Social Reconstruction of New Ventures’ Liabilities of Newness and Smallness: An Example From the French Technology Sector

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PhD Thesis

Social reconstruction of new ventures’ liabilities of newness and smallness: an example from the French technology sector

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October 27, 2015
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DEDICATION

To my mother who inspired my passion for intellectual quest and to my wife who encourages me along the way.
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I would like to express sincere gratitude to my supervisors, Dr. Yann Truong and Dr. Frank McDonald, who were always readily available to provide any support I needed during these five long years.
EXECUTIVE SUMMARY

New entrepreneurial ventures are intrinsically stigmatized by liabilities of newness and smallness that lead to lack of legitimacy. The legitimacy problem complicates new ventures' access to external resources. Overcoming these liabilities means gaining legitimacy in the eyes of significant audiences (Stinchcombe, 1965; Singh, Tucker & House, 1986). To date, the research on new ventures' legitimation has mainly taken one of the following two perspectives: the neo-institutional perspective, in which scholars view new ventures legitimation as a product of conformity with institutional norms and standards, and the strategic perspective, in which scholars focus on new ventures' proactive symbolic actions aimed at manipulating audiences' perceptions. Although existing studies of liabilities of newness and smallness rest on the assumption that new ventures' lack of legitimacy is inter-subjective, the social-constructionist aspect of this phenomenon has not been sufficiently investigated. For instance, extant studies have overlooked entrepreneurs' subjective experiences ensuing from their ventures' lack of legitimacy.

Emerging literature on the sensemaking of entrepreneurial failures partly fills this knowledge gap. These studies have examined how entrepreneurs cognitively process and narratively construct their ventures' failures (e.g. Cardon et al, 2011; Mantere et al, 2013). However, these studies focus on ultimate failures, rather than failed attempts to acquire external resources. Continued inability to acquire key resources, being a direct premise of entrepreneurial failures, has not been studied as a subject of sensemaking. Therefore, this study seeks to understand how entrepreneurs make sense of and narratively construct experienced hardship of resource acquisition at the early years of their ventures' existence. Furthermore, although scholars acknowledge that public
perception influences the way entrepreneurs' make sense of their ventures’ failures (e.g. Cardon et al, 2011), extant literature failed to explain what constitutes public perception of entrepreneurial failures. Therefore, this study also seeks to understand how entrepreneurs’ narrative construction of failures and hardship affects public perception.

To fulfil the research objectives, this study is based on a synthesis of the literatures on new ventures legitimation, entrepreneurial failures and social movements (e.g. Benford & Snow, 2000). Social movement approach provides suitable theoretical and methodological framework for the research endeavour. Social movement studies explore how collective discontent is made sense of, grievances are articulated and framed as injustice by social actors in pursuit of social change (Turner, 1995).

In this study, narratives of entrepreneurs whose ventures’ development is hampered by inability to access external resources are examined. The empirical investigation is focused on the new ventures’ attempts to establish collaborative technology partnerships with incumbents. Frame analysis (Goffman, 1974; Creed et al, 2002a) is adapted to critically examine entrepreneurs’ narratives collected through very in-depth interviews. The data set comprised narrative interviews with 35 entrepreneurs and 16 top managers of private and public organizations in France.

The findings of this study suggest that failed attempts to establish technology partnerships with incumbents trigger entrepreneurs’ sensemaking of their own experiences and also broader reinterpretation of technology partnership as a patterned social interaction. It was found that the entrepreneurs whose ventures’ development is hampered by inability to access incumbents’ resources are likely to frame their hardship as injustice rather than simple misfortune or mistake. The findings also indicate that injustice frame plays twofold role in the entrepreneurial dynamics. Besides being an
interpretive and blame externalizing mental model, injustice frame also plays a sensegiving role. It is demonstrated that when framing their hardship as injustice, entrepreneurs employ contextually embedded discourse to construct collective identities of new ventures and incumbents that ascribe role expectations to resource-holding incumbents. Furthermore, relevance to experience and cultural resonance of the injustice frame determines its appropriation by other actors and, therefore, its impact on the public discourse.
1. INTRODUCTION

1.1. Motivation of the study

New entrepreneurial ventures, defined as organizations in their first years of existence (Gartner, 1985), enter organizational fields with low status, no legitimacy and neutral reputation (Bitektine, 2011). This situation is explained by new ventures' liabilities of newness and smallness, which refers to perceived vulnerability related to small size and lack of successful record (Stinchcombe, 1965). Organizational legitimacy, defined as a "generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p.574), is vital for new ventures as it secures access to external resources. Although legitimacy only "exists in the eye of the beholder" (Zimmerman & Zeitz, 2002, p.416), it is nevertheless objective in its consequences. Illegitimate new ventures encounter obstacles in their endeavours to build resource exchange relations with important counteragents, such as investors, customers, suppliers and employees among others (Wiewel & Hunter, 1985; Baum & Oliver, 1995; Williamson, 2000). These obstacles eventually jeopardize new ventures' survival and growth.

Affiliations with prestigious incumbents (Stuart et al, 1999; Gulati & Higgins, 2003), track record of achievements (Rao, 1994), and the reputation of founders (Cohen & Dean, 2005) can legitimize new ventures and mitigate the problems caused by liabilities of newness and smallness. However, these factors are often unavailable for new ventures at the outset. Inaccessibility of external resources is often exacerbated by resource holders' status homophily, which refers to high-status actors' inclination to build affiliations with actors of equal status (Shipilov & Li, 2008).
From the institutionalist perspective, criteria on which organizations’ legitimacy is assessed are encoded into broader institutional logics or cultural accounts of a specific social context (Suddaby & Greenwood, 2005). In other words, organizational legitimacy represents the extent to which an organization complies with the constructed vision of natural order. This idea traces back to Parsons (1960), according to whom, “for organizations to have legitimate claim on scarce resources, the goals they pursue should be congruent with wider societal values” (Ruef & Scott, 1998, p.877). Later, Webber (1978) also stressed the importance of consonance between individuals’ or groups’ actions and the socially constructed vision of “natural order” specific to a given context.

Thus, resource holders, such as investors or potential collaborators, tend to look at new ventures as at a social institution with its associated roles, characteristics, activities and use this prototype to anchor their assessments of legitimacy (Navis & Glynn, 2011). However, institutions are not constant, but ever-evolving. Established institutions can be changed deliberately or through gradual erosion. Such institutional changes invariably entail revision of the logic upon which legitimacy is assessed (Oliver, 1992; Suddaby & Greenwood, 2005). Moreover, actors may engage into deliberate institutional work to construct new legitimating accounts through sustained symbolic work and rhetoric (Creed et al, 2002b). The literature on institutional entrepreneurship and language-driven institutional change provides multiple examples of how institutions can be challenged and successfully revised by peripheral actors disadvantaged by established institutional arrangements (e.g. Leblebici et al, 1991; Haveman & Rao, 1997; Kraatz & Moore, 2002).

Extant research on new ventures legitimation takes several perspectives (Üverbacher, 2014). Some studies view new ventures’ legitimation as a function of endorsing factors on a macro-institutional level. These include, for instance, market maturity, profile of
the country of origin, government subsidies and policies. Other studies deal with micro-institutional factors. These factors include individual- and firm-level attributes, such as network ties with prestigious actors, certificates and quality marks, and media image among others. Another perspective focuses on new ventures' deliberate actions aimed at manipulating audiences' legitimacy judgments. Studies on the entrepreneurs' impression and symbolic management tactics fall into this category.

Finally, the literature that adopts the "collective action view" focuses on new ventures' deliberate actions at a macro-institutional level (Überbacher, 2014). These studies investigate how entrepreneurs promote social innovations, such as renewable energy and organic food, through collective action and discursive means. Building on the conceptual framework of social movement studies, this literature illustrates how new ventures legitimize nascent market categories through systematic communication with audiences.

However, the extant literature that takes a collective action approach to the new ventures legitimation is predominantly focused on legitimation of emerging industries, rather than new firms in established industries. Prior studies with this focus, for example, include such contexts as early automotive (Rao, 2004), insurance (Zelizer, 1978), telecommunication (Fischer, 1992), and soft-drink industries (Hiatt et al, 2009). This study is closely related to this stream of research, however it is focused on newness and smallness per se rather than a nascent industry or product category, as an object of legitimation.

Although extant studies of new ventures legitimation rest on the assumption that legitimacy is an inter-subjective phenomenon, neither subjective, nor inter-subjective aspects of the new ventures struggle for legitimacy is sufficiently explored. For instance, extant studies have overlooked entrepreneurs' subjective experiences ensuing
from their ventures’ lack of legitimacy. In the meantime, understanding how entrepreneurs make sense of the consequences of their ventures’ newness and smallness may elucidate how entrepreneurs go about coping with these consequences. Therefore, this study takes a phenomenological approach to new ventures liabilities of newness and smallness. This thesis aims at exploring how entrepreneurs make sense of and narratively construct the difficulties they experience in accessing external resources at the early years of their ventures’ existence.

Emerging literature on sensemaking of entrepreneurial failures offers some insight into this matter. These studies borrow from psychological theories, such as the attribution theory and cognitive dissonance among others, in order to understand how entrepreneurs cognitively process and narratively construct their failures (e.g. Cardon et al, 2011; Mantere et al, 2013). However, these studies focus on ultimate failures, rather than failed attempts to acquire external resources. In the meantime, failures to establish resource exchange relationships with key stakeholders, such as consumers, suppliers, investors and partners, is what eventually leads to new ventures’ ultimate failures. As implied by the concept of liabilities of newness and given that new ventures go on failing in practice, it is safe to assume that such failures shall inevitably occur.

Therefore, this study aims at filling this knowledge gap by focusing on new ventures failures to access external resources, which are referred to as entrepreneurial micro-failures, as objects of entrepreneurs’ sensemaking. However, beyond individual-level discursive constructions, I also aim at understanding the macro-level discourse (i.e. “Discourse” as in Alvesson & Karreman, 2000) that entrepreneurial micro-failures may produce.

Overall, this thesis is inspired by studies that view institutional or any social change as a discursive process. These studies take a social-constructionist theoretical perspective,
which regards the definition of social order as a product of collective inter-subjective agreement. This perspective implies that take-for-granted assumptions and the definition of natural order in general are subjected to erosion or deliberate displacement through discursive means and collective action.

Collective actions that aim to promote change often start with discursive reinterpretation of some problematic situation from misfortune to injustice (Turner, 1995). Such reinterpretation entails articulation of a collective grievance and public adoption of an injustice frame (Gamson et al, 1982). The term “frame” in this context refers to an interpretative scheme, a product of sensemaking (Goffman, 1974). McAdam (2010) refers to such a process of transition in interpretation as “cognitive liberation”. However the mere presence of collective grievance is not sufficient for any social change through collective action. Proper framing and purposeful diffusion of these grievances is required for change (Snow et al, 1986).

Therefore, the objective of this study is to be attained through critical evaluation of entrepreneurs’ discourse on their business relations with current and potential resource-exchange partners. The discourse will be examined in order to reveal how entrepreneurs make sense of difficulties induced by the newness and smallness of their ventures. More specifically, the discourse will be explored in search for grievances and injustice frames. Furthermore, the diffusion and the effect of such discourse will be investigated.

Further to this subject, many scholars have argued that organizations are simultaneously evaluated by multiple audiences and each audience has its own specific criteria of legitimacy assessment (e.g. Meyer & Scott, 1983; Oliver, 1991; Elsbach & Sutton, 1992; Suchman, 1995; Clemens & Cook, 1999; Bitektine, 2011). The nature of resource-exchange relation determines the mechanism of social judgment (Bonardi et al,
Relations that involve higher degree of audiences' self-interest tend to involve higher level of scrutiny as regards the subject of social judgment. For instance, the evaluation of a new venture by investors is likely to involve research on the entrepreneur's reputation based on past performance (Bitektine, 2011). In the case where an actor's actions have a more diffused (i.e. less direct) effect on the audience, it is suggested that the level of scrutiny is lower. In such situations audiences may rely on easily accessible information (e.g. affiliations, certifications) to assess actors' legitimacy. Therefore, an empirical investigation of legitimacy-related phenomena requires specification of the boundaries of an audience.

This study is focused on the audience of new ventures' potential technological partners. This audience is of particular importance for new ventures, since a short or non-existent alliance history, a negative or unestablished partner image, and the dependency of firms' business on partnering can increase the need for legitimacy in the eyes of potential alliance partners (Dacin et al, 2007). New entrepreneurial ventures, particularly those operating in the high-technology industry sectors, generally possess all of these characteristics. In the meantime, technological partnerships represent crucial, often indispensable, factors of growth and innovation for young companies.

1.2. Thesis structure

This thesis comprises six chapters. The first chapter, the introduction, describes the phenomenon of the study, that is, new ventures' liabilities of newness and smallness as a legitimacy problem. In this chapter, practical salience of the phenomenon is highlighted and a brief overview of the extant academic knowledge on the subject is provided. Furthermore, a knowledge gap is identified and the research objectives of this
thesis are stated in this chapter. Thus, this chapter clarifies the motivation of this study in terms of practical salience and the academic knowledge gap. Furthermore, this chapter gives to the reader an understanding of the position of this study in relation to the existing research streams and schools of thought. Further elucidation of this study's theoretical position is provided in the following chapter.

The second chapter provides an overview of the seminal literature on the phenomenon in question and elaborates the theoretical background of this study. This chapter covers a broad range of research streams, each of which has relevance to the phenomenon of new ventures' liabilities of newness and smallness. It begins with explanation of that the problem of new ventures' liabilities is a problem of legitimacy. Thereafter, it provides a general overview of the literature on organizational legitimacy. The first section provides a rather general overview of the concept — it includes definitions and taxonomies of the phenomenon of organizational legitimacy. Further, in order to establish a deeper understanding of the concept of organizational legitimacy, the chapter focuses on a fundamental property of legitimacy — its social-constructionist nature. Therefore, in the second chapter considerable attention is paid to the body of literature that studies legitimation as a process of social construction. This includes, for example, literature regarding institutional change and social movements. Keeping in mind the objective of the study, particular attention is paid to the discursive aspect of legitimation and therefore focus is located on the literature related to such concepts as sensemaking, framing and rhetoric. This chapter is concluded by providing a summary of what has been reviewed and formulating a set of research questions that this thesis is to address in order to achieve the research objectives.

Chapter three, methodology, touches upon the questions of epistemological assumptions, research approach, empirical context, data sources and analytical
procedure. It begins with an explanation of the philosophical assumptions on which this study rests – that is, phenomenology and social constructionism. Furthermore, the research approach that is commonly adopted by the studies that investigate the processes of social construction – the discourse analysis – is described. Next, the particular analytical procedure of this study, defined as an adaptation of frame analysis, is explained and justified.

In chapter four, the findings of the empirical investigation are presented. This chapter is organized according to the structure of discourse revealed in the data. Each section is dedicated to a specific element of the meaning structure that emerged from the data, such as identity beliefs, grievances, causal attributions, rhetorical arguments and cultural stock of meanings.

In chapter five, the findings of this study are discussed in the light of the initial research objectives. The research questions that were raised at the outset are answered and the extent to which the research objective was reached is discussed. Next, the implications of the findings in respect to the theoretical knowledge are suggested. A number of contributions that this thesis makes to the academic knowledge in this field are identified.

In the final chapter, conclusions, the findings and the contributions of the thesis are summarized. The limitations of this study in terms of scope and rigour are discussed and the trajectories for future research are proposed.
2. LITERATURE REVIEW AND THEORETICAL BACKGROUND

This chapter develops the theoretical background of the study by critically reviewing and synthesizing extant knowledge drawn from the literature on organizational legitimacy, new ventures' legitimation and various discursive approaches to legitimation. The objective of this chapter is to demonstrate current levels of theoretical understanding of the phenomenon of new ventures' liabilities of newness and smallness in order to highlight the opportunities for advancing this understanding. Apart from that, the objective of the chapter is to construct a theoretical frame through which the empirical data will be approached.

The chapter starts with a review of the literature focused on the concept of organizational legitimacy because this concept is indispensable to understanding the phenomenon of liabilities of newness and smallness. The concept of organizational legitimacy lies at the core of the phenomenon of new ventures' liabilities, because the liabilities are constructed by the audiences that confer legitimacy and in the process of acquisition of legitimacy organizations overcome these liabilities (Stinchcombe, 1965; Singh et al, 1986).

Further, an overview of the extant research approaches to the phenomenon of new ventures legitimation is provided. As this thesis aims to investigate the process of social construction of new ventures' liabilities, the notion of social construction is elaborated and a focus is put on the streams of research that look at legitimation from the social-constructionist perspective. Through the review of relevant literature, it is demonstrated that such a process is language-driven (i.e. discursive) in its nature. Therefore, this chapter further focuses on the theories that link discourse and social change. In particular, the literature on institutional entrepreneurship, social movements and
collective action frames, and the rhetoric of institutional change is reviewed. This chapter is concluded with a brief summary and a list of research questions.

2.1. *Legitimacy, status and reputation as intangible organizational resources*

For organizations, selecting resource exchange partners is not simple as it involves a pragmatic deliberation over potential benefits and risks associated with such partnerships. The rationale involved in the partner selection process has been studied within a number of theoretical streams. According to Barringer and Harrison (2000), these theories can be arranged on the following continuum: theories emphasizing economic rationales from one perspective (e.g. transaction cost economics, resource dependency theory and resource-based view theory) and theories emphasizing behavioural rationales from another perspective (e.g. learning theory and institutional theory).

A decision over an exchange partner is determined by a combination of forces pushing a firm into or restraining it from the partnership. That is, not a one-dimensional deliberation over potential benefits and risks, but a multiplicity of forces determines the choice. For example, an organization may experience a need to build a partnership in pursuit of legitimacy, being at the same time reluctant to do so due to the risk of unintended knowledge leakage. In another scenario, a firm can be attracted by another organization's valuable resources or competences, but refrain from the affiliation because of the potential partner's low status or imperfect reputation (Shipilov & Li, 2008; Podolny, 2010; Milanov & Shepherd, 2013). Therefore, organizations are often split by anti-tropic economic and social forces (Granovetter, 1985). In such situations organizations often act in contradiction with their economic interests in pursuit of social
aims, such as legitimacy, status and reputation (Meyer & Rowan, 1977). Institutional theorists (e.g. Powell & DiMaggio, 1991) have emphasized that dynamics of inter-organizational fields can be to large extent explained by symbolic institutional and cultural factors, rather than by material economic ones.

Meanwhile, it is important not to fall into neither over-socialized nor under-socialized views of organizational decision making (Granovetter, 1985). Resource holders decide to grant access to their resources based on economic considerations, as well as on socio-political considerations, or in some situations merely heuristically (Aldrich & Fiol, 1994). Legitimacy assessment is a process of social judgment that may vary in terms of degree of scrutiny. The degree of scrutiny depends on a number of situation-specific factors, such as the degree of the resource provider’s self-interest and information asymmetry (Bitektine, 2011).

The scholarship of organizational social judgment provides some insight into this subject. Jensen and Roy (2008) proposed a model by which firms in the process of exchange partner selection filter candidates according to their status and then evaluate candidates’ reputation to make a final decision. Bitektine (2011) presented another stepwise model of a social judgment process which apart from status and reputation also integrates the concept of legitimacy and takes into account circumstances of decision making, such as availability of information, the importance of the decision, the degree of evaluator’s self-interest and the degree of the field’s institutionalization.

Therefore, organizational legitimacy represents a vital social factor for organizational survival and performance due to its important role in the inter-firm resource exchange dynamics. Organizational legitimacy is often considered along with other economic factors, such as technological, commercial, network, or human resources (Aldrich &
Fiol, 1994; Lounsbury & Glynn, 2001; Zimmerman & Zeitz, 2002). Organizational legitimacy is commonly understood as a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p.574). However, despite the fact that legitimacy only "exists in the eye of the beholder" (Zimmerman & Zeitz, 2002, p.416), it is nevertheless considered to be objective due to its generalized nature and is often approached in academic literature as a strategic resource that can be gained and reinvested. Notwithstanding a long history of research on organizational social judgement (e.g. see review in Suchman, 1995), these studies are predominantly theoretical whilst empirical research on organizational social judgement is relatively scant.

Meanwhile, the extant literature on economic factors in exchange partner selection is rich in theoretical and empirical findings. One of the key theories that explain the logic of exchange partner selection from an economic perspective is the resource-based view (e.g. Ahuja, 2000). The theory generally states that organizations' performance and behaviour, including the networking aspect, are determined by resources and capabilities that are rare, sustainable and difficult to imitate or substitute (Penrose, 1959; Barney, 1986). Within the resource-based view literature, the principle of duality of collaboration (Kogut et al, 1992; Shan et al, 1994; Eisenhardt & Schoonhoven, 1996; Ahuja, 2000) is one that parsimoniously explains the logic of partnership formation using the notion of network opportunities. According to the concept of duality of collaboration, not only firms' inducements to build ties with other organizations matter, but also the attractiveness of a firm to the potential partners – that is network opportunities. The network opportunities of a firm are determined by the firm's resource endowment (Ahuja, 2000). This implies that a firm poorly endowed with resources has
fewer opportunities to be selected as an exchange partner. Nevertheless, the link between resource endowment and network opportunities is contingent to the degree of innovation of a firm. A firm that has introduced a radical innovation will increase its network opportunities despite low resource endowment (Ahuja, 2000). Conventional understanding of resource endowment includes commercial (e.g. assets), technological (e.g. patents and other intellectual property), and network (e.g. number of partners) resources.

From the economic sociologists’ perspective, the conception of organizational resources is larger than the triad of a commercial-technological-network. Amit and Schoemaker (1993) suggest that legitimacy, status and reputation should be considered as intangible organizational resources. Several studies have suggested that these social factors have significant impact on organizations’ network opportunities. For example, legitimacy is often considered as a necessary condition for any organization to join resource exchange relations with external actors (Starr & McMillan, 1990). Legitimacy facilitates access to critical resources, such as financial resources, new markets, technologies, human capital and partners (Zucker, 1991; Aldrich & Fiol, 1994). For example, young organizations gain legitimacy by establishing partnerships with better established larger companies and later reinvest it into new inter-organizational relationships (Wiewel & Hunter, 1985). Legitimacy, as any other resource, can be transacted and exchanged between actors (Pfeffer & Salancik, 1978). However, legitimacy represents a unique kind of resource which stands out in the array of organizational resources due to its inter-subjective nature.

Status also plays an important role in partnership formation, since organizations of high social status tend to engage into partnerships with organizations of the same level (Shipilov & Li, 2008). Therefore, low status actors are forced to overcome low status
liability by, for example, engaging into peripheral networks with other low status actors in order to gain the visibility and attention of high status actors (Baum et al, 2003). Organizational reputation has been shown to be crucial in partnership formation as well (Rao, 1994; Fombrun, 1996). Reputation is an important part of organizational identity that is based on organizations’ past performance and therefore is used by external actors as a basis for evaluating organizations’ predictability and trustworthiness (Maitland et al, 1985; Ring & Van de Ven, 1994; Gulati, 1995; Nooteboom et al, 1997).

