It can be divided into peer-to-peer network effects and cross-border network effect. The peer-to-peer network effect refers to the size of the user of a platform on a platform that affects the effectiveness of other users in the marketplace. As a bilateral market, the most important feature of the platform enterprise is “the increase in the number of users on the platform side will increase the utility of the other side of the platform”, that is, the platform cross-side positive network effect. The bilateral markets of Didichuxing are passenger and driver. Second, the choice of bilateral markets is embedded in the existing institutional environment. Platform companies need to comply with the bilateral market environment. When the platform company’s contrary to the unilateral market institutional constraints, it will lead to unilateral market failure and cross-border network effect will promote the other side of the market loss. Finally, the relationship between the two is not independent, but mutual influence, synergies to promote the legitimacy of the platform to enhance. The impact of embedded nature, by the nature
of the internet business constraints cannot be completely out of their own business environment for innovation activities.

Second, the institutional embedded view and agency view are the interaction between the organization and the institutional environment. The two perspectives are a unified response to the institutional environment. The core of both perspectives is the interaction between the organization and the environment. In the production of production activities, enterprises face the exclusion of public expectations, when the public expectations and business development is inconsistent. So when the two are different, the organizations need to consider the cost of organizational change. From the perspective of institutional embedded view, organizations adapt to public expectations access to organizational legitimacy. The organization takes the initiative to influence the public to build the legitimacy of the organization.

Third, the essence of institutional embedded-agency view is the interaction between macro and micro behavior. It emphasizes the constraint effect of system on behavior. The core of institutional observation is the influence of microcosmic behavior on macro system. It emphasizes the breakthrough of microcosmic behavior to macro system. The above characteristics determine the interaction between the institutional environment and individual behavior (shown in Figure 2).

Field changes of Didichuxing between macroeconomic and microcosmic behavior

Specifically, institutional embedded view is the impact of macroeconomic system on micro-behavior. There are three main mechanisms of influence, one is to regulate. Second, cultural constraints, culture constraints refer to the main institutional environment for the impact of the enterprise itself, to the initiative of the organization to bring the inherent value of the shadow. Therefore, enterprises need to actively build a new cognitive market, such as the case of Didichuxing is committed to cultivating mobile payment habits.

The agency view of the institution is the agency action of the microscopic behavior to the macro institution and conforms to the legitimacy construction logic. There are three main mechanisms of influence, one is the consensus. The authority has the right to use the specific action to obey the ruler, and when the authority is beyond the consensus, it will lose the foundations. Second, when the occurrence ranges of action, companies can cancel the authority to change the system. Third, the active release, emphasizing the initiative of enterprises, enterprises have a strong energy can have an impact on the institutional environment.

Figure 1. The institutional entrepreneurial. Figure 2. Interactive mechanism.
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