In order to understand how legitimacy is attained by organizations in general, and new ventures in particular, it is necessary to get a more complete understanding of the concept of organizational legitimacy. In the next section the definitions and taxonomies of organizational legitimacy available in the extant literature are reviewed.

2.2. Defining organizational legitimacy

Although the notions of legitimacy and legitimisation have become sound concepts of various social sciences from prior research (e.g. Scott, 1977; Meyer & Rowan, 1991; Scott & Meyer, 1991; Zucker, 1991), the concept of organizational legitimacy is relatively new (Bitektine, 2011). According to Deephouse and Suchman (1998), the explicit introduction of this term initially occurred in the article of Singh et al (1986). However, the concept of organizational legitimacy was earlier used implicitly by Webber (1978), who emphasized the importance of consonance between individuals’ or groups’ actions to the socially constructed vision of “natural order” specific to a given context. A similar idea was posited by Parsons (1960), according to whom, “for organizations to have a legitimate claim on scarce resources, the goals they pursue should be congruent with wider societal values” (Ruef & Scott, 1998, p.877).
From the institutionalist standpoint, legitimacy is broadly understood as a social acceptance of a practice, standard or understanding (Jepperson, 1991; Zucker, 1991). Institutionalized and therefore legitimate practices, standards or understandings are expected to comply with established social order (Weber, 1978). Organizational legitimacy represents an extent to which an organization, in particular its identity, its practices and structures, complies with the constructed vision of natural order. The constructed vision of natural order is what Suchman (1995, p.574), describes as a "socially constructed system of norms, values, beliefs, and definitions" in his definition of organizational legitimacy. Thus, the criteria of organizational legitimacy or the legitimating accounts are encoded in broader institutional logic of a specific social context (Suddaby & Greenwood, 2005).

Organizational legitimation is the process of a "social construction of legitimacy" (Bitektine, 2001, p.152) that can be conducted by organizations deliberately as well as be driven by a social environment with a focal organization taking a passive role in the process. In any case, legitimacy is beheld by the audiences and legitimation of actors or activities happens through social endorsement or validation (Perrow, 1961).

The large body of research on organizational legitimacy can be clustered around three axial questions: What is organizational legitimacy? Why legitimacy matters for organizations and How legitimacy is gained by an organization. The research on organizational legitimacy asking the ‘what’ question aims to develop comprehensive taxonomies of the phenomenon and to provide clear conceptual demarcation between organizational legitimacy and adjacent phenomena, such as reputation and status/prestige. In the following sections all of these three clusters of the organizational legitimacy literature are reviewed.
2.2.1. *What is organizational legitimacy?*

The concept of organizational legitimacy is adjacent and often confused with the notions of organizational reputation and organizational status. The distinction between the three concepts lies primarily in the cognitive dimension – that is, in the mechanism of audiences’ assessment of an organization (Bitektine, 2011). This review relies on the synthesis of literature provided by Bitektine (2011) where legitimacy, reputation and status as are approached as distinct forms of social judgment with different underlying cognitive processes.

Social judgment per se in the organizational context is defined as “an evaluator’s decision or opinion about the social properties of an organization” (Bitektine, 2011, p.152). The logic of social judgment is consistent with the principle of cognitive economy assuming that audiences are inclined to minimize their cognitive efforts where possible. The principle of cognitive economy explains patterns of cognitive shortcuts, such as groupthink and social categorization, generally observed in evaluation processes.

Organizational legitimacy is distinct from organizational reputation in several ways. Fombrun (1996, p.72) defines organizational reputation as “a perceptual representation of a company’s past action and future prospects that describes the firm’s overall appeal to all its key constituents when compared to other leading rivals”. Therefore, reputation is generally associated with two characteristics that do not pertain to legitimacy – relativity (i.e. assessment in comparison with alternatives) and retrospection (i.e. based on past actions) (Podolny & Phillips, 1996). If a company is still to take its first actions, the reputation of such a firm will be linked to its founders’ personal reputation (Cohen
& Dean, 2005). If the reputation of founders is unknown, the reputation of the organization will be neutral (Bitektine, 2011).

Status is defined as a “socially constructed, inter-subjectively agreed-upon and accepted ordering or ranking of individuals, groups, organizations, or activities in a social system” (Washington & Zajac, 2005, p.284). Network theorists often link social status with a firm’s position in a network (i.e. centrality) and the quality of the network (i.e. status of affiliates). In practice, the three concepts – legitimacy, reputation and status – are often interrelated, as reputation and affiliations with high-status actors have legitimating effect on organizations (Rao, 1994; Bitektine, 2011). Nevertheless, the mechanisms of assessment underlying each of these types of social judgment are fundamentally different, as it was explained above.

Taxonomies of organizational legitimacy take numerous forms and are usually constructed by scholars to fit specific purposes of their studies. However, three broad types of organizational legitimacy were summarized by Suchman (1995) and later adopted and modified by other scholars are pragmatic, moral and cognitive. Pragmatic legitimacy is based on calculations of anticipated benefits of a firm's immediate audience (Dowling & Pfeffer, 1975; Wood, 1991). However, these benefits can have a materialistic exchange-based form (Dowling & Pfeffer, 1975), as well as a purely social form, that what is known as influence legitimacy (Suchman, 1995). The source of influence legitimacy resides in the belief that a firm's responsiveness to the audience's superordinate goals brings collective benefit to the audience (Sherif et al, 1961; Meyer & Rowan, 1991). Therefore, the demarcation between these types of legitimacy is not always obvious.
Moral legitimacy involves normative evaluation of a firm's actions (procedural legitimacy), outputs of the firm's actions (consequential legitimacy), organizational structure (structural legitimacy), and even the firm's organizational leaders (personal legitimacy) (Scott, 1977; Meyer & Rowan, 1991; Scott & Meyer, 1991; Zucker, 1991). In general, moral legitimacy is reflected in the audience's acceptance of a focal firm as morally upright, that is, promoting societal welfare (Suchman, 1995). However, it is often difficult to differentiate purely altruistic morality-based considerations from self-interest because they are often inseparable (Suchman, 1995). Therefore in order to avoid the problem of blurred demarcation between moral and pragmatic legitimacy scholars often adopt the notion of socio-political legitimacy which encompasses both of the terms, and introduce the notion of self-benefit that can be diffuse or concentrated (e.g. Bonardi et al, 2005). Concentrated benefit refers to the immediate impact on the audiences. While diffuse benefit assumes postponed or indirect impact.

Cognitive legitimacy is generally defined as an extent to which an entity, such as an organization or its activities and routines, are perceived by audiences as a part of "natural order" within a given socio-cultural context (Hannan & Carroll, 1992). Suchman (1995) discerns two aspects of organizational cognitive legitimacy: comprehensibility and taken-for-grantedness. Comprehensibility refers to the ease with which an organization can be associated with one of the existing organizational categories. Taken-for-grantedness refers to the situation when appropriateness of organizations' characteristics and actions is not questionable, but is accepted as an uncontested fact.

Furthermore, legitimacy can concern the technical and managerial aspects of organizations' activities, where technical legitimacy is vaguely related to organizations' product or service quality and managerial legitimacy reflects an organization's ability to
perform efficiently (Ruef & Scott, 1998). Technical legitimacy assumes an organizations' ability to perform due to possession of resources and capabilities, whereas managerial legitimacy is related to the capacity of management teams to organize in order to exploit these resources and capabilities optimally and achieve a desirable result (Ruef & Scott, 1998). Organizations can be high on technical legitimacy and low on managerial or as vice versa. Importantly, managerial legitimacy is known to be a substitute for a lack of the technical legitimacy. The most common taxonomies of organizational legitimacy available in the extant academic literature are summarized in table 1.

Table 1. Classification of organizational legitimacy

<table>
<thead>
<tr>
<th>Legitimacy types</th>
<th>Definition</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moral</td>
<td>Based on evaluation of an organization's conformity to social norms</td>
<td></td>
</tr>
<tr>
<td>Cognitive</td>
<td>Based on evaluation of an organization's apprehensibility</td>
<td></td>
</tr>
<tr>
<td>Managerial</td>
<td>Based on evaluation of an organization's efficiency</td>
<td>Ruef &amp; Scott (1998)</td>
</tr>
<tr>
<td>Technical</td>
<td>Based on evaluation of an organization's qualifications</td>
<td></td>
</tr>
<tr>
<td>Media</td>
<td>Conferred by the general public, manifested through mass media image</td>
<td>Deephouse (1996)</td>
</tr>
<tr>
<td>Regulatory</td>
<td>Conferred by government regulators, manifested through accreditations, certifications and other formal means</td>
<td></td>
</tr>
<tr>
<td>Procedural</td>
<td>Based on evaluation of a company's internal procedures</td>
<td>Suchman (1995)</td>
</tr>
<tr>
<td>Consequential</td>
<td>Based on evaluation of an organization's tangible outputs and impacts</td>
<td></td>
</tr>
<tr>
<td>Structural</td>
<td>Based on evaluation of an organization's internal structure</td>
<td></td>
</tr>
<tr>
<td>Type</td>
<td>Description</td>
<td>Source/Reference</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>Personal</td>
<td>Based on evaluation of organization's leaders' personal characteristics</td>
<td></td>
</tr>
<tr>
<td>Pragmatic</td>
<td>Based on audience's anticipated self-interests</td>
<td></td>
</tr>
<tr>
<td>Moral</td>
<td>Based on evaluation of an organization's conformity to social norms</td>
<td></td>
</tr>
<tr>
<td>Strategic</td>
<td>Legitimacy attained by companies through deliberate manipulation of an audience's perception.</td>
<td>Tornikoski &amp; Newbert (2007)</td>
</tr>
<tr>
<td>Conformance</td>
<td>Legitimacy attained by companies through passive conformity to societal expectations.</td>
<td></td>
</tr>
<tr>
<td>Internal</td>
<td>Legitimacy stemming from a company's proper qualifications (such as CEO's business experience or reputable scientists in the R&amp;D team).</td>
<td>Kostova &amp; Roth (2002), Kostova &amp; Zaheer (1999)</td>
</tr>
<tr>
<td>External</td>
<td>Legitimacy stemming from company's external affiliations (such as, with high status industrial partners or reputable research institutes).</td>
<td></td>
</tr>
<tr>
<td>Substantive</td>
<td>Based on evaluation of a company's direct and objective measures of performance (e.g. number of defected products, number of lawsuits against the organization).</td>
<td>Wry, Deephouse &amp; McNamara (2006)</td>
</tr>
<tr>
<td>Symbolic</td>
<td>Based on an evaluation of indirect manifestations of performance measures (e.g. quality certification, product labelling).</td>
<td></td>
</tr>
<tr>
<td>Market</td>
<td>Rights and qualifications to conduct business in a particular market</td>
<td>Dacin et al (2007)</td>
</tr>
<tr>
<td>Relational</td>
<td>Worthiness as a partner.</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>Conformity of the firm to societal rules and expectations.</td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>Worthiness of the business activity.</td>
<td></td>
</tr>
<tr>
<td>Alliance</td>
<td>Validity or appropriateness of a strategic alliance.</td>
<td></td>
</tr>
</tbody>
</table>
2.2.2. What is organizational legitimacy for?

Concerning the question 'why' legitimacy matters to organizations there appears to be a consensus in the literature that the ultimate purpose of organizational legitimacy is a firm's survival (Meyer & Scott, 1983). The role of legitimacy in firm survival is commonly linked either to the firms' ability to establish resource exchange relationships with other actors, or to the firms' dependencies on other organizations, such as regulators and key accounts (Deephouse, 1996). Several studies linked legitimacy directly to company performance indicators, such as market capitalization (e.g. Rao et al, 2008) and growth (e.g. Zimmerman & Zeitz, 2002). However, interpretation of these effects is still based on the organizations' ability to access external resources via exchange partners.

Organizations are evaluated by multiple audiences simultaneously, but not all the audiences are equally important for a focal organization (Meyer & Scott, 1983; Oliver, 1991; Elsbach & Sutton, 1992; Suchman, 1995; Clemens & Cook, 1999). Three broad categories of audiences can be discerned in the extant literature on the organizational legitimacy: the general public, government regulators, current and potential resource exchange partners.

Empirical studies on legitimacy with the general public usually employ media legitimacy as an approximated indicator of general public's approval (e.g. Hybels, 1994; Deephouse, 1996; Lamertz & Baum, 1998; Pollock & Rindova, 2003; Bansal & Clelland, 2004). Empirical research on legitimacy with regulators relies on measurements approximated via voluntary and compulsory certifications and organizations' compliance with industry standards. The coercive power of regulators through sanctioning is considered to be the main driving force of compliance (e.g.
Pfeffer & Salancik, 1978; Singh et al, 1986; Baum & Oliver, 1991; Deephouse, 1996; Rao, 2004). The literature on legitimacy with resource exchange partners deals with organizations’ acceptance by influential groups of stakeholders, such as investors (Rao et al, 2001; Certo, 2003), advocacy groups (Rao, 1998; Rao et al, 2000), and the organization’s insiders (Kostova & Zaheer, 1999).

Nevertheless, there is little context differentiation in the empirical research. That is, the extant research does not make an explicit distinction between a new organizations’ legitimation in the eyes of investors or in the eyes of potential technology collaborators. Although some scholars suggest that definition and operationalization of organizational legitimacy can and should vary depending on the purpose of a study (Bitektine, 2011), empirical studies that provide context-specific definitions of legitimacy are still rare. As an example, organizational legitimacy in the eyes of potential alliance partners has been largely ignored by scholars. In the meantime, Dacin et al (2007, p.174) in their conceptual paper introduce a term “relational legitimacy” which they define as “perceived worthiness as an attractive alliance partner”. The authors argue that intensive competition for partners and a need for additional ties in the future drive the need for relational legitimacy. A short or non-existent alliance history, negative or unestablished partner image, as well as dependency of firms’ business on partnering also increase the need for relational legitimacy (Dacin et al, 2007). Nevertheless, empirical studies on relational legitimacy are missing in the extant literature.

Meanwhile, trustworthiness as a partner has received considerable attention in the partner selection literature (e.g. Rao, 1994). Trustworthiness as a partner, among other factors, contributes to firms’ collaboration opportunities (Barney & Hansen, 1994; Gulati & Singh, 1998). In the extant literature, partner trustworthiness is linked to firms’ past collaborations (Larson, 1992; Gulati, 1995), through which firms demonstrate their
forbearance from opportunism and commitment to the norms of equity and common
goal (Buckley & Casson, 1988; Borys & Jemison, 1989; Ring & Van de Ven, 1994).
Essentially, this avenue of research highlights the importance of reputation and
predictability in firms’ attractiveness to potential partners (Rao, 1994; Fombrun, 1996;
Dacin et al, 2007). This thesis reconciles with an established view in the organizational
legitimacy literature that reputation legitimates (Rao, 1994). However, the
understanding of what relational legitimacy is without reputation and how it is acquired
is yet underdeveloped in the extant scholarship on new ventures.

2.2.3. How is organizational legitimacy acquired?

Research on how organizations gain legitimacy can be classified into two perspectives
(Suchman, 1995). The first perspective considers organizations’ passive conformity to
institutional norms and ensuing industry-level isomorphic convergence of identities and
practices as the main source of organizational legitimacy. The second perspective
focuses on organizations’ purposeful and strategic actions in pursuit of legitimacy.
Scholars have paid attention to impression management (e.g. Tornikoski & Newbert,
2007), networking (e.g. Dowling & Pfeffer, 1975), collective action (e.g. Sine et al,
2007) and story-telling (Martens et al, 2007) as strategies that organizations implement
in pursuit of legitimacy.

Suchman (1995) classified studies of organizational legitimacy into two categories:
those that take a strategic approach and those that take an institutional approach. The
research that takes a strategic approach focuses on the ways in which organizations
deliberately engage into symbolic work in order to manipulate audiences’ perceptions of
a focal firm (e.g. Pfeffer & Salancik, 1978; Pfeffer, 1981; Ashforth & Gibbs, 1990).
Research that takes an institutional approach focuses on the institutional pressure itself and on the legitimizing accounts that forge the ways in which legitimacy is assessed (e.g. DiMaggio & Powell, 1983; Meyer & Rowan, 1991; Powell & DiMaggio, 1991).

Strategic legitimization is a process of communication between an organization and its audiences (Ginzel et al, 1992; Elsbach, 1994). Strategic legitimization is an approach to legitimization that involves organizations’ purposive actions in pursuit of social acceptance (Tornikoski & Newbert, 2007). Strategic legitimization is sometimes contrasted with passive legitimization which involves organizations’ mere conformity with institutional norms or industry standards (Rao et al, 2008), while some other studies classify conformity as one of the possible legitimization strategies (e.g. Zimmerman & Zeitz, 2002).

Strategic legitimation is a common practice among organizations. Organizations deliberately conduct communication with audiences and manage self-presentation in attempt to gain legitimacy and increase social status and prestige (Schlenker, 1980; Suchman, 1995; Zimmerman & Zeitz, 2002; Delmar & Shane, 2004). This strategic behaviour involves symbolic actions intended to manage audiences' perceptions of the focal firm (Ashforth & Gibbs, 1990; Suchman, 1995). Tornikoski and Newbert (2007) suggest three ways in which young firms strategically attain legitimacy: impression management (i.e. acting "as if"), resource combination to produce tangible outputs, and networking. Zimmerman and Zeitz (2002) propose four distinct strategies new ventures can adopt in pursuit of legitimacy: conformity, selection, manipulation and creation. Collective action and discursive influence have also been extensively remarked as means of legitimization (Lawrence, 1999; Maguire et al, 2004; Suddaby & Greenwood, 2005; Golant & Sillince, 2007; Sine et al, 2007).
Nevertheless, the concept of strategic legitimization still represents a nascent research field and reveals several of significant limitations. For example, despite consensus in the literature that specification of an organization's audience is important, scant attention has been paid to audience-specific contextualization. Meanwhile, organizations are evaluated by multiple audiences at a time, not all the audiences being equally important for a focal organization (Meyer & Scott, 1983; Oliver, 1991; Elsbach & Sutton, 1992; Suchman, 1995; Clemens & Cook, 1999). Notwithstanding this fact, strategic legitimization literature does not consider the peculiarities of cognitive mechanisms underlying social judgment of different audiences'. The following section focuses on new ventures as a category of organizations that intrinsically experience a deficit of legitimacy and therefore often perform both conforming and proactive strategic actions in pursuit of legitimacy.

2.3. Liabilities of newness and smallness as a legitimacy problem

Organizational research has revealed a paradox that in order to be able to access external resources (e.g. through a network of partners) an organization has to possess resources, unless it has a unique competence or a radical innovation (Ahuja, 2000). The same applies to legitimacy and other social factors – legitimacy is often based on links with legitimate, well reputed or high status actors. In the same time, to create these links a firm has to be legitimate (Rao, 1994). Both problems are particularly acute for young and small organizations that suffer from the liabilities of newness and smallness. Organizations in their first years of existence are referred to as new ventures (Gartner, 1985; Zimmerman & Zeitz, 2002).

The liabilities of newness (Amburgey et al, 1993) and smallness (Freeman & Hannan, 1989; Barron et al, 1994) refer to the socially perceived vulnerability of firms due to
their small size and lack of success record. Thus, new ventures encounter obstacles in their endeavours towards engaging in resource exchange with customers, suppliers and employees (Wiewel & Hunter, 1985; Baum & Oliver, 1995; Williamson, 2000). In other words, new ventures' lack of legitimacy is a consequence of the liabilities of newness and smallness. Therefore, to overcome the liabilities means to gain legitimacy (Singh et al, 1986).

The liabilities of newness and smallness imply a shortage of all kinds of resources - tangible and intangible, economic and social. New entrepreneurial ventures are the organizations at the early stage of resource accumulation, have little or no record of accomplishments and therefore their reputation is nascent or neutral (Stinchcombe, 1965), their social status is intrinsically low and legitimacy is not yet earned (Bitektine, 2011). Moreover, legitimacy is vital for new ventures at the early stage of their development (Aldrich & Fiol, 1994; Lounsbury & Glynn, 2001; Zimmerman & Zeitz, 2002). The lack of understanding about how new ventures acquire legitimacy when resources are limited represents an evident gap in the research on organizational legitimacy (Lounsbury & Glynn, 2002; Zimmerman & Zeitz, 2002).

The burden of newness and smallness is to a large extent determined by information asymmetry, where resource holders lack information about new ventures' true qualities (Amit et al, 1998). That is why entrepreneurs engage into various specific activities, such as participation in certification contests and prestigious affiliations (Rao, 1994; Higgins & Gulati, 2003), and undertake symbolic actions in order to attain legitimacy and thereby secure access to resources (Aldrich & Fiol, 1994; Zott & Huy, 2007). Impression management, which involves regulation of publicly available information about a company, is also practiced by entrepreneurs in their quest for resources (Tedeschi & Riess, 1981; Ashford et al, 1998). Symbolic management represents a
subset of impression management with the distinctive peculiarity that the conveyed symbols are grounded on actual intrinsic properties of an entity, which does not always apply to general impression management practices (Zott & Huy, 2007).

Through an extensive review of academic literature on new ventures legitimization Überbacher (2014) identified five approaches which were synthesized into four perspectives. According to the perspective, to which the author refers as to “contextual judgment view”, new ventures’ legitimacy is viewed as a function of macro-institutional factors, such as market maturity, profile of the country of origin, government subsidies and policies among other factors. Another perspective, the “organizational judgment view”, is preoccupied with micro-institutional factors of new ventures legitimization. These factors, for instance, embrace such organizational attributes as network ties with prestigious actors, certificates and quality marks, positive image in the media and other micro-level endorsing facts.

Unlike the first two perspectives, the third one, “the strategic action view”, focuses on new ventures’ deliberate actions aimed to manipulate audiences’ judgments. Studies on the entrepreneurs’ impression and symbolic management tactics fall into this category. Finally, the literature that adopts the “collective action view” focuses on new ventures’ deliberate actions at a macro-institutional level. These studies investigate how entrepreneurs promote social innovations, such as renewable energy and organic food, through synchronized collective action. Building on the conceptual framework of social movement studies, this literature illustrates how new ventures legitimize nascent industries or markets through coordinated communication with audiences (Überbacher, 2014).

However, the extant literature that takes a collective action approach to the new ventures legitimization is predominantly focused on legitimization of emerging
industries, rather than new firms in established industries. These studies examine how nascent industries, that are typically based on radical technology or business model innovation and therefore incomprehensible for general public, acquire constitutive legitimacy (Rao, 2004). Studies in this vein have been done, for example, on the early automotive industry (Rao, 2004), the life insurance business (Zelizer, 1979), the early telecommunication industry (Fischer, 1992), and the soft-drink industry (Hiatt et al, 2009) among others. The role of institutional activists in legitimation of new industries is usually played by professional societies, trade associations and enthusiastic consumers (Rao, 2004).

To date, the extant literature on new ventures legitimation and the literature on organizational legitimacy in general are rich in theorizing but still poor in empirical findings (Rao et al, 2008). Moreover, the literature on organizational legitimacy generally lacks understanding of the social-constructionist nature of legitimacy accounts (Suddaby & Greenwood, 2005). In particular, the organizational legitimacy literature often refers to the notion of institutional pressure without specifying the socio-cultural nature of such pressure. Therefore, in pursuit of the objective of this study it is necessary to gain an improved understanding of how legitimacy accounts are socially constructed. To understand the process of social construction it is relevant to look at entrepreneurs' subjective experiences ensuing from the lack of legitimacy. The following sections provide some insights.

2.4. Consequences of newness and smallness for new ventures and entrepreneurs

As discussed above, organizational legitimacy is necessary for organizations' survival and growth (e.g. Baum & Oliver, 1991; Deephouse, 1996; Zimmerman & Zeitz, 2002).
Organizations' inability to legitimate themselves in the eyes of important audiences leads to organizations' inability to access external resources and may result in organizational failure (Zimmerman & Zeitz, 2002). Lack of legitimacy, hampered access to external resources and high chances to fail are particularly common for new entrepreneurial ventures (Scitichcombe, 1968).

Despite general recognition of inability to access resources and organizational failures being natural consequences of the lack of legitimacy, studies of new ventures' legitimation do not focus on these consequences (Überbacher, 2014). Many of these studies take macro-institutional and ecological approach to new ventures’ legitimation and therefore do not provide deep insight into entrepreneurs’ experiences related to the lack of legitimacy. At best, these studies analyse entrepreneurial failures and survival as a binominal dependent variable (e.g. Vaillant & Lafuente, 2007; Cardon et al, 2011).

Furthermore, entrepreneurial failures have implications for individuals, communities and society in general (Cardon et al, 2011). At the level of society, intensity of entrepreneurial failures may impact attractiveness of entrepreneurship as a career path, availability of public support, accessibility of financial capital and motivation of entrepreneurs (Cardon & McGrath, 2009). Failures may also affect personal reputation and legitimacy of new ventures’ founders (Cardon et al, 2011). Thus, entrepreneurial failures, being consequences of the lack of legitimacy, recursively impact the legitimacy of entrepreneurs and their ventures.

However, the impact of entrepreneurial failures on entrepreneurs and their ventures is contingent on the societal perception of failures (Cardon & McGrath, 2009; Cardon et al, 2011). For instance, cultural context may determine the extent to which failures stigmatize entrepreneurs and entrepreneurship (Cardon et al, 2011). Several studies have
examined entrepreneurial failure as a culture-specific socially constructed phenomenon. For example, Cardon et al (2011) have demonstrated that entrepreneurs’ sensemaking of failures as well as consequences of failures vary across geographic areas. Similarly, Vaillant and Lafuente (2007) and Lee et al (2007) revealed the impact of region-specific social institutions on public perception of entrepreneurship and entrepreneurial failures. In summary, cultural and institutional contexts provide cues for individual and collective sensemaking of entrepreneurial failures. Several recent studies have explored how entrepreneurs make sense and narratively construct their ventures’ failures (e.g. Cardon et al, 2011; Mantere et al, 2013; Wolfe & Shepherd, 2013).

Sensemaking is defined as an interpretative process of ongoing occurrences (Gioia & Chittipeddi, 1991; Weick, 1995). In the process of sensemaking, individuals receive cues from the external environment, ascribe meaning to them, integrate new meanings into their mental models, and eventually base their actions on the resulting interpretative models. Plausibility and consistency of interpretative models, rather than precision and objectivity is the goal of sensemaking (Weick, 1995). Social reality in general and organizational environments in particular are intrinsically complex and dynamic. Therefore, individuals in such environments are constantly exposed to equivocal and ambiguous cues that provide input for sensemaking (Wagner & Gooding, 1997). Novel events and the events that may affect organizations’ legitimacy (e.g. failures, scandals and public exposure) are particularly likely to stimulate sensemaking (Phillips et al, 2004).

Sensemaking is often viewed as a collective rather than individual process (Weick, 1979; Drazin et al, 1999). That is, sensemaking is also a community or social activity. Individuals make sense of events in interaction with other individuals, rather than in isolation (Weick, 1979). Collective sensemaking results in convergence of
interpretations and mutual understanding of specific events. Collective sensemaking produces collective interpretative frames. One can say that collective sensemaking conceptualizes the process of social construction or reality per se (Berger & Luckmann, 1966).

Several recent studies have examined how individuals and communities make sense of entrepreneurial failures. For example, Cardon et al (2011) have illustrated that entrepreneurs make sense of their ventures' failures by attributing the cause of their failures to either external forces (i.e. misfortune) or internal factors (e.g. mistake). Similarly, Mantere et al (2013) revealed a number of typical narrative genres that entrepreneurs adapt in order to make sense and tell stories of their ventures' failures. Yet, understanding of the sensemaking of new ventures' failures is limited in scope and depth. To date these studies have mainly focused on one specific aspect of sensemaking — attribution of cause (Cardon et al, 2011; Mantere et al, 2013).

Scholars have invited more research on sensemaking of institutions and sensemaking with institutions (Phillips et al, 2004; Weber & Glynn, 2006). For example, as suggested by Weber and Glynn (2006), research on organizational sensemaking of institutions should look at how individuals in organizations define situations, actors' identities and role expectations in a given situation. This applies to the situations of new ventures' growth, resource acquisition and failures. That is, more complex and nuanced understanding of organizational sensemaking of the consequences of the lack of legitimacy is required.

To date, although scholars acknowledge that institutions and culture influence the way entrepreneurs' make sense of their ventures' failures (e.g. Cardon et al, 2011), extant literature failed to explain what constitutes cultural and institutional context. These
concepts remain blackboxed in the studies of new entrepreneurial ventures. There is little understanding of how entrepreneurs collectively make sense of their lack of legitimacy and what macro-level (i.e. institutional and cultural) social constructions this process may produce. In what follows the notion of social construction is explained in the context of social institutions and legitimating accounts that social institutions underpin.

**2.5. Social construction of legitimacy**

**2.5.1. What are social institutions and why do they exist?**

Although scholars generally agree that social institutions are socially-constructed, empirical studies that take a micro-level approach to institutional dynamics to explore how interactions among individuals construct social reality and thereby determine the accounts of legitimacy, are rare (e.g. Zilber, 2002; Reay et al, 2006). The social-constructionist nature of social institutions will be discussed further in this section after the meaning of the concept is explained.

Social institutions are generally defined as “socially constructed routine-reproduced programs and rule systems” (Jepperson, 1991, p.149) or “supra-organizational patterns of human activity by which individuals and organizations produce and reproduce their material substance and organize time and space” (Friedland & Alford, 1991, p.243). Scott (2003, p.879) discerns three elements of a social institution: cultural-cognitive, normative, and regulative, that “together with the associated activities and resources, provide stability and meaning to social life”. However, not all institutions have a moral element, as some purely pragmatic or regulative institutions exist only due to their functional utility (Suchman, 1995).
Therefore, as it stems from the definitions mentioned above, the general function of a social institution is to organize social life. Such a property of social systems emerges due to the fundamental human desire for stability and predictability in social interactions on micro-level (Heider, 1958; Romanelli & Tushman, 1985). As Schotter (2008) posits, every social and economic problem requires an institution to solve it. To fulfil its function, a social institution clarifies identities (typified actors), frames (typified situations) and actions (typified expectations of actions) (Weber & Glynn, 2006). Where an actor-in-situation is known as an institutional role and an action-in-situation is known as an institutional script. Similarly, Barley and Tolbert (1997, p.96) define social institutions as sets of “shared rules and typifications that identify categories of social actors and their appropriate activities or relationships”. Thus, institutionalized identities and frames come with expectations about how actors should perform and what their identity should be in specific typified situations (Eliasoph & Lichterman, 2003).

A salient property of social institutions is their power of taken-for-grantedness, which makes conformity to the aforementioned rules and patterns automatic (DiMaggio & Powell, 1991). Institutionalized standards, practices and understandings perpetuate themselves both unintentionally through taken-for-grantedness and reproduction (Jepperson, 1991; Zucker, 1991) and intentionally through political actions (Selznick, 1957; Stinchcombe, 1968). Institutionalized practices are “maintained over long periods of time without further justification or elaboration, and are highly resistant to change” (Zucker, 1991, p.446). Institutions are reproduced and maintained on a macro-level (i.e. on the level of a social system) through their enactment on a micro-level (i.e. on the level of individual actors).
A fundamental question of institutional research is why institutional scripts are re-enacted by individual actors, that is, what motivates actors' conformity to institutional expectations. There are two approaches to answering this question – the old-institutionalist approach and the new-institutionalist (or the neo-institutionalist) approach. In recent years, research on social institutions has shifted from old institutionalism with its focus on agency and actors' self-interests to the new institutionalism that focuses on structural embeddedness, conformity, cognitive mechanisms, culture and other higher-level abstractions (Hirsch & Lounsbury, 1997). Old institutionalism is focused on political dynamics that produce institutional change or, on the contrary, maintain institutional stability whilst new institutionalism focuses on contextual normative pressures that constrain the behaviour of individuals and organizations (Meyer & Rowan, 1977; Meyer & Scott, 1983). Economists, in the tradition of old institutionalism, tend to explain organizations' conformity to institutionalized norms of behaviour in game-theoretical terms, suggesting that violation of such norms is dictated by the actors' economic self-interest and are restricted by regulative mechanisms that assume penalties (Williamson, 1975).

According to institutional economists, social institutions discourage malfeasance by making it too costly to engage into it. However, social institutions do not always produce trust, but rather offer a functional substitute for it. As Granovetter (1985) argues, social institutions in the sense of role prescriptions are inevitable because there can be no perfect trust in large social systems and there is always place for opportunism. In neo-institutional organizational research institutional pressures leading to conformity of actors are either interpreted as a broad notion related to general socio-cultural norms in a given context or as arising from various dependencies among actors (Dacin, 1997). Isomorphism, interpreted as “sameness” or convergence in terms of organizational
identities and behaviours, results from connectedness among actors (DiMaggio & Powell, 1983).

The pressures for conformity that institutions exert on actors are called institutional pressures. Institutional pressures can be classified into two categories: those stemming from a broad institutional environment (i.e. general public, indirect and/or postponed effect) and those of the immediate institutional environment (i.e. resource and power dependency) (Scott, 1987; Meyer, 1994). Neo-institutional organizational research particularly emphasizes the role of social benefits, such as legitimacy, prestige and reputation, as incentives for organizational conformity to institutional expectations. Such social benefits are usually viewed as transitional benefits instrumental to success in general (Meyer & Rowan, 1977; Meyer & Scott, 1983).

2.5.2. How do social institutions change?

However, institutions are not only constraints on action, but also represent objects of constant maintenance or modification through actors' routine actions (Barley & Tolbert, 1997). This phenomenon is known as the recursive model of institutionalization. In this connection, another fundamental question of institutional research is — how do institutional modifications happen? The question of how an institutional logic emerges as a dominant one and resists erosion and contestation from the side of alternative logics has long been an important question in the institutional research (Clemens & Cook, 1999). This question gave rise to an avenue of research on institutional change.

Institutional change scholars have long searched for the locus of institutional change. Fligstein (1997) believes that internal transformations of fields are rare because the power of incumbents is built on a certain set of institutionalized principles to which
incumbents naturally adhere. Hence, one point of view is that an institutional shock coming from the outside environment is necessary, although not sufficient for institutional change (Fligstein, 1991; Hoffman, 1999). Indeed, exogenous factors of institutional change, such as new regulations and technologies were illustrated through a number of empirical studies to have an ability to trigger institutional change (e.g. Davis et al, 1994; Fox-Wolfgramm, Boal & Hunt, 1998; Clemens & Cook, 1999).

Besides that, acceptance and taken-for-grantedness of an institutionalized practice or standard can erode gradually and naturally through the process known as “dissipation” or “deinstitutionalization” (Oliver, 1992). This process happens, for example, when actors in a field gradually come to an awareness of institutional contradiction though constant experience of problematic situations which leads to individual or collective disengagement from the institutionalized practices (Benson, 1977; Emirbayer & Mische, 1998).

Another mechanism of deinstitutionalization is based on inter-field migration of actors. New members of a field with experiences and backgrounds different from those that prevail in that field can diminish normative agreement, challenge the taken-for-granted established practices and thereby trigger institutional change (Tolbert, 1988). Oliver (1992) proposes that structural differentiation, diversification and geographic dispersion of social actors may lead to normative fragmentation of a field. Where normative fragmentation is defined by Oliver (1992, p.357) as a “loss of consensus among social actors on the meanings and interpretations they attach to their daily lives” that consequently leads to “vulnerability of certain institutional arrangements to conscious recognition and scepticism”. Conversely, a high extent of field aggregation represents a condition propitious for the maintenance, diffusion and institutionalization of social norms (Meyer & Rowan, 1977; DiMaggio & Powell, 1983).
Institutional arrangements can be embedded deeply or less deeply, and can be more tightly or loosely coupled. Deeply institutionalized and tightly coupled practices, standards or understandings are not likely to be displaced or erode easily merely because another functional alternative appeared (Porac et al, 1995; Scott, 1995). In summary, institutional dynamics is determined by two diametrically opposite forces: entropy of social systems (Zucker, 1988) and structural inertia (Hinings & Greenwood, 1988; Hannan & Freeman, 1989). Structural inertia is common, for example, for large organizations, because large organizations possess internal properties that induce inertia and resistance to change (Bartuken, 1984; Miller & Friesen, 1984).

Scholars argue that institutionalized scripts are re-enacted through automatic conformity, but revised intentionally by purposeful agents of change, rather than changed by natural forces (Barley & Tolbert, 1997). This leads to the key question of the institutional agency scholarship – how and why the actors that are embedded into established institutional arrangements and exposed to institutional pressures, nevertheless manage to change the institutions from the inside. One answer to this question is that leaders and elites are the core factor affecting institutional change (Brint & Karabel, 1991; Fligstein, 1991; Goodstein & Boecker, 1991; Stinchcombe, 1997; Rao et al, 2003). This proposition is in line with the concept of power structure of an inter-organizational field (DiMaggio, 1988), according to which only those actors who possess high levels of resources and self-interests are capable of challenging institutionalized practices, since institutional change is an expensive venture.

Leblebici and colleagues (1991) on contrary argue that groups of less powerful actors from the periphery of an organizational field are more likely to challenge established institutional stability as they pay a lower price for the changes. As Seo and Creed (2002) put it, the formation of institutions is unlikely to satisfy the divergent interests of all
categories of actors, particularly of the least powerful ones. Hence, according to Leblebici et al (1991), insurgent logic is often born among organizations less privileged by existing arrangements. Several empirical studies supported this proposition (e.g. Haveman & Rao, 1997; Kraatz & Moore, 2002). Moreover, several scholars have pointed out that a pressure for institutional change is a function of the extent to which groups' interests are misaligned within established institutional arrangements (Leblebici et al, 1991; Greenwood & Hinings, 1996).

However, misalignment of certain groups' interests within established institutional arrangements is only an instance of a broad category of institutional contradictions that may create pressure for institutional change. Institutional contradictions as a fundamental driving force of institutional change have attracted significant attention from scholars (e.g. DiMaggio & Powell, 1991; Friedland & Alford, 1991; Jepperson, 1991; Sewell, 1992; Whittington, 1992).

Seo and Creed (2002) have reviewed the literature on institutional contradictions and have proposed four generalized types of institutional contradictions: (1) legitimacy that undermines functional efficiency, (2) adaptation that undermines adaptability, (3) intra-institutional conformity that creates inter-institutional incompatibilities, and (4) isomorphism that conflicts with divergent interests. The accumulation of these contradictions provides fertile soil for institutional change, according to the dialectical perspective on institutional change (Seo & Creed, 2002). Contradictions stimulate a shift in actors' collective consciousness from the "unreflective and passive mode to a reflective and active one" (Seo & Creed, 2002, p.9). Furthermore, these contradictions are often purposively exploited by disadvantaged actors in order to promote institutional change.
Among the institutional contradictions mentioned above, the efficiency gap is one of the main triggers of institutional change. Institutionalized practices, especially those that are based on socio-political and moral rather than pragmatic justifications, often come into conflict with considerations of organizational efficiency and productivity (Selznick, 1957; Meyer & Rowan, 1977; Zucker, 1987). A continuous experience of the efficiency gap can lead to actors’ critical reflection upon established institutions that may trigger conscious deliberate institutional change actions or non-deliberate institutional erosion (Oliver, 1991; Kraatz & Zajac, 1996; Roberts & Greenwood, 1997).

2.5.3. Institutional entrepreneurship

Scholars have long argued that deliberate manipulation of institutional logics and exploitation of institutional contradictions is a fundamental mechanism of institutional change (Green, 2004). Levi-Strauss (1966) introduced the concept of an institutional change agent as a “bricoleur”, that is, a thinker who is able to transform any idea into any other idea. The ability to generate new arguments by exploiting existing institutional logics is a necessary quality of an institutional change agent. Actors, either individuals or organizations that engage into such manipulations, are known as institutional entrepreneurs.

Institutional entrepreneurs produce institutional innovations (Hirsch, 1991). Institutional entrepreneurship is defined as an attempt to replace or alter institutional logic (DiMaggio, 1988). Fligstein (1997, p.397), defines institutional entrepreneurs as “actors who have social skills, that is, the ability to motivate the cooperation of other actors by providing them with common meanings and identities”. Institutional entrepreneurs interpret and exploit the contradictions of dominant institutional logics in
order to pursue their self-interests (Fligstein, 1997; Seo & Creed, 2002). Thus, institutional entrepreneurship is a process wherein active individuals or groups overcome taken-for-granted assumptions and constraints in order to introduce new or alter existing institutions (Battilana et al, 2009).

Fligstein (1997) has further theorized upon the concept of the institutional entrepreneur and identified a number of social competences that are required and tactics that can be implemented by institutional entrepreneurs. The necessary competences of an institutional entrepreneur include knowledge of a social location, the understanding of and ability to communicate with groups of actors in various roles. Successful institutional entrepreneurs also require high levels of social capital (Coleman, 1988) and need to engage into local action (Leifer, 1988; Padgett & Ansell, 1992). The tactics of institutional entrepreneurs include aggregating interests, agenda setting, brokering, direct authority, and maintaining “goallessness” among others (Fligstein, 1997).

Therefore, institutional entrepreneurship is a process of manipulation of institutional logic on which basis legitimacy is assessed. Several studies have proposed that organizations are able to deliberately manipulate the legitimacy assessments they receive from the audiences (e.g. Oliver, 1991; Elsbach & Sutton, 1992; Suchman, 1995). For example, prior studies have illustrated how skilful and strategic use of language can be used to initiate and manage institutional change (Covaleski et al, 1998; Oakes et al, 1998; Heracleous & Barrett, 2001; Covaleski et al, 2003; Suddaby & Greenwood, 2005).

Therefore, as illustrated throughout this review, the conception of institutional change varies significantly across literatures. Seo and Creed (2002) reconciled divergent but complementary perspectives on institutional change – the view of institutional change
as a deliberate process and a more traditional conception of institutional change as a result of accumulated contradictions – by introducing a dialectical approach to the analysis of institutional dynamics of inter-organizational fields. A dialectical approach takes a social-constructionist approach to institutional change, but also integrates the concept of institutional contradictions.

Building on Benson (1997), Seo and Creed (2002) build their study on the dialectical analysis principles and propose four steps of a dialectical social process: social construction, totality, contradiction and praxis. Where social construction is the process of emergence of social patterns at a macro-level as a consequence of human interaction at a micro-level, totality refers to interconnectedness and the systemic nature of these constructed social patterns (i.e. plausibility and coherence of the system of meaning). Contradiction refers to various inconsistencies and tensions within and across social patterns (i.e. institutional contradictions). Finally, praxis refers to the process of predominantly intentional reconstruction of social patterns. More precisely, praxis is defined by the authors as a “particular type of collective human action, situated in a given socio-historical context but driven by the inevitable by-product of that context-social contradictions” (Seo & Creed, 2002, p.7). The aim of praxis is seen by the authors as a reconstruction of social arrangements, which necessitates the understanding of the limitations and the potentials of established social arrangements (Seo & Creed, 2002).

Praxis, as it was interpreted by Benson (1997) can take the form of actors’ actions as well as behaviours. It is important to distinguish between human behaviour and action in this context, as, according to Jepperson (1991) human behaviour (e.g. day-to-day interaction and communication) is purposeless in regard to social arrangements and leads to automatic reproduction of social arrangements, whereas action entails a specific
type of behaviour that involves purposeful and conscious departure from taken-for-granted social patterns (e.g. institutional entrepreneurship).

2.5.4. The role of cultural meanings in legitimation

Culture in the context of institutional dynamics is defined as "shared meaning, shared understanding and shared sensemaking" (Morgan, 1986, p.128). Cultural meanings play a crucial role in institutional dynamics. For example, institutional entrepreneurship involves discursive reinterpretation of established cultural meanings (e.g. stereotypes) in order to mobilize cultural and human resources for a specific goal (Emirbayer & Mische, 1998). Thus, institutional entrepreneurship often involves cultural manipulation and promulgation of new explanations of social reality (Ashforth & Gibbs, 1990; Aldrich & Fiol, 1994).

Culture is a foundation on which the edifice of organizational legitimacy (and legitimacy in general) is constructed. This idea is well reflected in Meyer's and Scott's (1983, p.201) definition of organizational legitimacy, which they articulate as "the degree of cultural support for an organization – the extent to which the array of established cultural accounts provides explanations for its existence, functioning, and jurisdictions, and lack or deny alternatives".

Creed et al (2002) pointed out that cultural accounts are also known under a multiplicity of interchangeable names, such as institutional logic, cultural structure, cultural narration, cultural resources, system of meaning and others. Suddaby and Greenwood (2005) use the word "archetype" to denote the same phenomenon and also to emphasize its subconscious nature. Culture can be considered as a resource in the context of institutional work, as it provides a "stock of meaning, beliefs, ideologies, practices,
values, myths, narratives, and the like” that are employed in the process of construction of new meanings (Banford & Snow, 2000, p.629). Put differently, cultural context contains a “toolkit” to be exploited by institutional entrepreneurs (Swidler, 1986).

Culture is often analysed at the level of a narration, such as a narration of civil rights and freedom in the context of Americans’ collective sense of self (Creed et al, 2002b). In the meantime, the narrations of solidarity and fraternity are well present in the French cultural context (Eatwell & Wright, 1999). Institutional entrepreneurs as narrators should attend to the socio-cultural context in which they exist in order to maximize the effect of their narratives (Martens et al, 2007).

Local cultural contexts usually embrace multiple cultural logics that can potentially conflict with each other, as in the case of civil rights logic and the logic of religious rights, studied by Creed et al (2002b) in the context of employment practices. Therefore, how broad cultural logic will be instantiated in a legitimating account depends on how account makers mitigate the tension with other cultural logics.

Creed et al (2002b) have explored how agents use broader cultural accounts to build legitimating accounts in local settings. They reviewed a large body of literature on the subject in order to propose a classification of approaches. The authors have identified three generalized perspectives to the institutional entrepreneurship process. The first perspective is the diffusion perspective, according to which agents import “ready-to-wear” cultural accounts from outside of their fields (e.g. Strang & Meyer, 1993). This perspective suggests that legitimating accounts represent generic local implementations of universal cultural accounts (Meyer & Scott, 1983). Thus, legitimating accounts represent direct local recitations of broader cultural accounts (Brown, 1978; Meyer et al, 1994). More specifically, diffusion in the context of institutional research is defined as
“(1) acceptance, (2) over time, (3) of some specific item – an idea or practice, (4) by individuals, groups or other adopting units, linked (5) to specific channels of communication, (6) to a social structure, and (7) to a given system of values, or culture” (Katz et al, 1963, p.240).

Another perspective is the translation perspective, which suggests that agents interpret and adjust external cultural narrations, rather than import them as they are, to build legitimating accounts in a specific social context (e.g. Czarniawska & Joerges, 1996). For example, organizations may employ external cultural narrations to rhetorically justify organizational practices, often post hoc, and thereby maintain organizational legitimacy (Elsbach & Sutton, 1992; Elsbach, 1994; Zbaracki, 1998). In this vein, Czarniawska and Joerges (1996, p.16) view cultural accounts as “translocal ideas” that “gain substance” and practical meaning only when applied within a specific context for a specific purpose. Moreover, the translation process or the process of concretization of cultural accounts in a practical context is akin to interpretation and therefore appears very complex and unpredictable due to variation in perceptions on an individual actor’s level.

Finally, the social movement perspective views broad cultural narrations and cultural codes as motivational and resource-mobilizing instruments. This approach constitutes one of the main parts of the theoretical framework of this thesis and therefore will be discussed separately in the following section.

2.5.5. Framing and collective action

The social movement perspective of institutional change is focused on the way agents use broader cultural accounts to produce mobilizing and counter-mobilizing ideas and
meanings to legitimize their activism (Benford & Snow, 2000). From this perspective, the process of institutional change is viewed as a strategic goal-oriented process. Tarrow (1998, p.2) defines social movements as “sequences of contentious politics that are based on underlying social networks and resonant collective action frames, and which develop the capacity to maintain sustained challenges against powerful opponents”. The goals of social movements typically lie within social, cultural and political fields. Social movements are generally associated with diffuse boundaries and the informal organization, an articulated grievance as regards some established practices, and the sustained nature of the movement’s activities (McAdam et al, 2001). Therefore, spontaneous manifestations and business lobbying are not to be considered as instances of social movements.

The role of cultural codes is recognized in the social movement scholarship as crucial in the process of framing and mobilization (e.g. Benford & Snow, 2000; Johnston & Noakes, 2005). Cultural codes are employed by social movements in order to mobilize activists and by-standers and to legitimize the movement’s goals. Such mobilization is attained through cultural resonance that requires alignment of the movements’ discourse and broader cultural values in a specific social context. Empirically, cultural codes are analysed as morally evaluative binary oppositions, such as “authentic – manipulated” and “natural – artificial” (Barthes, 1967; Levi-Strauss, 1974; Weber et al, 2008). Each of the poles of a cultural code, may, in turn, be linked to an even broader cultural narration (Weber et al, 2008).

Social movements mobilize resources for achievement of their goals though so-called “collective action frames” (Benford & Snow, 2000). Collective action frames represent coherent interpretative structures that answer the following key question: What is the problem (usually related to injustice)? Who or what is responsible for the problem?
What are the objectives and means of corrective action (Snow et al, 1986)? The process of framing within a social movement mobilization is pursued in two steps: consensus mobilization and action mobilization (Klandermans, 1984). Analogous to the structure of an ideology (Wilson, 1973), the framing process encompasses three constituent tasks: diagnosis (problem identification), prognosis (suggested solution), and motivation (reasons to engage).

For collective action frames to be successful in their motivational and mobilisational functions, the discourse (i.e. the central message or tenet) of a frame should possess an auto-communicational property – that is, evoke the audience’s self-identification with the message (i.e. “it is about me also”) (Creed et al, 2002). For this, the frame should resonate with potent shared cultural beliefs or should relate to the audience’s experiences (Gamson, 1992). According to Zuo and Benford (1995), the match between meanings suggested by a frame and broad cultural narrations accepted in a society has an amplifying effect on the frame. Thus, frames should be culturally resonant with the cultural narration of a particular historical milieu (Fischer, 1984; Swart, 1995). Contradiction to the dominant culture’s values can lead to the failure of a movement (Berbrier, 1998). The extent of resonance is also known as narrative fidelity (Fischer, 1984). For this purpose, collective action frames often refer to the narrations of injustice and victimization that are viewed as master-frames, i.e. universally applicable frames (Benford & Hunt, 1992; Gamson, 1992; Hunt et al, 1994).

Therefore, the framing process within a social movement context implies deliberate meaning construction, or meaning work, which takes form of a “struggle over the production of mobilizing and counter-mobilizing ideas and meanings” (Benford & Snow, 2000, p.613). The process is characterized as “an active, processual phenomenon that implies agency and contention at the level of reality construction” (Benford &
Snow, 2000, p.613). This process is contentious as it involves construction of systems of meaning that might contradict and challenge other systems of meaning or other actors’ interests, what Hirsch (1991, p.827) calls “clusters of values and interests”. Similar processes have been also termed “institutional wars” (White, 1992) that entail active political contestation and negotiation over the extant and new institutional arrangements. Similarly, Hall (1982) coined a notion of “politics of signification”. Contestation of a frame may take three forms (Benford & Snow, 2000): counter-framing by movement opponents, disputes within a movement, and contradictions between frames and events. Moreover, collective action frames may be based on one and the same diagnosis element (i.e. recognize the same problem), but nevertheless diverge in terms of prognosis (i.e. suggest different means of goal achievement) and thereby conflict with each other (Haines, 1996).

Framing is a discursive process. Hirsch (1991) uses the terms “normative framing” and “linguistic framing” interchangeably to describe the process of justification of hostile corporate acquisitions as a “new tradition” and a part of “natural order” by the use of vocabulary. The term ‘linguistic’ refers to the verbal (i.e. discursive, narrative) nature of the framing process. Linguistic framing and emergence of institutionalized vocabularies plays a threefold role in the process of institutionalization: cognitive (facilitation of description and making sense of events), socio-psychological (reduces the strain related to a change of social order through standardization of terminology), and institutional (facilitates integration of new entities into a larger cultural context).

The central role of emerging vocabularies is highlighted in several empirical studies of social movements and institutional change (e.g. Leblebici et al, 1991; Benford & Snow, 2000). Institutional vocabularies usually emerge in the course of interaction among involved actors. Institutional vocabularies in general refer to verbal structures that are
used to express a particular logic, meaning or interpretation of reality (Mills, 1939, 1940; Richards, 1936; Meyer & Rowan, 1977; Ford & Ford, 1994). Thus, vocabulary is of crucial importance in institutional dynamics. Without specific terms, imageries and metaphors, neither description nor interpretation of novel practices is not possible. This complicates acceptance and taken-for-grantedness of the new practices (Hirsch, 1991). Benford and Snow (2000) suggest that more research is required to understand the effect of emerging vocabularies on social change.

2.5.6. The role of identity in legitimization

Social movement literature pays particular attention to the process of collective identity construction, also known as identity work or the identity process. Participation in social movements often entails enlargement of personal identity to a collective identity. Within social movements actors construct their collective identities in order to further their claims (Covaleski et al, 1998). Moreover, construction or revision of a collective identity may even be a main goal of a social movement (Taylor & Whittier, 1992; Snow & Oliver, 1995; Jasper, 1997).

Construction of social identities is inherent in the production of collective action frames and legitimization accounts (Hunt et al, 1994; Creed et al, 2002). The construction of a collective identity is an integral sub-process of framing (Hunt et al, 1994). Social movement literature suggests that collective identity is an ongoing accomplishment of a framing process. Skilled social action involves finding and maintaining a collective identity for a set of disintegrated social groups “and an effort to shape and meet the interests of those groups” (Fligstein, 1997, p.398). Understanding actors’ self-identities
and the identities of influence targets is crucial for successful deployment of cultural meanings and accomplishment of change (Whittington, 1992).

Identity theory is closely related to social categorization and labelling theories (Ashforth & Humphrey, 1997). For example, Ashforth and Humphrey (1997, p.53) suggest that individuals as well as organizations are viewed by other actors as social categories associated with specific typified labels, such as "good corporate citizen", "innovative manufacturer" and so forth. In the course of any social interaction individuals as well as organizations inevitably engage into identity work (Musson & Duberly, 2007).

From the social constructionist perspective, identities are continuously forged by discursive practices (Berger & Luckmann, 1966; Humphreys & Brown, 2002). Collective identities are fluid and flexible (Melucci, 1996). Appropriation of certain discourses and rejection of others is what constructs and at the same time manifests a social identity (Karreman & Alvesson, 2001). Social identity can be viewed as a coherent narrative about one’s self (Alvesson & Willmott, 2002). The coherence and comprehensiveness of a collective identity narrative is attained through articulation of who we are, who we are not, those who are fundamentally different/opposite to us, and what we fear becoming (Markus & Nurius, 1986; Weick, 1995; Musson & Duberley, 2007).

Organizational identities too, manifest themselves in narratives (Navis & Glynn, 2011). For example, professional or industrial organizational membership can become an area of collective identity formation (Sillince & Jarzabkowski, 2004). Organizational identities are “narrativized” through the act of speech, for instance, through modalities like “devoir” (obligation), “vouloir” (desire), “pouvoir” (competence) and “savoir” (know-how) (Golant & Sillince, 2007).
From an institutional point of view, identity is an important, integral part of a social institution. Put differently, institutions confer social identities. Actors themselves are constructed institutions (Jepperson, 1991). According to Creed and colleagues (2002, p.476), "legitimating accounts are intertwined with construction of social identities". Furthermore, typified identities entail typified social roles (Berger & Luckmann, 1966). Social construction of roles "is a necessary correlate of the institutionalization of conduct", as "roles, objectified linguistically, are an essential ingredient of the objectively available world of any society" (Berger & Luckmann, 1966, p.74).

Construction of collective identities often involves use of argumentative language, that is, rhetoric (Heracleous & Barret, 2001). Fine (1996) empirically discovered a set of rhetorical tools with which actors construct their identities. One of the most common rhetorical manoeuvres would be justification and legitimation through analogies. In the following sub-chapter the role of rhetoric in the process of legitimation is discussed.

2.5.7. Rhetoric of institutional change

As it was illustrated above, institutional change is often accompanied by a change in public discourse (e.g. emerging vocabulary) or is even caused by discursive manipulation (e.g. collective action frames). Another set of literature that takes a discursive approach to institutional change is the literature that takes rhetorical approach. Rhetoric is defined as "a stream of discourse used to construct, spread, or sustain a set of assumptions" (Zbaracki, 1998, p.609). More generally, Burke (1969, p.43) defines rhetoric as "the use of language as a symbolic means of inducing cooperation in beings that by nature respond to symbols". Organizational rhetoric is an inevitable and natural by-product of inter-organizational interaction as it is "embedded
in or implied in interaction that deals with contingencies, uncertainties and ambiguities” (Cheney et al, 2004, p.82).

According to the rhetorical approach, the process of institutionalization of a practice or a standard is akin to the process of rationalization which is conducted rhetorically. The analogy is explained as follows: to rationalize is to give discursive reasons for actions, whereas to institutionalize is to accept and take these reasons for granted (Green, 2004). A number of scholars (e.g. Krackhardt, 2001; Strang & Macy, 2001) argued that the adoption of new practices does not require the practices to be effective, but it requires actors to believe that the practices are beneficial for them. Moreover, according to the social-constructionist approach, rationality itself is discursively produced because to be rational means to make persuasive sense (Wittgenstein, 1963; Gergen, 1994; Gergen & Thatchenkery, 1996). Therefore, since plausibility rather than precision is the aim of sensemaking (Weick, 1995), to institutionalize a practice means to provide unquestionable rhetorical arguments in its support, because “taken for granted” means “unquestionably plausible” (Schutz, 1962, p.326).

From the rhetorical perspective, the process of legitimation and institutionalization is a stepwise process of argumentation and acceptance. The pragmatic and moral legitimizations of a new practice or standard are the processes that happen discursively at the early stages of institutionalization, whereas cognitive legitimacy (i.e. taken-for-grantedness) is achieved in the later stages (Aldrich & Fiol, 1994; Suchman, 1995; Tolbert & Zucker, 1996; Greenwood et al, 2002). In the early stages (i.e. construction of pragmatic legitimacy), the practice is discursively argued to have value and, therefore taken-for-grantedness is low (Suchman, 1995; Greenwood et al, 2002). In the later stages (i.e. when cognitive legitimacy is attained), argumentative discourse emphasizing the value of the practice naturally decreases while taken-for-grantedness is being
Green et al (2009) conceptualized institutional change as a change in rhetorical structures that justify a new practice or meaning. The authors use a syllogistic model of argument, which conceptualizes an argument as consisting of three elements/propositions: major premise (e.g. "All men are mortal"), minor premise (e.g. "Socrates is a man") and a conclusion (e.g. "Socrates is mortal"). The difference between the two premises is that the major premise is grounded in endoxa (defined as a commonly agreed-upon and taken-for-granted understanding), whereas minor premise is typically drawn from local experience or observation (Toulmin, 1969). The authors propose that institutionalization of a practice will be associated with the collapse of a syllogistic structure of an argument into an enthymeme, that is, a syllogism without a major premise. The emergence of an enthymeme is explained by assumptions becoming taken-for-granted and therefore used implicitly in the discourse. Enthymemes in a form of implicit arguments are often more persuasive than explicit arguments (Sillince, 1999).

Building on Toulmin's (1958) conceptualization of rhetoric, Harmon and colleagues (2015) elaborate the distinction between inter-field rhetoric and intra-field rhetoric and link them with different stages of institutional dynamics. Toulmin (1958) describes arguments' structure as containing four elements: data, claim, warrant and backing. Where data represents empirical evidence (e.g. "I need help"), claim is the proposition that the actor is seeking to legitimize (e.g. "You have to help me"), warrant is the reason that links data with the claim (e.g. "Because friends help each other"), and backing is a shared and taken for granted assumption or belief which justifies the warrant (e.g. the values of friendship, solidarity, humanism). Harmon et al (2015) proposed that intra-
field rhetoric is more common for institutional maintenance, whereas inter-field rhetoric is more common for institutional change. Inter-field rhetoric is suggested when the backing of an argumentative structure is being questioned.

It is common to differentiate old Aristotelean rhetoric and the New Rhetoric (Green et al, 2009). Old rhetoric is focused on what a rhetor (i.e. a communicator) communicates, whereas new rhetoric also looks at the audience to which rhetoric is addressed and the social context in which argumentation takes place. New Rhetoric is different from the old Aristotelian rhetoric in its stress on discursive justifications in the course of the legitimization process, rather than mere articulation of arguments in a debate. Secondly, although the classical rhetoric recognizes the role of endoxa, that is, assumptions on which arguments are built, New Rhetoric enlarges the notion of endoxa to the scale of cultural, socio-political and other broader discourses. Research that empirically investigates the relationship of rhetorical strategies to broader discourses is still very scant (Erkama & Vaara, 2010). Spicer and Fleming (2007) study represents a rare example of this process. The authors illustrate how rhetorical strategies justifying organizational restructuring are embedded in the broader discourse of “globalization” and also how the broader discourse of “public service” provides grounds for counter-arguments.

A rhetorical approach to institutional change does not preclude a need for the collective action of actors. A need for collective action increases as the stages of legitimization process move from pragmatic to moral and later – from moral to cognitive (Suchman, 1995). The process of gaining initial pragmatic legitimacy may take the form of advertising where the audiences’ established criteria of assessment will be questioned, new criteria will be proposed and their importance exaggerated. Theoretically, this task can be fulfilled by an isolated actor, for example, through illustration of individual
technical success and by emphasizing honour and respect linked to the advantages of the attributes that are being promulgated. However, manipulation of audiences’ established criteria of assessment of moral legitimacy requires collective action.

Therefore, rhetoric, as a type of discourse, is also used deliberately by institutional entrepreneurs to persuade audiences, reach reliable judgment or decisions, and coordinate social action (Burke, 1969; Bizzell & Herzberg, 1990; Gill & Whedbee, 1997; Herrick, 2001). In the context of institutional change, rhetoric is sometimes viewed as a means of deliberate manipulation of legitimacy accounts (Suddaby & Greenwood, 2005). Suddaby and Greenwood (2005, p.41) use a term “rhetorical strategy”, which they define as “the deliberate use of persuasive language to legitimize or resist an innovation by constructing congruence or incongruence among attributes of the innovation, dominant institutional logics, and broader templates of institutional change”. In the same vein, Erkama and Vaara (2010, p.817) define rhetorical legitimation strategies as "specific, though not always intentional or conscious, ways of employing rhetorical means to establish sense of legitimacy (or illegitimacy)".

Rhetorical arguments are traditionally classified by classical modes of persuasion, known since Aristotle, that include logos (logical arguments based on facts and pragmatic considerations), pathos (appeals to sentiments), and ethos (ethical arguments, reference to the authority of social norms and other entities). Many scholars in the domain of rhetorical analysis rely on this framework. For example, Brown et al (2012) through rhetorical analysis of a public report illustrate how social categories are created through rhetorical "manoeuvres" and how this categorization is applied for justification of change. In addition to the classical modes of persuasion they propose two more rhetorical strategies: narrativisation and humanization. The narrativisation strategy is a rhetorical strategy based on pathos appeals that uses references to real-life stories that
are aimed to elicit emotional responses. Humanization is a strategy based on ethos appeals. It uses references to humanity as a universal and unquestionable virtue.

Vaara and Tienari (2011) propose the following four discursive strategies which they discerned through analysis of press: authorization (reference to authority), rationalization (reference to functional utility), moralization (reference to established value systems), and mythopoesis (storytelling). Suddaby and Greenwood (2005) in their closely related empirical study on the public controversy over internal audit practices identified a number of specific rhetorical strategies or theorizations of change, which they labelled as ontological (what can or cannot exist), historical (the power of tradition, evolutionary, path-dependent change), teleological (divine purpose, vocation etc), cosmological (inevitability), and value-based (wider beliefs about what is ethical and what is not).

2.6. Conclusions of literature review and research questions

Although existing studies of liabilities of newness and smallness rest on the assumption that new ventures' illegitimacy is inter-subjective, the social-constructionist aspect of this phenomenon has not been investigated sufficiently. The literature on new ventures legitimation is mainly focused on either the process of strategic manipulation of audiences' perceptions or conformity to institutional norms and standards, overlooking entrepreneurs' subjective experiences ensuing from their ventures' lack of legitimacy. In the meantime, understanding how entrepreneurs make sense of the consequences of their ventures' newness and smallness may elucidate how entrepreneurs go about coping with these consequences.
Emerging literature on the entrepreneurial failures sensemaking offers some insight into this matter. These studies borrow from psychological theories in order to understand how entrepreneurs cognitively process and narratively construct their failures (e.g. Cardon et al., 2011; Mantere et al., 2013). However, these studies focus on ultimate failures, rather than failed attempts to acquire external resources. Failures to establish resource exchange relationships with key stakeholders, such as consumers, suppliers, investors and partners, is what eventually leads to new ventures’ ultimate failures.

Therefore, this study aims to bridge the literature on new ventures legitimation and the literature on entrepreneurial failures sensemaking by exploring how entrepreneurs make sense of their ventures’ struggle for survival. In particular, this study is focused on new ventures’ failures to access external resources, which are refer to as entrepreneurial micro-failures, as objects of entrepreneurs’ individual and collective sensemaking. However, beyond sensemaking, this study also aims to investigate the macro-level discourse (i.e. “Discourse” as in Alvesson & Karreman, 2000) that entrepreneurial collective sensemaking may produce.

To fulfil the research objectives of this thesis, this study builds on the theoretical framework of the social movement / framing studies (e.g. Benford & Snow, 2000; Creed et al., 2002). The social movement approach provides suitable theoretical and methodological framework for this research endeavour. Social movement studies investigate how collective discontent and grievances are interpreted and framed as injustice by social actors in pursuit of social change (Turner, 1995). Social movement scholars argue that a collective re-interpretation of a discontent or grievance from misfortune to injustice involves public adaptation of an interpretative scheme, i.e. a frame (Turner, 1995). Therefore, this study is aiming to investigate how new ventures’
liabilities of newness and smallness and the implied impediments growth and survival can be framed by entrepreneurs.

Therefore, this thesis is aiming to investigate the following research questions:

1. How do entrepreneurs make sense of and discursively construct their failed attempts to access external resources (i.e. micro-failures) at the early stage of their ventures’ existence?

2. What macro-level discourse do entrepreneurial micro-failures produce?

3. What impact does this macro-level discourse make on the resource holders and society in general?

The subsequent chapter explains the way in which these research questions will be empirically investigated. It provides some philosophical background to the study, defines the context conditions and the population of interest, describes the sampling procedure, explains the data collection process and the analytical procedure. All the methodology-related decisions made in this study are explained and justified in the subsequent chapter.
3. METHODOLOGY

This study is aiming to investigate a phenomenon that is not completely understood. The objective of this study is exploratory by nature and formulation of hypotheses appears premature at this stage. These made the choice of a qualitative approach the most appropriate (Parkhe, 1993; Carson & Gilmore, 2000; Hill & Wright, 2001; Riege, 2003). This chapter explains in detail the way the research process was organized. The methodology chapter comprises five sections. Prior to explaining the empirical aspect of the methodology, the first section elucidates ontological and epistemological assumptions on which this study is grounded. This section is particularly important for this thesis, as the study is conducted within non-positivist paradigm and therefore requires better justification. Thus, the first section of this chapter provides philosophical grounds of the study. The second section defines the population of interest and explains the sampling procedure. The third section focuses on discourse analysis as the general methodological framework of this study, highlighting its philosophical and empirical aspects and provides a comprehensive overview of the frame theory and the frame analysis as a research method. The final fourth section of this chapter touches upon some ethical issues, such as confidentiality and informed consent.
3.1. Philosophical grounds

3.1.1. Ontological assumptions: critical realism

Before defining the particular type of ontological beliefs on which this study rests, it is necessary to define ontology. Ontology is a branch of philosophy that is broadly defined as "the study of being" (Crotty, 2003, p.10). Ontology addresses the questions "about the nature of reality and the nature of the human being in the world" (Denzin & Lincoln, 2005, p.183). More specifically, the big questions that ontology is aiming to answer are: What constitutes reality? What kind of world are we investigating (Guba & Lincoln, 1989, p.83)?

Several philosophical theories have been developed to answer these questions. One can parsimoniously arrange these theories along a dimension of two extremes: realism and relativism. Realism assumes a single objective reality amenable to positivist inquiry. Contrary to realism, relativism assumes multiple equivalent subjective realities that come from multiple interpretations of experience by individuals. Therefore, the purpose of a scientific inquiry from the relativist perspective is to understand reality as it is subjectively constructed. Essentially, relativism is preoccupied with the study of the social world of meanings (Crotty, 2003). From the relativist ontology perspective, subjective realities are resistant to positivist investigation and, thus, should rather be studied from an interpretivist approach.

Critical realism represents a contemporary alternative to realism and relativism (Levers, 2013). According to this ontological domain, reality does exist independently of the observer, but cannot be observed accurately due to the human bias on the side of the entity that is being observed and on the side of the observer. Moreover, critical realists believe that only outcomes can possibly be observed, while causal forces that lead to the
outcomes remain largely unobservable. Therefore, according to this ontology, reality is cognizable only through observation coupled with reasoning, that is, interpretation (Clark et al, 2007).

This study adheres to the critical realism ontology, as the objective of this study is to create an accurate account of a fragment of reality (i.e. entrepreneurs’ sensemaking of specific experiences) that is inherently influenced by human bias. Although this study will look into multiple mental representations of entrepreneurs’ unique experiences (i.e. multiple subjective realities), the ultimate goal of this research is to understand universal rules that underpin the formation of these subjective realities. The extent to which reasoning coupled with observation can possibly produce accurate accounts of reality is a debatable philosophical issue as well. This refers to the second philosophical ground that has to be acknowledged and justified in relation to this thesis – its epistemological stance. The following section provides clarifications on this subject.

3.1.2. Epistemological assumptions: subjectivism

Epistemology is defined as the study of knowledge (Annis, 1978). Epistemology is preoccupied with the questions of what is the nature of knowledge and in what ways can knowledge be acquired. Crotty (1988, p.3) defines epistemology as “a way of understanding and explaining how I know what I know”. Two stances of epistemology are commonly discerned – objectivism and subjectivism (e.g. Levers, 2013). Objectivism refers to the belief that truth resides within an object of study independently of the human that studies it (Crotty, 1998). Subjectivism is a belief that universal truth about an object of study is unattainable due to multiple lenses through which knowledge about the object is inevitably filtered and refracted. Among these
lenses are, for example, those of language, culture, gender and race (Denzin & Lincoln, 2005). According to the subjectivist belief, objective universal knowledge is not feasible, as observation and observer influence each other (Levers, 2013). This study adheres to the subjectivist epistemological belief, as its very objective is to reveal and account for the lenses that determine subjective interpretation of specific experiences.

Ontological stance to a large extent determines epistemological beliefs (Annells, 1996; Crotty, 2003). For example, objectivism is generally associated with realism, whereas subjectivism is commonly linked with relativism. However, there is a variation of epistemological beliefs within each ontological stance (Levers, 2013). This study belongs to critical realism as an ontological stance and to subjectivism as an epistemological stance. This particular combination of ontology and epistemology is typical for the social constructionist social-scientific paradigm (Levers, 2013), in line with which this study is conducted. The following section explains the position of this study in the paradigm of social constructionism and its connection to the scientific tradition of the phenomenological sociology.

3.1.3. Social constructionist paradigm

According to Scott (1992), institutional theory has its philosophical foundations in the perspectives of phenomenological sociologists, in particular Berger and Luckmann (1966). Moreover, many recent studies on institutional research in organizations have emphasized the social-constructionist character of institutional logics, culture and legitimacy as their derivatives. For instance, Scott (2003) sees the process of emergence of new institutions as a process of collective sensemaking. This line of thought has been further developed by several studies related to institutional
entrepreneurship (e.g. Lounsbury & Glynn 2001; Creed et al, 2002; Phillips et al, 2004; Suddaby & Greenwood, 2005).

This study is conducted in the tradition of social constructionism. Many recent studies on institutional change and sensemaking have implicitly or explicitly adopted a social constructionism approach to investigate different phenomena (e.g. Creed et al, 2002; Green, 2004; Suddaby & Greenwood, 2005; Navis & Glynn, 2011). Scott (1992) asserts that institutional theory itself is grounded in the philosophical tenets of phenomenological sociology from which social constructionism derives.

The fundamental assumptions of this philosophical tradition migrated to institutional research mainly from seminal works in social psychology, social anthropology and sociology of knowledge, such as those by Berger and Luckmann (1967), Kuhn (1970) and Greetz (1973). However, the initial premises of social constructionism were developed by social and cognitive psychologists (often associated with Vygotsky, 1978 and Mead, 1982) at the ontogenetic (i.e. individual) level and were later brought to a phylogenetic (i.e. collective) level of analysis by the social scientists mentioned above. Contemporary academic vocabulary comprised of terms like “collective sensemaking” (Weick, 1998; Navis & Glynn, 2011), “collective action frame” (Benford & Snow, 2000), “rhetoric of institutional change” (Suddaby & Greenwood, 2005), “narrative perspective on legitimacy” (Golant & Sillince, 2007) and “symbolic convergence” (Bormann, 1972) can be classified as taking a social constructionist perspective.

Social constructionism as a theory of knowledge views the “processes of creating and communicating knowledge” as “inextricably intertwined” (Warmoth, 2000, p.1). Social constructionism defines knowledge, in particular social knowledge, as intersubjective, that is subjective at the level of an individual, but agreed-upon and shared (thereby
objectivated) on a collective level (Ortega y Gasset, 1957). Thus, social knowledge, such as communication patterns (e.g. language) or social institutions and traditions are meaningful only as long as they are agreed upon and shared by others in the same social context. Moreover, it is not only that a social context gives meaning, but meanings (hence, knowledge) emerge only in the process of social interaction. This approach to understanding knowledge was illustrated by Vygotsky (1978) through a series of experiments that revealed the conversational nature of meaning creation.

Berger and Luckmann (1966) in their seminal book theorize that social reality is constructed on the macro-level through interaction of actors on the micro-level. The construction of social reality is carried out in three stages: externalization, objectivation and internalization (Berger & Luckmann, 1966). Externalization refers to the process whereby actors develop theories of their own in order to explain some aspects of experienced reality, such as other actors' behaviour. These theories can be formal as well as informal. Formal theories refer to the products of systematic theorizing, such as psychologists' explanations of why people act in certain ways. Informal theories refer to individuals' own suggestions on, for instance, the motives of other actors' behaviour. The theories developed by actors about other actors do not remain enclosed in the minds of their authors, but are exchanged in the process of social interaction.

As conceptualized by Berger and Luckmann (1966), objectivation of social reality occurs when actors' personal theories of reality converge in the process of interaction and acquire a status of common sense. As the authors explain, social knowledge, once objectified, becomes a self-evident fact independent of the actors who created (i.e. externalized) this knowledge. Thus, in the process of objectivation theories become objective taken-for-granted facts. Finally, internalization refers to the process in which actors learn about the objectified facts of social reality and appropriate them, making
them a part of their consciousness. Learned facts about social reality become objective to individuals in the same way as the facts of physical reality do, since both kinds of facts cannot be “wished away” (Berger & Luckmann, 1966, p.13).

Methodology-wise, a social constructionist paradigm is represented in the organizational research by general discourse analysis (Alvesson & Karreman, 2000), critical discourse analysis (van Dijk, 1993), frame analysis (Goffman, 1974), semiotics (Barley, 1983), hermeneutics (e.g. Phillips & Brown, 1993), narrative analysis (Boje, 1995), rhetorical analysis (e.g. Suddaby & Greenwood, 2005) and various adaptations of these predominantly qualitative methodologies. The general purpose of these methodologies is to grasp general linguistic (discourse), argumentative (rhetoric), symbolic (semiotic), implicit (hermeneutics), storytelling (narrative analysis) and interpretative (frame analysis) aspects of communication. In the following section methodological details of this study are discussed.

3.2. General population and sample

3.2.1. Population of interest

As it was already mentioned in the introduction, this study is focused on new ventures as a category of organizations that inherently lack organizational resources, suffer from liabilities of newness and smallness, and are likely to fail (Dacin et al, 2007). A new venture, as a new entrant into an organizational field, typically has neutral reputation, low status and no organizational legitimacy (Bitektine, 2011). Dacin et al (2007) proposed that firms that are dependent on partnering with other firms, but have short or non-existent alliance history and unestablished partner image are particularly affected by the lack of organizational legitimacy. New ventures operating in the high-technology
industry sectors generally possess all of these characteristics: (a) a non-existent alliance history and therefore (b) an unestablished partner image, (c) and a high degree of dependency on partnering due to their narrow technological focus. The latter characteristic is particularly common for the new ventures that produce components, rather than integrated products or solutions (Pijpers et al, 2012).

Therefore, the population of this study is defined by two conditions: company age and industry. In terms of company age, the population of this study is restricted to the firms that can be classified as new ventures. New ventures are defined differently in the entrepreneurship literature. Depending on the source, a firm is considered to be a new venture if its age does not exceed either six (Robinson, 1999), eight (Biggadike, 1976) or ten (Carpenter et al, 2003) years. This study follows the latter (i.e. the most recent) definition. However, sampling quota for very young companies (up to five years) was deliberately increased in order to avoid outcome-based (i.e. survival) sampling bias (Zott & Huy, 2007).

In terms of industry, the population of this study is restricted to the firms that operate in the ICT industry sectors. Firms of the ICT industry are often selected for studies on technology partnering due to their peculiar business models predisposing for R&D collaboration with external organizations (e.g. Narula & Santangelo, 2007; Hallikas et al, 2008). Firms in the ICT industry are more prone to build R&D alliances than firms in many other industries because the value in this industry is often produced in a distributed manner (Narula & Santangelo, 2007). In particular, ICT industry sectors are often structured around one or several system integrators that source technologies from an ecosystem of smaller organizations in order to produce an integrated sellable solution (Pijpers et al, 2012). Some examples of system integrators in the ICT industry in France and Europe include Orange (telecom company), Alcatel Lucent (telecommunications
among others. Such industry structure creates conditions propitious for inter-organizational cooperation (Narula & Santangelo, 2007; Pijpers et al, 2012). Therefore, the general population of this study comprises new ventures (firms of the age of not more than 10 years) in the ICT industry in France.

3.2.2. Sampling procedure

French national statistical office (l’institut national de la statistique et des études économiques, INSEE) database, which is freely available on the Internet, was used as a sampling frame to randomly generate an initial sample of companies that satisfied the sampling requirements in terms of industry and company age. The initial sample comprised new ventures and small companies that design and produce telecommunication equipment. In the French classification system this industry sector corresponds to the industry classifier by firms’ main activity (activité principale exercée, APE) of “2630Z”. This industry sector was selected due to the diversity of technological competences that it embraces, the distributed supply chains and therefore intensive partnering activity that are generally associated with it.

Among the companies that were contacted and that actually existed by the time of the contact, approximately 30 per cent agreed to participate in the research which produced a sample of 25 new ventures. All the subsequent cases were sampled in the “snowball” fashion (Goodman, 1961). That is, informants in the initial sample named organizations that they partner with or consider to be important actors in their industry sector. The iterated process of data collection and data analysis, which is explained further,
terminated at the point of theoretical saturation, that is, when the process stopped yielding new conceptual categories (Glaser & Strauss, 1967).

The second stage of sampling produced 10 more cases, which leads to the total of 35 entrepreneurs interviewed during this study. The final sample includes new ventures from industrial sectors other than the “design and manufacturing of telecommunication equipment”, such as software, micro-electronics, industrial equipment and IT services. New ventures and small companies were interviewed at the level of the lead entrepreneur, that is, one of the founders directly leading the entrepreneurial activity, including its partnering aspect.

Apart from that, the sample also includes a number of medium-size \( (n = 6) \) and large \( (n = 5) \) companies, including the key actors in the ICT industry of France. Medium-size companies were mainly represented by the top-management at vice-president level. Large companies were represented by middle-level management in charge of technology cooperation. This task is often fulfilled by R&D directors, cooperation program directors and directors of regional offices.

Finally, interviews with the administration of some public organizations \( (n = 5) \) that were named by the sampled actors as important intermediaries in the partnering dynamics in the given industry were also added to the dataset. Such organizations are represented by three French innovation clusters (pôles de compétitivité), one science park / business incubator and one national innovation agency. The public organizations were interviewed at the level of top-level administration.

Most of the organizations in the sample are geographically clustered in three large areas: the so-called big West of France (le Grand Ouest), area which traditionally includes the regions of Brittany, Lower Normandy and Pays de la Loire as well as some
adjacent departments in other regions, the metropolitan Paris area, and the Sophia Antipolis valley near Nice. All three regions are historically associated with a high concentration of ICT companies. All three categories of actors in the sample, that is, new ventures, incumbents (large and medium-size companies) and public organizations, constitute a subset of a single organizational field in which most of actors are connected either directly through business or personal ties or indirectly on the basis of various social platforms. Detailed information on the informants is provided in table 2.

Table 2. Sampled organizations

<table>
<thead>
<tr>
<th>Location</th>
<th>Organization type</th>
<th>Industry sector</th>
<th>Informant’s position in the organization</th>
<th>Interview duration (min)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nantes</td>
<td>Micro enterprise</td>
<td>Software (services)</td>
<td>Founder</td>
<td>45</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Micro enterprise</td>
<td>Electronics (microwave technologies)</td>
<td>Founder</td>
<td>50</td>
</tr>
<tr>
<td>Laval</td>
<td>Micro enterprise</td>
<td>Software (services)</td>
<td>Founder</td>
<td>70</td>
</tr>
<tr>
<td>Nantes</td>
<td>Micro enterprise</td>
<td>Software (services)</td>
<td>Founder</td>
<td>30</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td>60</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Co-founder</td>
<td>40</td>
</tr>
<tr>
<td>Toulon area</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Co-founder and CEO</td>
<td>70</td>
</tr>
<tr>
<td>Paris area</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Director for business development</td>
<td>60</td>
</tr>
<tr>
<td>Marseille</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Founder and CEO</td>
<td>75</td>
</tr>
<tr>
<td>Paris</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td>55</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Micro enterprise</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td>70</td>
</tr>
<tr>
<td>Nantes</td>
<td>Small company</td>
<td>R&amp;D services</td>
<td>Founder</td>
<td>90</td>
</tr>
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<td>Lorient</td>
<td>Small company</td>
<td>Electronics (micro-wave technologies)</td>
<td>Founder</td>
<td>70</td>
</tr>
<tr>
<td>Quéven</td>
<td>Small company</td>
<td>Software (information security)</td>
<td>Founder</td>
<td>60</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td>50</td>
</tr>
<tr>
<td>Location</td>
<td>Company Size</td>
<td>Industry/Services</td>
<td>Position/Role</td>
<td>Age</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Co-founder, vice-president for sales and marketing</td>
<td>40</td>
</tr>
<tr>
<td>Paris</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td>60</td>
</tr>
<tr>
<td>Aix-en-Provence area</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td></td>
</tr>
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<td>Paris</td>
<td>Small company</td>
<td>Software (services)</td>
<td>Founder, CEO</td>
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</tr>
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<td>Quimper</td>
<td>Small company</td>
<td>Electronics (video surveillance technologies)</td>
<td>Founder</td>
<td>50</td>
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<tr>
<td>Aix-en-Provence area</td>
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<td>Electronics</td>
<td>Co-founder, general manager</td>
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</tr>
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<td>Lyon</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Founder</td>
<td>40</td>
</tr>
<tr>
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<td>Small company</td>
<td>Electronics, telecommunication equipment (RFID)</td>
<td>Co-founder, R&amp;D director</td>
<td>45</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Small company</td>
<td>Software (information security)</td>
<td>Founder and CEO</td>
<td>60</td>
</tr>
<tr>
<td>Paris</td>
<td>Small company</td>
<td>Electronics</td>
<td>Chairman of the board</td>
<td>50</td>
</tr>
<tr>
<td>Lille</td>
<td>Small company</td>
<td>Telecommunication service provider, software</td>
<td>Co-founder, CEO</td>
<td>60</td>
</tr>
<tr>
<td>Sofia Antipolis</td>
<td>Small company</td>
<td>Telecommunication service provider</td>
<td>Founder, CEO</td>
<td>60</td>
</tr>
<tr>
<td>Rouen area</td>
<td>Small company</td>
<td>Electronics (machine vision technologies)</td>
<td>CEO</td>
<td>75</td>
</tr>
<tr>
<td>Paris</td>
<td>Small company</td>
<td>R&amp;D services, technology consultancy</td>
<td>Founder and CEO</td>
<td>60</td>
</tr>
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<td>Small company</td>
<td>Telecommunication service provider, telecommunication equipment</td>
<td>General director</td>
<td>50</td>
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<td>Small company</td>
<td>Telecommunication equipment (digital television technologies)</td>
<td>CTO</td>
<td>45</td>
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<td>Gouesnou</td>
<td>Small company</td>
<td>Media and entertainment</td>
<td>Director for business development</td>
<td>45</td>
</tr>
<tr>
<td>Brest</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Co-founder</td>
<td>45</td>
</tr>
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<td>Lorient</td>
<td>Small company</td>
<td>Telecommunication equipment</td>
<td>Co-founder</td>
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<tr>
<td>Rennes area</td>
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<td>Telecommunication equipment</td>
<td>Founder, CEO</td>
<td>50</td>
</tr>
<tr>
<td>Paris area</td>
<td>Medium size company</td>
<td>Software (data analysis)</td>
<td>Deputy CEO</td>
<td>60</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Medium size company</td>
<td>Telecommunication equipment</td>
<td>Vice president for sales</td>
<td>70</td>
</tr>
<tr>
<td>Rennes area</td>
<td>Medium size company</td>
<td>Material handling equipment manufacturer</td>
<td>Director for innovation</td>
<td>42</td>
</tr>
<tr>
<td>Marseille</td>
<td>Medium size company</td>
<td>Telecommunication equipment (digital)</td>
<td>Director for business development</td>
<td>70</td>
</tr>
</tbody>
</table>
3.2.3. Data collection

Interviews (Cliff et al, 2005), speeches (Emrich et al, 2001), and secondary documents, such as inquiry reports and value statements (Grint & Case, 1998; Brown et al, 2012) represent typical sources of data for discourse analysis in organizational context. This study is based on the analysis of interview data. Interviews provide valuable primary discursive material for analysis due to its dynamic and flexible nature (Bauer & Gaskell, 2000). Secondary documents, such as corporate and public organizations’ web-sites,
press-releases and newsletters were used as supplementary materials in order to prepare for the interviews.

Overall, this study comprised 51 interviews. Among these 51 interviews, 35 were conducted with entrepreneurs representing new ventures (micro- and small enterprises of the age not exceeding ten years). These interviews were conducted in pursuit of the first research question, that is, in order to explore how entrepreneurs make sense of their ventures' micro-failures. Besides the interviews with the entrepreneurs, 16 interviews were conducted with the top-managers of medium-size and large companies and public organizations in pursuit of the second and the third research questions. The interviews were conducted on the site as well as via telephone. The interviews lasted between 45 and 120 minutes, with a mean duration of 58 minutes. All the interviews were recorded and transcribed in a selective verbatim manner.

Interviews with entrepreneurs followed a narrative approach. Narrative interview is a qualitative method, classified as a specific type of unstructured in-depth interviews (Riessman, 1993; Hatch & Wisniewski, 1995; Flick, 1998). Narrative interviews are conducted with an objective to elicit narratives, that is, stories from the interviewees. Jovchelovitch and Bauer (2000) defined the main goal of narrative interviews as reconstruction of informants' social experiences as directly as possible. Narratives contain valuable information about informants' interpretations of the reality, because when telling stories about themselves, people “recall what has happened, put experience into sequence, find possible explanations for it, and play with the chain of events that shapes individual and social life” (Jovchelovitch & Bauer, 2000, p.57). Therefore, narratives are considered to be valuable discursive material for the analysis of peoples' worldviews (Jovchelovitch & Bauer, 2000).
According to Jovchelovitch and Bauer (2000), a narrative interview typically comprises five phases: preparation, initiation, main narration, questioning phase, and concluding talk. Jovchelovitch and Bauer (2000) have suggested several rules for each of these stages that should be followed by researchers in order to assure elicitation of good narratives. For example, at the preparation stage researcher should collect relevant contextual information of the narrative. At the initiation phase, an initial topic for narration should be unambiguously formulated for informant. At the stage of narration, informant should not be interrupted, but should be encouraged to continue narration if necessary. At the questioning phase, researcher should not make statements or ask questions that contain opinions or attitudes. At the concluding talk phase, recording should be stopped and more informal communication should take place; why-questions are allowed at this phase. These rules were strictly followed in this study.

Although the core part of each interview with entrepreneurs was conducted with a narrative approach (i.e. in an unstructured manner), a few topics were discussed with each informant prior to the initiation of a narration. This was done in order to elicit relevant information that was aimed to facilitate interpretation of each interview account and inductive analysis of the entire data corpus. Especially, this was necessary for those companies for which sufficient contextual information couldn't be obtained from the Internet and other public sources. Therefore, a brief interview guide was developed for this purpose. As it is common for semi-structured interviews, the interview guides did not contain specific questions, but only denoted topics for discussion (Saunders, 2011). Thus, the interviews with entrepreneurs representing new ventures were constructed around two broad topics.

The first topic was related to the new ventures’ business models. Detailed understanding of each new venture's customer value proposition and position in a supply chain was
obtained during these discussions with an objective to infer the extent to which the business of each new venture depended on technology partnering with other organizations. The second topic addressed entrepreneurs’ perceived ease of technology partnerships creation. Questions like “How difficult it is to find a technology partner?” “How often are you approached with a technology partnership proposition?” “How often do you approach other companies with a technology partnership proposition?” “How often your propositions are accepted?” were addressed during this stage. Once these two topics were discussed and sufficient contextual information was collected, narrations were initiated by asking informants to recall the most notable negative experiences with technology partnering that they had.

As a concluding talk of a narrative interview, informants were asked to what extent they perceive their difficulties related to technology partnering to be (a) common for other new ventures as well and (b) paradoxical, unfair, unjust or somehow inappropriate. In this way, two objectives were pursued: to capture the discourse of injustice in the entrepreneurs’ own words and to stimulate informants to talk on behalf of an entrepreneurial community. Data collection process overlapped with the analysis. That is, the investigation involved an iterative process wherein empirical data interacted with theoretical categories. Sampling and interviewing were stopped at the point of theoretical saturation, that is, when new data were not producing any new information (Glaser & Strauss, 1967).

The interviews with the top management of incumbents and public organizations took place after all the 35 interviews with entrepreneurs were conducted and analysed. The interviews with the top managers of large and medium-size companies were built around three themes: current or past experience of technology partnerships with new ventures, perception of new ventures as technology partners, and the perception of the
new ventures’ difficulties with technology partnering. Moreover, during the discussions around the last topic, some real but anonymous complaints collected from entrepreneurs concerning incumbents’ uncooperativeness were quoted in order to elicit the top managers’ attitudinal reaction. This technique helped to capture the top managers’ vision of the incumbents’ role in the new ventures’ struggle for technology partnerships. Moreover, further at the stage of data analysis, this data was used to contrast entrepreneurs’ and top managers’ views of each other’s generalized identities, roles and responsibilities, and the rhetoric they use to frame responsibility. The interviews with the representatives of public organizations were focused on three topics: new ventures’ difficulties with technology partnerships, the role of incumbents in this process and the measures of stimulation of cooperativeness, particularly between new ventures and incumbents, that are already implemented or should be taken by the public authorities.

3.3. Analytical framework

3.3.1. Discourse analysis

Narrative should be understood as a peculiar type or a subset of discourse with specific features, such as a temporal dimension and a plot (Burke, 1969). Since the objective of this study is to explore the process of discursive construction of a specific social phenomenon, discourse analysis is adopted as a methodological approach. However, discourse is broad concept that requires definition. Parker (1992, p.5) broadly defined discourse as “a system of statements which construct an object”. Watson (1994, p.113) defines discourse as “a connected set of statements, concepts, terms and expressions which constitutes a way of talking and writing about a particular issue, thus framing the way people understand and act with respect to that issue”. Discourse is found in texts,
which should be understood broader than just written carriers of information. "Text" here refers to "any kind of symbolic expression requiring a physical medium and permitting of permanent storage" (Taylor & Van Every, 1993, p.109). Bodies of text that comprise collective discourse rather than isolated individual discourses constitute empirical material for discourse analysis (Phillips et al, 2004).

Alvesson and Karreman (2000) proposed two dimensions on which discourse can be classified. The first one is the dimension of relation to meaning. On the one end of this continuum is the discourse which is decoupled from meaning. Such discourse is transient, that is transactional in its purpose and loses its meaning once a transaction is terminated. At the other end of the continuum is the discourse which carries durable meaning. Such discourse carries a meaning which permeates and goes beyond a conversation, often having the purpose of determining actions through framing. The aforementioned term "meaning" should be understood as being interrelated with attitudes, values, beliefs or ideas (Alvesson & Karreman, 2000).

The second dimension of discourse is the range of interest. This dimension is defined by the dichotomy of close-range versus long-range discourse. Close-range discourse is highly local, in the sense that it is meaningful only in a specific social setting (e.g. culture or situation). Respectively, the analysis of such discourse is inseparable from the analysis of the context. Alternatively, long-range discourse is relatively universal and its meaning persists throughout contexts. Examples of long-range discourses could be ideologies and globally dominant discourses on the issues of diversity, equality, globalization, and so forth.

Drawing on an extensive review of literature, Alvesson and Karreman (2000) distinguish between two types of discourse, which they refer to as "discourse" and
“Discourse”. They refer the discourse in its default meaning as a collection of discursive practices that are transient and local. Respectively, discourse with a capital D refers to temporally durable discourse of long-range interest. The objective of discourse analysis (and the biggest methodological challenge) is to move from raw linguistic empirical material (i.e. discourse) to the broader macro-level discourse (i.e. Discourse).

The focus of this thesis pertains both to the micro- as well as macro-level of discourse. That is, this study is aiming to investigate two facets of the discourse on the liabilities of new ventures. Firstly, the interest of this study pertains to the discourse as an emergent and locally constructed phenomenon. This discourse is directly observable in discursive practices, such as spoken and written language, and takes into account local setting. Secondly, the interest of this study pertains to discourse “as a structuring principle of society” (i.e. Discourse) (Weedon, 1987, p.41).

The analytical process of discourse analysis is interpretative and inductive. It involves summarization and synthesis of local-level discourse which eventually leads to identification of over-arching themes on macro-level. That is the process to which Alvesson and Karreman (2000, p.1139) refer to as “climbing the ladder of discourse”. The general tendency in the standardized discourse accounts (e.g. interviews) of pointing in a similar direction is what researchers are looking for in this process. This task is often accomplished at an expense of neglecting variation at a local level. However, as Alvesson and Karreman (2000, p.1134) put it, “rigor should sometimes be downplayed for the benefit of social relevance”. Furthermore, discourse analysis is a challenging and an ample task as it “requires true multi-disciplinarity, and an account of intricate relationships between text, talk, social cognition, power, society and culture” (Van Dijk, 1993, p.251).
Thus, discourse can be viewed from two perspectives – as an emergent local phenomenon and as a relatively universal and persistent phenomenon (Alvesson & Karreman, 2000). Approaching discourse from both of these perspectives within the same study is challenging, as the analysis of "Discourse" typically requires an a priori understanding of the phenomenon under investigation, although the difficulty of the task should not discourage endeavours (Alvesson & Karreman, 2000). Hence, this study is an effort in this direction. This study is firstly aiming to investigate local construction of discourse in respect of liabilities of newness and smallness in the context of technology partnership creation between new ventures and incumbents. However, the ultimate objective is to move towards macro-level discourse and identify the action-inducing impact of the macro-level discourse. An analytical approach that is the most suitable to tackle this methodological challenge is the frame analysis. The subsequent chapters provide information on the frame analysis as an analytical tool and on the frame theory that underpins the frame analysis.

3.3.2. Frame theory

An approach that allows investigation of discourse as an experience-based micro-level phenomenon and in the same time approaches discourse as a rhetorical mental model is the frame analysis (Goffman, 1974). Frame analysis is an approach to the analysis of discourse which aims to capture ways in which people understand and interpret situations and activities in a social context, that are known as mental or cognitive models of reality. A frame can also be understood as a system of meanings, as a consistent picture of the reality, or as a product of sensemaking.
Apart from its interpretative/modelling aspect, a frame also possesses a motivational/rhetorical function. For example, in media communication and political studies framing as a process is defined as a way in which a source of communication, such as a public authority or a mass media, "defines and constructs a political issue or public controversy" (Nelson et al, 1997, p.221).

Frame analysis assumes that discourse accounts (e.g. interview transcripts) when subjected to scrutiny are able to reveal the systems of meanings a communicator constructs to make sense of reality. In the meantime, any social issue such as a political or ethical controversy can be interpreted (or made sense of) in a number of different ways. Put differently, due to complexity of social situations and equivocality of cues that they provide, multiple frames of the same issue may be present at the same time in any social context. As Friedland and Alford (1991) suggested, a/the social world inherently embraces multiple potentially contradicting systems of meaning.

The application of frame (sometimes referred to as framing) analysis varies in terms of the object of research as well as in terms of procedure and purpose. Souders and Dillard (2014) discern and attempt to bridge two traditions of frame analysis – rhetorical and social scientific. According to the authors, these two traditions diverge in their view of the purpose of frame analysis. The purpose of frame analysis in the social scientific tradition "is to discover the presence and features of individual and mediated frames and the impact they have on perception, cognition, and decision making" (Souders & Dillard, 2014, p.1009). Studies on this tradition typically employ the empirical context of news stories and public speeches. In the rhetorical tradition, the purpose of frame analysis "is to understand why and how the rhetor (in broad terms, the speaker) wanted to frame his or her message, how it was executed, and how it might plausibly have
impacted the audience" (Souders & Dillard, 2014, p.1009). Such investigations aim to discern a general theme in which an issue was framed, and the appropriateness and effectiveness of the frame’s application.

Rhetorical and social scientific traditions of frame analysis can be loosely linked with two influential discourse theorists, Burke (1984) and Goffman (1974) respectively. Goffman builds on Bateson’s (1972) approach and views frames as experience-based cognitive schemes. That is, Goffman (1974) takes a micro-level psychological approach to frame analysis. In the meantime, Burke (1984) proposes a macro-sociological conception of frames. Burke views frames as "highlighters" or "lens filters" that impact social attention at a pre-cognition stage. Souders and Dillard (2014) refer to Burke and Goffman’s approaches as being, respectively, motivating and interpretative perspectives to framing.

Theoretical framework of this study reconciles with Souders’ and Dillard’s (2014) argument that frame analysis should be viewed as being broader than either an interpretative or motivating scheme. Instead, the conception of frame and the implementation of frame analysis should encompass both of these perspectives. The authors’ idea is crystalized in their integrative definition of framing as the process of "association or dissociation of a given symbol with a field of other symbols (Burke, 1969) understood through fields of prior experience (Goffman, 1974) in a way that impact what is assessed as better or preferable in decision making (Tversky & Kahnemann, 1981, 1986)" (Souders & Dillard, 2014, p.1021).
3.3.3. Frame analysis

As a method, frame analysis represents an analytical procedure which aims to analyse ideas (e.g. beliefs, assumptions, definitions) available in texts in order to build systems of such ideas, where these systems of ideas are internally coherent within themselves, while being distinct and logically incompatible with other rival systems of ideas on the same subject. Frames are not amenable to positivistic inquiry, since frames are often expressed in the form of analogies/metaphors and implicit assumptions that resist quantification and coding (Burke, 1984). Although, there have been studies that implemented frame analysis through the quantitative content analysis of discourse data (e.g. Burke & Mazzarella, 2008), frame analysis is generally associated with qualitative discourse analysis (e.g. Creed et al, 2002; Phillips et al, 2004; Levin, 2005).

Frame analysis is generally conducted on two levels – the level of local legitimating accounts and the level of broader cultural accounts (Creed et al, 2002). That is, frame analysis allows exploration of relations vertically – across levels (i.e. what legitimating account is justified by what cultural values and beliefs) as well as horizontally – within one level (i.e. how one legitimating account or cultural value provides justification or challenges another).

Frame analysis is particularly suitable for comparative studies (Kuypers, 2009). For instance, analysing how media or public speakers frame the same or similar events may reveal discernible frames (e.g. Entman, 1991). A comparative approach to frame analysis is particularly important since it is difficult to find a completely developed frame in a single discourse account, as some elements may be missing (Levin, 2005). Structured sets of discursive units (e.g. interviews or news stories) should be investigated in order to elucidate how social reality is constructed (Chalaby, 1996).
Hence, a body of discourse, rather than an isolated text, should be used as objects of frame analysis (Phillips et al, 2004; Levin, 2005).

Gamson (1989) asserts that a frame can be reduced to a main theme. Moreover, according to Gamson (1989, p.157), frame per se “is a central organizing idea for making sense of relevant events and suggesting what is at issue”. However, as Kuypers (2009) has emphasized, central themes found in discourse should not be automatically taken for frames, since a theme is not a frame until it is framed by various framing devices. Framing devices refer to key words, metaphors, concepts, labels and so forth.

3.3.4. Rhetorical analysis

As it was explained earlier, a frame can be understood as an emergent interpretative cognitive model, as well as a motivational and opinion-moulding instrument. Due to the latter aspect, a frame as a discursive phenomenon is closely related to rhetoric. Moreover, Kuypers (2006, 2009) views framing as a rhetorical process, and frame analysis as a kind of rhetorical analysis. Kuypers (2009, p.182) defines framing as a "process whereby communicators, consciously or unconsciously, act to construct a point of view that encourages the facts of a given situation to be interpreted by others in a particular manner". Kuypers (2009, p.181) explains that the rhetorical dimension of a frame is linked to its ability to “induce us to filter our perceptions of the world in particular ways, essentially making some aspects of our multi-dimensional reality more noticeable than other aspects”. In order to fulfil this function “frames operate in four key ways: they define problems, diagnose causes, make moral judgments, and suggest remedies” (Kuypers, 2009, p.181).
Analogously, from the perspective of social movement theory, Snow and Benford (1988) propose three key tasks of a frame: diagnostic, prognostic and motivation. In this context the authors refer to collective action frames that are deliberately deployed by social movement activists in order to convert bystanders into supporters and inspire action. The diagnostic function of collective action frames involves identification of a problem and attribution of blame. The prognostic function involves a proposition of solutions to the problem in a format of strategies and tactics. Motivation provides rationales for actions.

In the meantime, the objective of this study is also to identify the impact that the constructed discourse may have on the audience of resource holders. However, the interest of this study pertains to unconscious rather than conscious construction of "a point of view that encourages the facts of a given situation to be interpreted by others in a particular manner" (Kuypers, 2009, p.182). In order to help formalize the exploration of the rhetorical aspect of frames this study integrates elements of rhetorical analysis into the analytical process.

Rhetorical analysis as an analytical technique is a type of discourse analysis that focuses on persuasion and influence (Freedman & Medway, 1994; Suddaby & Greenwood, 2005). Rhetorical analysis is a theory-driven approach to the analysis of texts, applied to examine the argumentative dimension of discourse. Although, as it was illustrated earlier in the literature review, different frameworks of rhetoric may contain different categories of arguments and rhetorical strategies, for the sake of parsimony the data analysis of this study at the outset was based on the most common classification of arguments. Hence, the analytical lens of this study is based on the classical taxonomy of rhetoric (i.e. *logos* – *pathos* – *ethos*) to examine the argumentative aspect of discourse (e.g. Suddaby & Greenwood, 2005). Nevertheless, the analytical procedure of this study
assumes that a researcher remains conscious of other empirically grounded categories of arguments and rhetorical strategies, such as those discussed earlier. The following section provides more clarifications on how exactly data were analysed within this study.

3.3.5. Analytical procedure

The analytical procedure adopted in this study can be defined as the frame analysis of narratives. As it was mentioned earlier, “narratalogical approach” (Brown et al, 2008, p.1035) to understanding sensemaking has been empirically approbated by the scholars of management (e.g. Gioia & Chittipeddi, 1991; Vaara, 2002; Brown et al, 2008) and, more recently, entrepreneurship (e.g. Mantere et al, 2013). That is, narratives have been used as data to study sensemaking. Therefore, a methodological precedent for this study has been already established. However, this study differs from the precedents in that it adopts frame analysis rather than general grounded theory approach to systematically investigate narratives.

The choice of frame analysis as an analytical approach is substantiated by three reasons. Firstly, frame analysis allows revealing systems of interrelated meanings, rather than taxonomies of theoretical categories as in the grounded theory approach. Unlike previous studies on sensemaking of failures (e.g. Matere et al, 2013; Vaara, 2002), this study is aiming to reveal mental models of failures rather than mere attributions of cause. Thus, frame analysis fits better to the objective of this study as it is suitable to reveal complex mental models that individuals construe to make sense of their experiences (Goffman, 1974). Second, frame analysis distinguishes multiple levels of sensemaking by looking at interpretations as being anchored in cultural codes (Weber et
Thus, given that the prior studies have shown that culture and social institutions condition sensemaking of entrepreneurial failures (Vaillant & Lafuente, 2007; Cardon et al., 2011), frame analysis is particularly suitable for this study as it allows accounting for the moderating role of culture in the process of sensemaking. Third, since one of the objectives of this study is to reveal frames as collective ways of interpreting and presenting situations discernible in the collective consciousness (research questions two and three), frame analysis corresponds to this objective as it allows building a link between individual sensemaking and the level of public discourse (McCombs & Shaw, 1972; De Vreese, 2005).

However, as it was mentioned earlier, the deployment of frame analysis as an analytical procedure varies across different research domains, such as political sociology and political science, communication studies and social movement studies. Thus, it is necessary to clearly define an analytical procedure of this study by defining its position in relation to the analytical approaches from other research domains. In the context of an empirical investigation, frame is understood as an underlying theme that holds the idea elements of a text together (Gamson & Lasch, 1983; Gamson & Modigliani, 1989; Creed et al., 2002). In line with this understanding, social movements scholars Creed et al. (2002, p.37) define the goal of frame analysis as “understanding how certain idea elements are linked together into packages of meaning, potentially encoded into soundbite-like signifiers that stand for those packages of meaning, and deployed in situated discursive activity”.

Political sociologists Gamson and Lasch (1983) proposed an approach to frame analysis known as “signature matrix”. According to this approach, idea elements of a text are sorted into the categories of “symbolic devices”, such as metaphors, exemplars,
catchphrases, depictions, visual images, roots, consequences, and appeals to principle. Among them the first five elements serve an interpretative purpose, whilst the last three elements serve an argumentative purpose (Gamson & Lasch, 1983). Afterwards, the symbolic devises are clustered into internally consistent systems of meaning (i.e. frames) united by a main theme (Gamson & Lasch, 1983). This approach to frame analysis is considered to be one of the most basic ones and highly accessible (Creed et al, 2002). It is discussed in greater detail later in this section.

Alternatively to the political scientists, scholars of the media and communication studies view framing as a process which “induce(s) us to filter our perceptions of the world in particular ways, essentially making some aspects of our multi-dimensional reality more noticeable than other aspects” (Kuypers, 2009, p.181). Therefore, the analysis of frames in this tradition involves revealing “highlighters” or “lens filters” that impact social attention at pre-cognition stage (Burke, 1984). Media analysts search for “framing devices”, such as key words, metaphors, concepts, labels and so forth used by communicators that aim at moulding public opinion (Kuypers, 2009).

Social movement scholars’ interpretation of frame analysis differs from that of political scientists and communication scholars. Framing in the context of social movements is understood as a deliberate process aiming at social change though mobilization of supporters for collective action (Snow et al, 1986). Snow and Benford (1988) propose three main functions of a collective action frame: diagnostic, prognostic and motivation. Apart from that, framing in the context of social movements inevitably involves (re)construction of social identities and reference to cultural codes or broad cultural narrations (Creed et al, 2002). Therefore, analysis of collective action frames involves identification of diagnostic, prognostic and motivational elements, as well as supporting idea elements, such as resonant values and beliefs.
This study adopts the social movement approach to frame analysis. Although frame analysis has not been widely applied to the analysis of narratives in the research domains of entrepreneurship, it has been used to analyse collective sensemaking in the social movement studies (e.g. Creed et al, 2002). Therefore, to certain extent this study creates a methodological precedent in the research domain of entrepreneurship by bringing in a methodological approach from another research field. This borrowing appears to be justifiable, as the social movement studies and the study of entrepreneurial failure sensemaking share a fundamental feature – both domains of research are focused on the interpretation of discontent. Therefore, the social movement approach to the analysis of frames fits to the objectives of this study most effectively, as the objective of such studies, broadly conceived, is to understand how discontent is framed, which corresponds to the objective of this thesis.

Despite the fact that frame theory and the frame analysis method are widely spread across different research disciplines, methodologies for conducting frame analysis remain relatively diverse and unstructured (Benford & Snow, 2000). Therefore, this study adapts one of the most common approaches to the analysis of frames – the “signature matrix” method suggested by Gamson and Lasch (1983) and approved by the scholars of organizations (e.g. Creed et al, 2002). This method involves sorting out discernible idea elements into categories that include but are not limited to causes, consequences and appeals to principle and clustering idea elements into groups according underlying commonalities (i.e. underlying common themes). Drawing on Gamson and Lasch (1983), Creed et al (2002) suggested a three-step approach that is followed in this study. This approach organizes the analysis in the following stages:
1. Sort out idea elements and identify connections among them.

2. Identify "unifying structures" (Creed et al, 2002, p.482) that hold idea elements together.

3. Keep screening the text in order to identify how the idea elements are deployed in an integrated way.

According to this method, at the first stage, the analysis of a text starts with investigation of the problem identification and the problem elaboration (diagnosis, prognosis and motivation) elements (Creed et al, 2002). That is, firstly researchers focus their attention on how informants define the problem, build causal attributions, suggest consequences, and remedies. Frame analysis is typically applied to the contexts where the nature of a problematic situation is known to a researcher prior to the beginning of a study, which is not true about this study. In the context of this study, the extent to which micro-failures are identified by entrepreneurs as a problem is unknown prior to the beginning of an empirical investigation. For instance, one may anticipate that micro-failures can be potentially defined by some entrepreneurs as a non-problematic situation or a cause for micro-failures can be internalized rather than externalized. Due to this nuance, the analysis focuses on causal attributions prior to problem definition.

Analysis of data allowed extraction of several idea elements which were aggregated into seven frame elements: attribution of cause, prognosis, diagnosis, entrepreneurs' identity, incumbents' identity, rhetorical arguments and broader socio-political convictions. The narrative data did not reveal any significant motivational or mobilizational elements common for the social movement studies. This can be explained by the fact that no social movement organization as such exists in the context of this study and none of the informants can be considered as a change agent. At the second stage, on the basis of the
extracted idea elements, it was possible to discern two frames, which are referred to as
the “injustice frame” and the “natural order frame”. At the third stage, informants were
categorized as either sponsors of the injustice or the natural order frame depending on
the identity assumptions they make, causal attributions they suggest, values and
principles they appeal etc.

The analytical procedure of frame analysis largely overlaps with that of the grounded
theory method (Corbin & Strauss, 1990). From one perspective, frame analysis is
inductive and largely data-driven – idea elements and the clusters or idea elements are
allowed to emerge from the data. From another perspective, the analytical process is
customized according to the research questions and theoretical concepts typical for the
analysis of frames (e.g. problem identification, problem elaboration, identities and
appeals to broader principles).

In the grounded theory terminology, the first stage of the three-stage frame analysis
procedure corresponds to open, axial and selective coding (Corbin & Strauss, 1990). At
this stage of analysis the core concepts or variables that correspond to frame elements
emerge. This process started with open coding that involved labelling seemingly
relevant chunks of text with tentative codes, such as “argument”, “new venture
identity”, “incumbent identity”, “cause”, “appeal to values”, “metaphor”, “epithet” etc.
Afterwards, the tentative labels were revised and rearranged into axial codes that were
linked to concepts. Figure one illustrates a coding principle for a resulting concept
“rhetorical argument”.

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The second stage of the frame analysis process corresponds roughly to the stage of data categorization in the grounded theory method (Corbin & Strauss, 1990; Bernard & Ryan, 2009), with the difference that categories emerge on the basis of internal coherence among concepts, rather than according to the set-subset relationship among concepts. For instance, a provisory category may include the following idea elements that are consistent with each other: externalized blame for micro-failures, uncooperative behaviour as a core problem, typified entrepreneur depicted as capable, negative identity of typified incumbent, arguments in support of cooperative behaviour, and the discourse of solidarity as a master frame. Concepts that correspond to arguments in support of a "free-for-all" libertarian economic model and define new ventures' micro-failures as inevitable and natural consequence of competition do not fit into this
internally coherent constellation of meanings and, thus, belongs to another category. The first category is underpinned by a common theme that can be labelled as "injustice". The second category is underpinned by a common theme that can be labelled as "natural order". The last stage corresponds to the process of that is known as code application in grounded theory (Bernard & Ryan, 2009). At this stage, informants are categorized as either sponsors of the injustice or the natural order frame depending on the way they deploy these frames in their narratives.

Finally, after all the data was encoded and categorized, a cross-case comparative analysis was conducted in search for patterns in the data. The patterning exercise upon encoded data has suggested a link between micro-failures and appropriation of injustice frame. That is, those entrepreneurs who have experienced in the past and/or currently experience failures with establishing technology partnerships are more inclined to externalize the blame and frame their difficulties as injustice. This discovered pattern justifies the initial idea to build a conceptual link between new ventures' liabilities of newness and smallness and sensemaking of micro-failures.

3.4. Ethical issues

Johnson and Christensen (2008) pointed at several ethical issues that should be considered by qualitative researchers. Some of these issues are relevant to this study, others are not. Firstly, all the interviewees were informed about the purpose and the nature of the study and, thus, provided their informed consent to participate in the study. Informants were also made aware of the fact that the results of the study are to be made available to the broad public in the format of a doctoral thesis and, potentially, as an article in an academic journal.
Most of the interviewees permitted researcher to reveal their identities. However, some of the informants were more concerned by the confidentiality issue than others. Thus, out of privacy and anonymity considerations, all the identities of the organizations and individuals that participated in the study are concealed. Moreover, the information about informants available in this thesis is provided in a way that does not allow deduction of their identities (e.g. from the information about industry sector and location).

Accurate interpretation of informants' statements is also considered to be an ethical issue in qualitative research (Johnson & Christensen, 2008). To this study, interpretative by its nature, this issue is of particular importance. In order to avoid misinterpretation of the informants' statements the following measures were taken: informants were interviewed in their native language (i.e. French) when their English proficiency was insufficient (with interviewer being highly proficient in both languages); brief repeat interviews were conducted on all the occasions when meanings of some statements were unclear; generalized findings of the study were sent to all the informants for consultation and their feedback was incorporated into further analysis and interpretation.

Other ethical issues that may arise in the process of a qualitative investigation, such as doing harm to informants, rapport and friendship between researcher and informants, intrusiveness, inappropriate behaviour, data ownership and rewards, appear to be irrelevant to this study.

The following chapter presents the findings of this study. The chapter is organized around the concepts that were inductively revealed in the process of frame analysis of narratives, from narrative attribution of cause through broader socio-political ideologies. These concepts correspond to the elements of a frame. Two frames, “injustice” and
“natural order”, are presented in a frame matrix. Interpretative and rhetorical aspects of the frames are presented in the format of a conceptual model. Results of a patterning exercise upon the date are also presented in the following chapter.
4. ANALYSIS AND FINDINGS

In this chapter, the analytical process and findings of the empirical investigation are presented in a stepwise manner, more or less in the same order as the analysis was conducted. The analysis of discourse, and frame analysis in particular, are inherently data-driven and iterative, therefore it is impossible to reconstitute the analytical process in a neat sequential way. Within the chronology of the analysis, the findings are structured according to the key theoretical categories that were analysed, such as the attribution of cause, identities, rhetoric, broader cultural and socio-political meanings.

4.1. Extracting causal attributions

At the outset, the analysis of entrepreneurs' narratives focused on the causal attributions of micro-failures with technology partnerships. To generate this discourse at the stage of data collection, particular examples of unsuccessful partnering attempts were elicited from the informants. Where possible, discussions were built around a particular case or cases of unsuccessful attempts to establish partnerships or unsuccessful partnering experiences. Through inductive analysis of entrepreneurs' narratives in relation to the causal attributions of failures and difficulties of technology partnering, three genres of causal attributions were revealed. These genres were labelled in correspondence with what Mantere et al (2013) referred to as zeitgeist, nemesis and betrayal.

Zeitgeist, that is, a spirit of the time, is a genre of narrative attributions that is based on reference to commonly accepted practice. Actors who use this genre typically acknowledge fallacy of their actions or way of doing, at the same time suggesting that such actions are/were common at specific period of time and therefore the time is to
blame, rather than the actors. The data surfaced a widely spread reference to other organizations’ uncooperativeness, often framed temporally (typically, contrasting “now” against “before” or “recently”). By acknowledging uncooperative behaviour being typical in the field, entrepreneurs attribute the cause of their inability to establish partnerships to the lack of openness and cooperativeness on the potential partners’ side. The following excerpts illustrate this genre of narrative attribution.

*It is easier for me to start a [collaborative R&D] project with a foreign company, than with a French one. Most of French companies have not understood the importance of cooperation yet. They don’t know why they should partner and how to partner.* - Entrepreneur in the radio technologies, Limoges

*People here [in France] are not too open for cooperation. Now the situation is changing, but until recently cooperation wasn’t a fashion. We just started a [technology] project with a company just across the street... Both companies were based here for years... Why did we not do it earlier?* - Executive director of a small company in mobile technologies, Rennes area

*I think we are becoming more and more cooperative in France... It was not like this some 10-15 years ago, but you can see the first positive changes now. Still not enough, of course, but we are on the right way...* - Entrepreneur in near field communication technologies, Nantes

As these three quotes demonstrate, *zeitgeist* narratives often involved acceptance of fault by a narrator and attribution of fallacy to the others simultaneously. Such narratives often contained references to “mindset” and “culture” being “wrong”, “counterproductive”, “backward” and “uncompetitive” that are, nevertheless, changing or have to change. Seventeen out of 35 entrepreneurs deployed the *zeitgeist* genre in
their narratives; seven more acknowledged in a concluding talk that lack of cooperativeness is a common issue in their business environments.

*Nemesis* is a genre which attributes the cause of a failure directly to external actors’ conscious and calculated actions. In this study entrepreneurs referred to this genre multiple times (n=7) in order to locate the blame for their unsuccessful attempts to establish partnerships on the unrealized partners’ side. For instance, a number of entrepreneurs linked other companies’ unwillingness to establish partnerships with over-protective and even exploitative behaviour in respect to entrepreneurs and small companies. This discourse was particularly common in relation to big companies that were often portrayed as regular abusers of bargaining power in their relationships with small and younger organizations. The following quotes exemplify this narrative genre.

*Big companies], instead of developing their own ideas, they use ours. Not only they don’t help us, but like a greedy cat does, they come and eat from our bowl...* - Entrepreneur in the digital vision technologies, Paris area

*Why would they cooperate with us if they can take what they need from us without giving anything in return? On contrary, they will do all what’s possible to make sure a small company will not get access to their knowledge.* - Entrepreneur in micro-chip technologies, Grenoble area

*I think big companies are particularly protective when it comes to small companies... They’re afraid that we will steal their ideas and bring them to market much faster...* - Entrepreneur in RFID technologies, Rennes area

These excerpts demonstrate that entrepreneurs often link their inability to establish technology partnerships with other companies’ strategic intent to avoid competition, minimize risk and maximize self-benefit. Many among those entrepreneurs who
deployed this genre in their narratives (4 out of 7) by the time of this study have not succeeded to establish their first technology partnership despite having applied efforts in this direction. Deployment of this genre by the entrepreneurs often coincided with the occurrence of such epithets as “big guys”, “rich firms” and “the main players” in respect of the unfulfilled potential partners, thus underlining the narrators’ perception of the power and status imbalance between their firms and the potential partners. Several metaphors, such as “greedy cat” and “sitting in a bunker”, were used by the entrepreneurs to express their discontent in this connection.

Finally, several attributions (n=11) in the genre of betrayal were deployed by the entrepreneurs in their narratives. These attributions were expressed by the entrepreneurs in relation to partnerships that they managed to establish, but that were disbanded before any result was reached. For instance, such discourse was often adopted by informants in relation to partners who withdrew from collaborative R&D projects after the projects were initiated. Similarly, partners who did not commit enough resources and did not seem to prioritize an ongoing R&D project were also often blamed. As illustrated in the following quotes, large companies were portrayed by entrepreneurs as the least loyal and reliable category of partners.

*It didn’t work out because the [collaborative R&D] project to which we dedicated all our time and resources, for them was only of secondary importance. They were not really interested in the outcome. It was so obvious at meetings.* - Entrepreneur in mobile technologies, Quéven

*Collaborative projects typically last for 3-4 years. During this time a big company can easily revise its strategic priorities and quit a project if they find it unimportant... That means leaving partners with nothing... A young company wouldn’t do it – the stakes are much higher.* - Entrepreneur in embedded software technologies, Laval
We took away nothing from this [collaborative R&D] project. The reason is that the project leader, a famous French telecom company, was only simulating involvement in the project. - Entrepreneur in semiconductors, Caen

As the last three excerpts illustrate, technology partnerships that entrepreneurs joined but failed to benefit from are considered by the entrepreneurs as negative events (i.e. micro-failures) just like the technology partnerships that the entrepreneurs failed to establish. Overall, fifteen out of 35 sampled entrepreneurs reported having such experience at least once. Technology partnerships that did not lead to a desired outcome (typically, defined by entrepreneurs as a product prototype or a patentable technology) were considered by the entrepreneurs as detrimental failures because such projects consumed much resources (notably, time and attention) that could have been allocated more efficiently. The word “disappointed” figured multiple times across the narratives in this genre.

The blame attribution for this type of micro-failures is different from that of unestablished partnerships. In particular, no blame internalization was identified in the narratives that were told around such cases of micro-failures. For the technology partnerships that were established, but unsatisfactorily finished or prematurely disbanded, the blame was attributed either to an initially flawed project plan (n=3) or to one of the partner’s uncooperativeness (n=8).
The excerpts presented above demonstrate that entrepreneurs’ causal attributions are often intertwined with the generalizations concerning small and big companies. Statements like “a young company wouldn’t do it”, “big companies are particularly protective”, and regular references to “us” and “them” (e.g. “why would they cooperate with us”) abounded in the narratives. This discovery pointed at two preliminary findings that suggested trajectories for further data exploration. Firstly, the delineation of “us” and “them” pointed at a need to investigate the way narrators construct identities of the typified actors (i.e. entrepreneurs and “others”) in their narratives. Secondly, persistence of the discourse related to “their” uncooperativeness across the corpus of narratives has surfaced the first “unifying structure” (Creed et al, 2002, p.482) or the first “central organizing idea” (Gamson, 1989, p.157) that could be used to efficiently integrate the narrators’ discourse in a coherent frame. This finding is discussed in greater detail in the following section.

4.2. Emergence of the main theme – uncooperativeness

At the following stages of the iterative data collection / data analysis process, investigations were aimed at gaining understanding of how the causal attributions were framed by entrepreneurs, assuming blame externalization being only one element of a broader interpretative system of meanings. Departing from the discourse of zeitgeist, nemesis and betrayal, each informant was probed in order to obtain a more clear enunciation of grievances. This task requires clear identification of the diagnosis and prognosis elements of a frame, that is, the answers to “who is to blame” and “what to do” questions. Apart from that, through an iterative process of data collection and analysis, other latent idea elements of the interpretative frame were revealed.
Adjectives like “closed”, “preserved”, “inaccessible” and “protective”, as well as metaphors like “fortress”, “tranches”, “bunker” and “bastion” were used by entrepreneurs to describe other companies in the context of unrealized or failed partnerships. The narratives that were organized around externalization of blame for micro-failures tended to contain grievances concerning others’ uncooperative, self-protective and exploitative behaviour. Thus, other organizations’ uncooperative behaviour was generally diagnosed by incumbents as, at least partially, a cause of their inability to build technology partnerships. Alternatively, cooperativeness and openness were unanimously assumed by the entrepreneurs as taken-for-granted virtues that should become universally practiced for everybody’s benefit.

Furthermore, the data revealed that big companies represent a category of actors in whose address entrepreneurs’ grievances are expressed particularly often. The reason seems to be that big companies represent the most lucrative and yet the most inaccessible, therefore often discussed and criticized, category of potential technology partners for new ventures. It was revealed that entrepreneurs generally perceive a large status gap between themselves and the large companies. This gap was articulated in the informants’ narratives in a variety of ways, such as through references to real-life examples, as well as in a generalized or metaphorical manner. Some of the illustrative metaphors and figurative expressions are presented below.

Preliminarily, the main theme to which the narrative attributions and other idea elements connect to can be formulated as “incumbents’ uncooperativeness is wrong and harmful and for new ventures”. According to the logic of frame analysis, this theme will further serve as a central organizing idea of the concepts revealed in the corpus of entrepreneurs’ narratives. As the next step of data exploration, core dimensions of the identities were investigated.
We ("us" - entrepreneurs and "them" – large companies) live in different worlds that almost never intersect... Our problems are alien to them. - Entrepreneur in telecommunication equipment, Rennes

A cat speaks to a cat, a lion speaks to a lion. - Entrepreneur, founder of small software company, Nantes

Did you ever try to talk to your dog, if you have one? No, because you speak different languages... The same thing between small and big companies... - Entrepreneur, software, Paris area

No, they don't look down at us. They don't look at us at all. We are invisible.

- Entrepreneur in telecommunication equipment, Nice area

These quotes illustrate a perception common for the sampled entrepreneurs that new ventures and incumbents have incompatible interests and modes of operation in what concerns partnering and technology development. Besides the abstract status gap, entrepreneurs often pointed at specific differences between new ventures and incumbents that make technology collaboration between the two groups difficult. These differences include but are not limited to the range of planning (long-terms for incumbents, short-term for new ventures), routines and extent of formalization (higher for incumbents, lower for new ventures) and bargaining power (higher for incumbents, lower for new ventures). These and other generalizations concerning new ventures and incumbents made by the informants are discussed in the subsequent section.
4.3. Discourse on identity and role prescriptions

The discourse that expresses discontent in regard of uncooperative behaviour of big companies co-occurred frequently in the corpus of narratives with the discourse on collective identities of a typified new technological venture and a typified big company. Entrepreneurs often referred to these beliefs in order to reinforce their grievances. That is, assumptions about typical entrepreneurs’ and big companies’ properties were evoked by the informants to provide arguments to why uncooperative behaviour of big companies is wrong and harmful.

For instance, new ventures and small companies were portrayed by entrepreneurs as highly ambitious and cooperative, possessing sharp and up-to-date competences, being the future of the national economy and so on. However, due limited resources, market knowledge and experience new ventures need an opportunity to make their way to success. In the meantime, the opportunities reside on the side of big incumbent organizations that were portrayed as possessing inverse properties: unambitious, uncooperative giants that are mainly preoccupied with preservation of their market dominance and therefore not contributing to the national economic growth. Inductive analysis of entrepreneurs’ narratives revealed eleven such identity beliefs. In the table below each of these beliefs is presented as a dichotomy where new ventures’ and large companies’ characteristics are contrasted.
Table 3. *New ventures and incumbents’ collective identities*

<table>
<thead>
<tr>
<th>New venture</th>
<th>Incumbent</th>
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<tbody>
<tr>
<td>1. Low resources</td>
<td>Abundant resources</td>
</tr>
<tr>
<td>2. Low power, dependent</td>
<td>High power, exploitative</td>
</tr>
<tr>
<td>3. Vulnerable, fragile</td>
<td>Stable, invincible</td>
</tr>
<tr>
<td>4. Inexperienced, naïve</td>
<td>Market-savvy, pragmatic</td>
</tr>
<tr>
<td>5. Cooperative, open</td>
<td>Uncooperative, self-protective</td>
</tr>
<tr>
<td>6. Efficient, prompt</td>
<td>Inefficient, slow</td>
</tr>
<tr>
<td>7. Possesses sharp competences, innovative</td>
<td>Possesses obsolete competences, depends</td>
</tr>
<tr>
<td></td>
<td>on external technologies, unable to</td>
</tr>
<tr>
<td>8. Risk-taking</td>
<td>Risk-averse</td>
</tr>
<tr>
<td>9. Growth-oriented, high-ambitions</td>
<td>Status quo-oriented, low ambitions</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Role prescriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Future of the economy</td>
</tr>
<tr>
<td>11. Opportunity seeker</td>
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</table>

These generalized identity beliefs relate to new ventures’ competitive advantages as well as inherent weaknesses. In the table above, characteristics number one to four correspond to the weaknesses of new ventures and small companies that entrepreneurs acknowledge as inherent liabilities of smallness and newness. Alternatively,
characteristics from five to nine correspond to entrepreneurs’ believes regarding “advantages of smallness and newness” in contrast with “liabilities of largeness”.

As neo-institutionalists argue, collective identities should be understood in connection with their implied socially expected roles and scripts (e.g. Barley & Tolbert, 1997). In line with this understanding, the analysis of data revealed two identity dichotomies related to social roles that have prescriptive rather than merely descriptive function. Data scrutiny has revealed that the socially constructed collective identity of a typified new venture points at an implicit assumption of the role of a “recipient”, thereby conferring an expectation of “donor” behaviour on large incumbents. Moreover, the identity beliefs that are listed in the table above can be collapsed into one central dimension of opportunity seeker versus opportunity provider. Apart from that, the discourse on “opportunity seeker versus opportunity provider” theme often contained implicit or explicit reference to the role of new ventures as the future of national economy, whereas large companies were generally associated with the past and the present of the national economy. The following exemplifying statements illustrate the discourse on new ventures’ and large companies’ role prescriptions.

*In France we mainly have big and small companies. Medium-size firms are very few... The reason is that small companies simply don’t grow that far usually. ... The government and big companies could and should do a lot more to help them grow.* - Entrepreneur in system engineering services sector, Nantes
None of these [big French technological] companies is growing, as far as I know. Profits and global market shares are stagnating for many years... In this situation, why not to look for other sources of growth? Why not to open up a little for small companies, who have all the ideas and energy? Just a little support and attention to small business can make a big difference.

Entrepreneur in machine vision technologies, Rennes area

As illustrated by these quotes, informants' statements that explicitly or implicitly attribute the "opportunity provider" role to incumbents are often supported by justifications. That is, informants tended to provide explanations to why they think incumbents should take more responsibility. In the vast majority of cases, informants grounded their justification in the discourse of collective benefit and social responsibility. For instance, in the first quote an entrepreneur links incumbents' uncooperativeness with the national economic growth, suggesting that small companies' growth is limited due to incumbents' lack of involvement. Moreover, this statement was made in the context of a comparison of the French economy against the German economy, thereby implicitly supporting the role prescription also by a best practice example.

In the second quote, the informant suggests that cooperation with small companies is good for incumbents because it can revitalize their own growth. That is, such argument emphasizes incumbents' pragmatic interest. This quote also illustrates how an argument was logically deduced by the informant from two identity generalizations regarding small companies that "have all the ideas and energy" and big companies that are "stagnating for many years". Several other arguments were revealed in the process of data analysis. The results of the examination of a discursive dimension of the narratives are presented in a greater detail in the subsequent section.
4.4. Capturing rhetoric

As demonstrated by the quotes provided above, the discourse on the role of big companies is often inseparable from the discourse that contains arguments justifying such role prescriptions and the entailing expectations. Further investigation of the corpus of data for argumentative discourse through the methodological lenses of rhetorical analysis produced a list of seven generalized categories of arguments. Following the logic of rhetorical analysis, these seven arguments were classified into three categories of persuasion modes.

The first mode – *logos* – embraces arguments that appeal to pragmatism, based on logic and facts. These arguments justify the need for more cooperativeness from the side of incumbents by the notions of mutual benefit and efficiency. These arguments are often built on the assumptions reflected in the generalized collective identity (see table 2) of new ventures being dependent on cooperation, but prompt, growth-oriented, highly specialized and innovative. These attributes at the level of rhetoric were transformed into arguments that technology collaboration with new ventures will bring benefits to incumbents directly through reduced costs and time expenditures on R&D activities. Indirectly, more open and cooperative attitudes towards new ventures were argued to support local business ecosystems. This would, as argued, consequentially result in the inflow of new talents, customers and technologies to the ecosystem and thereby bring benefits to all the inhabitants of the ecosystem. Some of such statements are illustrated below.
Check the statistics. French economy is not in a recession only thanks to entrepreneurs. Big companies are running on the spot... If they were a little more cooperative, everybody would benefit. - Entrepreneur in semiconductors, Gouesnou

Big companies’ organizational structures are so complex and inefficient, that it is easier for them to announce a collaborative project and make a small company do the work fast and efficiently. - Entrepreneur in near field communication technologies, Quimper

Big companies are rarely coming up with really new ideas and innovations. Only entrepreneurs do. Small companies do. That is just a fact, here in France and anywhere else in the world. That’s why big companies involve small ones to do the job. - Entrepreneur in radio transmission technologies, Brest

There are plenty of advantages of doing collaborative R&D projects with small companies. Small companies are more reliable. They simply have no choice but to commit and to get to the result. Big companies can change their strategy, can quit the project. - Entrepreneur in semi-conductors, Marseille area

The second mode of persuasion – pathos – is based on appeals to sentiments. These arguments attempt to communicate to audiences through emotional mechanisms, rather than through reason and logic. The particular emotions detected in the narrative were encoded along two dimensions. The first dimension is represented by the continuum of hope versus fear in respect to international competition. The second dimension can be characterized by the continuum of embarrassment and/or sadness on the one side versus pride on the other side. These feelings were expressed by entrepreneurs in respect of the
business culture in France, in particular when compared with foreign business cultures. There arguments are exemplified by the following excerpts.

*It's sad, but sometimes I prefer to partner with German or even American companies, rather than with French companies... They know how to cooperate. Here, it is very different. We don't have this spirit of cooperation... Especially when it comes to big companies...It's a shame, but that's the way it is.* - Entrepreneur in Content Delivery Network technologies, Rennes area

*The government and big companies could and should do a lot more to help them [new ventures] grow. Otherwise, I am afraid that we will continue losing our competitiveness as a nation and will end up like Greece or Spain one day.* - Entrepreneur, voice recognition technologies, Rennes area

Finally, the last mode of persuasion – *ethos* – is based on the reference to authority, such as the authority of the speaker himself, third parties or ethical norms. In this study such arguments used by the entrepreneurs mainly related to the ethics of socially responsible behaviour and the notion of social debt held by big incumbents to the nation in general and to the community of entrepreneurs in particular.

*To be fair, government is doing a lot for entrepreneurs and small firms. Financial and other kinds of support are provided. But what can the government do to make big companies more cooperative? Big companies just need to express more solidarity and take their share of responsibility.* - Entrepreneur in embedded software, Lille
Some of these big companies are former public companies that were later privatized. They should remember where they come from. They should be ready to pay the credit to the society, for example, by supporting small companies. - Entrepreneur in digital television technologies, Rennes area

As these quotes illustrate, sensemaking narratives examined in this study are rich in argumentative language, thus, suggesting that entrepreneurs when making sense of micro-failures are likely to develop their own justified vision of what new venture-incumbent relations should be. That is, frames constructed by entrepreneurs tended to have descriptive (i.e. mental representation of the situation as it is) and prescriptive (i.e. mental representation of the situation as it should be) aspects simultaneously. Moreover, many of the discovered arguments recurred more than once in the corpus of narratives. For instance, reference to the incumbents’ pragmatic interest in technology partnering with new ventures has been made by 21 out of 51 informants. Reference to “the credit to the society” and “solidarity” was made by 13 out of 51 informants.

Firstly, a tentative proposition that can be derived from this finding is that the entrepreneurs’ discourse demonstrates signs of convergence. That is, the informants seem to have drawn identity generalizations, causal attributions, arguments, and different rhetorical devices (e.g. metaphors and epithets) from a pool of meanings that is available in the public discourse, rather than constructing them anew. Secondly, as the quotes mentioned above illustrate, vocabulary like “credit”, “responsibility”, “solidarity”, “sad” and even “shame” were frequently evoked by the narrators. Therefore, value-based discourse is apparent in the data. This suggests that broader cultural narrations that provide justification to the frames should be investigated. The following section provides an insight into this matter.
4.5. Cultural stock of meanings

The transcendence of the individual level of arguments towards collective and universal themes in the entrepreneurs’ discourse contains implicit reference to the entrepreneurs’ ideological or cultural beliefs. Frame analysis as a systematic approach to the exploration of socially constructed systems of meanings implies that the tentative link between discourse and culture is to be investigated. This task required extra rounds of repeat interviews as well as a theoretical investigation of the current and historical socio-ideological landscape of France.

In framing, the cultural element plays a twofold role. Firstly, frame as an interpretative scheme relies on cultural knowledge as on primary frameworks (Goffman, 1974). That is, particular situations are patterned on the primary frameworks that are already meaningful in a specific cultural context. Goffman (1974) refers to this process as to “keying”.

Secondly, frame as a sense-giving and opinion-moulding scheme evokes resonant cultural codes and archetypes in order to increase narrative fidelity of a framed discourse. For instance, social movement organizations enhance resonance of their collective action frames by aligning them with potent cultural values and beliefs or other movements’ frames (Snow et al., 1986).

In-depth analysis of the corpus of narratives revealed that entrepreneurs’ grievances and their interpretations are often underpinned by socio-political beliefs that can be roughly characterized as “leftist” or liberal-socialist (as opposed to “rightist” or liberal; the terms are used in their continental European meaning, as in the American terminology the
same dichotomy would rather be labelled as “liberal versus conservative”) (Eatwell & Wright, 1999).

Left-wing political discourses, such as the ones pertaining to common good, more equal wealth distribution and public welfare, are historically present and visible in the French collective consciousness. At the level of social and political reality, presence of these ideas is manifested in prolonged periods of socialist party domination in the parliament, a number of socialist presidents in the last decades, generous social security system and progressive taxation. The values of social liberalism also maintain legitimacy of regulations in the fields of labour relation, public education, public healthcare and housing among other spheres of social and economic life.

Social liberalism as a political philosophy emphasizes the values of “organic” solidarity based on complex inter-dependence, complementarity and cooperation of social actors (Durkheim, 2014 (1893)). Apart from that, this system of beliefs posits that any individual as well as any organization holds a debt to the society. The social debt is considered proportional to the benefits that an actor reaped from the society, which is reflected in the system of progressive taxation.

The relationships between new ventures and incumbents are characterized by asymmetric dependency. Social-liberal values and convictions often refer to the social situations that are characterized by power asymmetry, such as in the contexts of employee-employer and citizen-state relations. In such typified situations, social-liberal values prioritize the interests of the less powerful side, as the more powerful sides hold a larger debt to the society.

The situation of technological cooperation between new ventures and big incumbents can easily be interpreted as a case of complementary cooperation. Therefore, the
political philosophy of social liberalism provides an opportunity of patterning the situation of new venture-incumbent relations in the master frame of "asymmetric dependency". This master frame evokes the virtue of social solidarity and the imperative of social debt that resonate in the French cultural context. The following excerpt illustrates this type of discourse.

*We [new ventures and small companies] do our job, they [big groups] do their job. The problem is that there is little coordination and sharing [between small companies and large incumbents] – they have no clue about what we are doing and we hardly know what they are doing...* - Entrepreneur, Rennes area

Entrepreneurs' frequent references to new ventures' dependence on big incumbents and the latter's approach which can be described as "exploitative" may be considered as connecting to this discourse. In the same vein, informants' statements that refer to "tax payers", "public money", "public support", "the role of the government" or comparison with other countries in these respects were linked to socio-political convictions as well. The following two excerpts illustrate the "exploitation" and "dependence" themes in the entrepreneurs' discourse on new venture-incumbent cooperation.

*Our interests were blatantly disrespected. There should be something human in business partnering, not only strategic interests. Like trust and solidarity, for example. Am I not right?* - Entrepreneur, Grenoble

*Abandon your hopes. You can't learn anything from cooperation with big companies. ... But, yes, we will continue cooperation because we need them.* - Entrepreneur, Nantes
Secondly, entrepreneurs’ self-conception itself reveals culturally-rooted analogies. Namely, the socially constructed identity of a typified entrepreneur simultaneously embraces contrasting characteristics that correspond to the liabilities of newness and the advantages of smallness. For instance, entrepreneurs refer to themselves as to “poor”, while in the same time highlight their “talent”, “commitment” and “cooperativeness” among other virtues. Such deployment of identity beliefs echoes with the stock character of a “noble poor”, which is readily recognizable and resonant anywhere in the Western cultural context. The following quotes illustrate this idea.

"I don’t need huge budgets and a massive R&D laboratory to innovate. All I need is hard work and a team of talented and inspired people." - Entrepreneur, Rennes area

"Entrepreneurial talent... If you don’t have it, no investor will help." - Entrepreneur, Toulon area

"I believe that a good entrepreneur is driven first of all by creativity. Money is also a motivation, of course, but not the main one. Eventually, there are many other safer ways to get rich besides entrepreneurship." - Entrepreneur, Rennes area

As these quotes illustrate, entrepreneurs often attempted to disassociate financial aspect (e.g. “money”, “investor”, and “budget”) from the notion of entrepreneurship, instead emphasizing more “noble” and less materialistic virtues (e.g. “talent”, “creativity”, and “inspiration”). Thus, the stock character of a “noble poor” represents a cultural building block that entrepreneurs used to interpret their hardship in what concerns resource acquisition. Thus, entrepreneurs implicitly deploy this character in their narratives and point at the character’s virtues in order to support their claims that new ventures should
receive more support and attention from the side of more resource-rich actors. The following section presents the frames that were revealed in the course of the analysis in a systematic format.

### 4.6. Revealing frames

Overall, six idea elements of an injustice frame of entrepreneurial micro-failures were revealed in this study. The main theme of the frame can be articulated as a “folly of incumbents’ uncooperativeness”. The main theme in itself contains prognosis and diagnosis elements, as it attributes the blame for new ventures’ micro-failures and hardship in technology partnering to incumbents’ wrong behaviour and suggests that a remedy to this problem is in the incumbents’ correct behaviour. The remaining idea elements connect to the main theme of the frame making up a consistent system of meanings. These elements are, namely, narrative attributions, new ventures’ collective identity beliefs, incumbents’ collective identity beliefs, rhetorical arguments in support of change and broader cultural values and archetypes.

In contrast to the injustice frame the data has surfaced one system of meanings which can be considered as a competing interpretation of new ventures’ micro-failures in partnering. This system of meanings can be defined as a natural order frame, as its main theme can be articulated as “new ventures’ micro-failures and hardship being natural and inevitable”. The natural order frame has crystalized itself through the narratives of entrepreneurs but also through the narratives of top managers of incumbents and public organizations. The table below presents the two competing frames in a systematic way.
### Table 4. Injustice and natural order frame matrixes

<table>
<thead>
<tr>
<th></th>
<th>Injustice frame</th>
<th>Natural order frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Narrative attributions</strong></td>
<td>Blame is externalized in a number of ways:</td>
<td>Blame is either located on the side of new ventures or the situation is defined as inevitable.</td>
</tr>
<tr>
<td></td>
<td>• Zeitgeist</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Nemesis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Betrayal</td>
<td></td>
</tr>
<tr>
<td><strong>Prognosis</strong></td>
<td>• Uncooperative behaviour of incumbents being harmful and wrong.</td>
<td>• Business is business: there are winners and losers.</td>
</tr>
<tr>
<td><strong>Diagnosis</strong></td>
<td>• Incumbents should be less protective and more cooperative for everybody’s benefit.</td>
<td>• Fair competition: each one should thrive on his own.</td>
</tr>
<tr>
<td><strong>New ventures’ collective identity</strong></td>
<td>• New ventures and small companies are highly innovative and efficient.</td>
<td>• New ventures and small companies are often highly innovative and efficient, but also often instable, naïve and opportunistic.</td>
</tr>
<tr>
<td></td>
<td>• New ventures and small companies are the future of the national economy.</td>
<td>• Only a few out of many new ventures and small companies will make the future of national economy.</td>
</tr>
<tr>
<td></td>
<td>• Opportunity seekers.</td>
<td></td>
</tr>
<tr>
<td><strong>High status incumbents’ collective identity</strong></td>
<td>• Uncooperative, over-protective and exploitative.</td>
<td>• Socially responsible within the boundaries of pragmatism.</td>
</tr>
<tr>
<td></td>
<td>• The past of the national economy.</td>
<td>• Major tax payers.</td>
</tr>
<tr>
<td></td>
<td>• Potential opportunity provider.</td>
<td>• The present and the future of the national economy.</td>
</tr>
<tr>
<td><strong>Rhetoric</strong></td>
<td>Numerous arguments appealing to facts and logic, emotions and ethics, underpinned by identity beliefs and socio-political convictions.</td>
<td>Cosmological argument of inevitability.</td>
</tr>
<tr>
<td><strong>Cultural stock of meanings</strong></td>
<td>• The master frame of “asymmetric dependency”.</td>
<td>• Socio-political ideas of capitalism and corporatism.</td>
</tr>
<tr>
<td></td>
<td>• Social-liberal ideas of social solidarity, cooperative complementarity, social debt.</td>
<td>• The logic of free-market economy.</td>
</tr>
<tr>
<td></td>
<td>• The “noble poor” stock character.</td>
<td>• Meritocracy as a primary principle of social organizing.</td>
</tr>
</tbody>
</table>
4.7. Combining frame and rhetoric

Through the frame analysis of entrepreneurs’ discourse the elements of an interpretative scheme and rhetoric emerged in an inter-connected manner. For example, the grievance about high-status incumbents’ lack of cooperation is discursively backed by the beliefs about new ventures’ and incumbents’ collective identities. The rhetoric which suggests a need for change and provides arguments for this claim is also based on identity beliefs. In the meantime, broad socio-cultural beliefs that are referred to as “leftist”, sustain both the rhetoric and the grievance. All the elements of the interpretative scheme and rhetoric are supported by entrepreneurs’ narratives based on past experience.

In order to accommodate the complexity of this interpretation and argumentation into a clear conceptual model, Toulmin’s (1958) model of rhetorical argument is used. Toulmin (1958) conceptualized a rhetorical argument as a structure of four elements: data, claim, warrant and backing. Data in this structure corresponds to empirical evidence, such as a reference to objective facts or observations. Claim contains the proposition to be legitimized. Warrant is the justification, typically in a causal manner, which bridges data and claim. Finally, backing represents some shared and taken for granted assumption, beliefs, or common sense knowledge which justifies the warrant.

In the context of this study, a set of rhetorical arguments (can be also extended to rhetorical strategies, such as humanization or narrativization) are conceptualized as a “warrant” that links entrepreneurs’ grievances and claims. However, an articulated grievance corresponds to the “claim” element. While the reference to a disadvantaged position and difficulties in resource acquisition correspond to the “data” element. The positive beliefs regarding new ventures’ self-identity, negative beliefs about resource
holders’ collective identity and the broader socio-political or cultural beliefs all serve as a backing for the core part of this model – rhetorical arguments. Visual representation of this model is presented in figure 2.

Figure 2. Conceptual model of injustice frame

<table>
<thead>
<tr>
<th>Data: Objective experience</th>
</tr>
</thead>
</table>
| E.g. “Incumbents are inaccessible for NVs”.

| Warrant: Rhetoric (Logos-pathos-ethos) |

<table>
<thead>
<tr>
<th>Claim: Grievance</th>
</tr>
</thead>
</table>
| E.g. “Incumbents should be more cooperative with NVs”.

<table>
<thead>
<tr>
<th>Backing</th>
</tr>
</thead>
<tbody>
<tr>
<td>New ventures’ identity</td>
</tr>
<tr>
<td>High status incumbents’ identity</td>
</tr>
<tr>
<td>Socio-political convictions</td>
</tr>
</tbody>
</table>

4.6. Cross-case analysis

At the final stage of analysis, a systematic cross-account analysis was conducted in search of patterns in entrepreneurs’ framing of micro-failures. Previous studies have illustrated how individual-level characteristics determine actors’ attitudes to collective discourses. For instance, Weber and Glynn (2006) proposed that actors’ interpretations of situations and roles may depend on idiosyncrasies of actors’ sense making. In the same vein, Lockett and colleagues (2014) have illustrated how actors’ social positions in a field and their past experiences determine actors’ sense making of organizational change.
On the side of social movement studies, there are some insights into the role of movement activists' diversity in the construction of collective identities (Tucker, 2013). In line with this perspective, analysis of data has demonstrated that entrepreneurs' interpretations of the liabilities of newness and smallness vary in accordance with a number of organizational characteristics. Specifically, the patterning exercise upon encoded data has revealed three associations that are discussed further.

4.6.1. The role of collaboration opportunities

Firstly, the discourse of injustice and expressions of grievance frequently co-occurred with low collaboration opportunities, whereas neutrality or hostility towards the discourse of injustice frequently co-occurred with the codes of high collaboration opportunities. For instance, the codes of high collaboration opportunities that co-occurred with hostility or neutrality towards the discourse of injustice refer to such organizational characteristics as "an organization founded by serial entrepreneur", "organization founded as a spin-off of a large organization", "organization founded on the basis of or in cooperation with a public research laboratory", "organization in possession of rare or highly specialized competence", "organization operating in emerging product/service segment", "born global". Conversely, low collaboration opportunities are represented by organizational characteristics inverse to the aforementioned ones and encoded, for instance, as an "organization founded by a first-time entrepreneur", an "organization in possession of a generic or substitutable competence" and so forth, accordingly. Several excerpts exemplifying this association are provided in table 5.
Therefore, this pattern complements the established tenet of the resource-based view that organizations' collaboration opportunities are a function of resource endowment and innovativeness (Ahuja, 2001), and also the organizational legitimacy literature that emphasizes the role of affiliations (Stuart et al, 1999; Higgins & Gulati, 2003) and entrepreneurs' personal reputation (Cohen & Dean, 2005) in the process of organizational legitimation.

Furthermore, analysis revealed that the variation in collaboration opportunities determines the variation in the contexts of entrepreneurs' sensemaking. This finding complies with Goffman's (1974) suggestion that some actors' indifference to other actors' grievances can be explained by lack of perceived connection to one's immediate life situation, as well as by ambiguity or uncertainty of a problematic situation. This is why social movement organizations engage into clarification and amplification of values and beliefs that underpin collective grievances.
Table 5. Juxtaposition of network opportunities and injustice frame appropriation

<table>
<thead>
<tr>
<th>Organizational characteristics</th>
<th>Network opportunities</th>
<th>Injustice frame</th>
<th>Exemplifying statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>New venture (3 years since foundation), 9 employees, established as a spin-off of a major large company in the industry, a privileged supplier of telecommunication equipment for the parent company, “born global”</td>
<td>High</td>
<td>Rejected</td>
<td>“…I don’t attend the meetings [organized by the competitiveness pole for networking purposes]. I have more important things to take care of. May be one day when I have more time and staff. Plus, all these meetings are quite useless... All those poor small companies gathering together to discuss how poor they are, waiting for a miracle to happen and somebody to solve their problems for them, waiting for gifts from the big companies...”</td>
</tr>
<tr>
<td>Small but incumbent company (17 years since foundation), 25 employees, an industry leader in system engineering services, supplier of several major large companies in various industries, founder is a member of administration of a French innovation cluster.</td>
<td>High</td>
<td>Rejected</td>
<td>“I receive many entrepreneurs with partnership propositions... Regularly, almost every week. But most of them come with absolutely naïve ideas — no prototype or at least a concept whatsoever, not able to formulate a business model, only inadequate ambitions and dreams... The thing is that the state supports new businesses so much, that anybody can start a business with almost no cost and risk and imagine himself a technological entrepreneur... But very few can actually grow a business. What we need is a more efficient system of public support, funding should be more targeted, otherwise we only waste tax payers’ money and lose competitiveness...”</td>
</tr>
<tr>
<td>New venture (3 years since foundation), 3 employees/co-founders, produces generic and substitutable solutions (RFID chips), founded by first-time entrepreneur.</td>
<td>Low</td>
<td>Endorsed</td>
<td>“I can only rely on a couple of my partners (small companies)... In fact they are working on the same technology as me... So, basically, we are competitors... But we still often develop new solutions together. Simply separately we cannot provide what customers request sometimes. Luckily there are many talented and ambitious small companies in the area, who are also open for cooperation. Big enterprises wouldn’t help us — they are not interested in nourishing competition around them... Or they simply neglect us, as we are too small. Plus, if it is not their domain — they wouldn’t go there even if it is very promising, because they are simply not growth-oriented...”</td>
</tr>
</tbody>
</table>
4.6.2. The role of socio-political beliefs

The second revealed pattern pertains to entrepreneurs’ ideological beliefs. As it is argued by the social movement scholars (e.g. Fischer, 1984; Swart, 1995; Berbrier, 1998), for a collective action frame to be appealing it has to resonate with dominant cultural narrations of a given social context. Such cultural resonance is also known as narrative fidelity (Fischer, 1984). Analogously, in the theory of rhetoric the concept of cultural narration would correspond to the concept of *endoxa*, defined as a set of taken-for-granted beliefs on which arguments are built. In the context of this study the cultural narration that underpins the grievance and the injustice frame corresponds approximately to the system of socio-political beliefs that can be interpreted as rather socialist or “leftist”, as opposed to liberal or “rightist”.

However, any socio-economic context generally contains numerous cultural narrations at the same time (Creed et al, 2002) and therefore the narrative fidelity of a frame varies between supporters of different cultural beliefs or socio-political ideologies. The findings are in line with this logic. It was revealed that entrepreneurs whose political views were categorized as rather “left” than “right” were in general more supportive of the injustice frame than their rather “right” counterparts. To increase the validity of this finding, a short survey on political preferences was conducted with the sample of interviewed entrepreneurs. Results of the survey supported the interpretation of the discovered pattern, as 17 out of 25 entrepreneurs who were classified as supportive of the injustice frame have located their political preferences closer to the left end of the dimension. Whereas five out of five entrepreneurs who were classified as hostile...
towards the injustice frame claimed to have rather “right” political beliefs. Juxtaposition of the perception of the injustice frame and political preferences is illustrated in table 6.

Table 6. Juxtaposition of entrepreneurs’ political beliefs and framing

<table>
<thead>
<tr>
<th>Political preference</th>
<th>Injustice frame</th>
<th>Exemplifying statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rather left</td>
<td>Endorsed</td>
<td>“I think we are becoming more and more cooperative in France... It was not like this some 10-15 years ago, but you can see the first positive changes now. Still not enough, of course, but we are on the right path... Why? Well, there are several reasons for this... [T]he government, especially at a regional and local level is doing a lot for this. There is a network of organizations where you can get financial support, assistance with administrative issues or simply a piece of advice. ... I think it is a good way to spend the tax payers’ money.”</td>
</tr>
<tr>
<td>Rather right</td>
<td>Rejected</td>
<td>“Look at American or British companies... They are very open for cooperation without any involvement or motivation from the state... While we spend billions of public money on something what should come naturally. The more artificial incentives you sow, the more abuse and freeriding you reap... That’s why I do not believe in these collaborative projects [on the basis of competitiveness poles, funded by the state]. Small and big companies – it doesn’t matter – everybody is prone to opportunism, especially when government reduces your risks... For example in the time of crisis (2008-2009) the number of applications for collaborative projects from big companies increased a lot... Why? Because they needed to ‘feed’ the staff of their laboratories... instead of laying people off and improving efficiency... But laying people off is not so easy in this country... It’s a vicious circle of inefficiency”</td>
</tr>
</tbody>
</table>
4.6.3. *Involvement in collective life and injustice frame appropriation*

The third pattern that was revealed pertains to entrepreneurs' involvement in the collective life on local and regional levels. In particular, an association between entrepreneurs' framing and membership in various business associations, science parks and competitiveness poles was surfaced through the data analysis. In particular, those entrepreneurs who are more actively involved in such organizations were more likely to frame micro-failures as injustice. Two potential interpretations of this pattern can be proposed.

Firstly, the pattern may be explained by a confounding factor of new ventures' low network opportunities. That is, entrepreneurs who encounter difficulties in building inter-organizational ties are more likely to engage into active networking as well as to grieve about the difficulties.

The second interpretation could be that the injustice discourse is diffused through the business associations that function as platforms of social interaction. Social construction of meanings, such as collective identities and injustice frames, happens primarily through actors' face-to-face interactions (Fominaya, 2010). Therefore, availability of social platforms for actors' interaction should be an inducing factor for social construction. Therefore, it can be suggested that more socially-embedded entrepreneurs are more exposed to the collective discourse and therefore more likely to engage into collective sensemaking or simply adopt other actors' frames to make sense of their own difficulties. Eventually, entrepreneurs' frequent interactions are likely to contribute to formation of discourse communities (Swales, 1990), that are in the same time can be called experience communities.
4.7. The impact of discourse

The purpose of the last step of analysis was to identify the impact of entrepreneurs’ discourse concerning incumbents’ lack of cooperation on external audiences. After having acquired empirical evidence that the new ventures’ shared experience with micro-failures has contributed to the emergence of a collective interpretative mental model and having elucidated the constituent elements of this schema, at the next stage analysis focuses on exploration of the organizational field for potential effects of this public discourse. As explained earlier in the introduction chapter, for this purpose, the data of analysis was generated by semi-structured interviews with the top-management of six medium-size firms, five large companies and five public innovation support organizations.

4.7.1. Resource-holders’ resistance to injustice frames

The first finding of this stage of analysis is the revelation of the top managers’ almost ubiquitous consciousness of the new ventures’ grievances concerning incumbents’ lack of cooperation. That is, the respondents representing large and medium-size incumbents confirmed their awareness of the public opinion that high-status actors in the given organizational field should play a more significant role in supporting entrepreneurship and small companies. Nevertheless, the top managers’ discussion of the collective identity assumptions and the rhetorical arguments as they are integrated into the injustice frame revealed neither complete endorsement, nor complete rejection. Overall, the injustice frame was alien to the interviewed top managers of large and medium incumbents despite partial endorsement of some of its rhetorical arguments. The elements of the new ventures’ rhetoric that received some endorsement from medium
and large incumbents are the following: "development of local ecosystem", "high specialization, cutting-edge technologies", "fear of international competition" and "state as an authority". The other rhetorical arguments were either rejected as invalid or biased, or criticized as being over-simplified (see table 7 for exemplifying statements).

Table 7. Incumbents' perspective on the rhetoric of change

<table>
<thead>
<tr>
<th>Argument</th>
<th>Perception of the argument</th>
<th>Exemplifying statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of local ecosystem</td>
<td>Endorsed</td>
<td>&quot;...If we need some external competence for our R&amp;D project, I would firstly look for a small company around us – within the metropolitan area, let's say. First of all, our region (Lower Normandy) is known for its strong focus on semi-conductors, so the probability of finding a good partner here is simply higher than anywhere else in France. But also it is about regional solidarity, about investment into the place where you live... Through this we perpetuate our regional competitiveness, assure influx of talents in our region&quot;.</td>
</tr>
<tr>
<td>High specialization, cutting-edge technologies</td>
<td>Endorsed</td>
<td>&quot;...There are plenty of talented technological entrepreneurs in France...Before I started working with collaborative projects I didn’t even know how many innovations are being developed by small companies... There is so much going on there. We just need to monitor the dynamics and start cooperation when we see a good opportunity...&quot;</td>
</tr>
<tr>
<td>Cost and time efficiency</td>
<td>Challenged</td>
<td>&quot;...I wouldn’t say that developing technologies with small companies is about saving time... Sometimes we waste enormous amount of time simply explaining to entrepreneurs the basics of project-planning or even the legal issues...But it depends on the company, of course. It is about experience...&quot;</td>
</tr>
<tr>
<td>Secure commitment based on dependency</td>
<td>Challenged</td>
<td>&quot;...Small companies can be committed, but can also be opportunistic...We had cases of intellectual property issues in our business history... Once, a small company which worked with us on the project in fact was working for our competitor...&quot;</td>
</tr>
<tr>
<td>Fear of international competition</td>
<td>Endorsed</td>
<td>&quot;I agree that international competition is tightening... All those Asian companies are now dominating the semiconductor market... But the good thing is that Asians, for example Taiwanese, are good only in production, but we are still the leaders in conception, in design of the silicone circuits... We have even very small companies with the world-level state-of-the-art semiconductor competences...&quot;</td>
</tr>
<tr>
<td>Embarrassment of cultural inferiority</td>
<td>Challenged</td>
<td>&quot;I disagree that French companies are less cooperative than foreign ones... We have partners in France and abroad, both small and very small companies, as well as large enterprises... I don't see any difference. It is all about personal qualities – either you are a business-oriented person, or you are not...&quot;</td>
</tr>
<tr>
<td>Social debt</td>
<td>Challenged</td>
<td>&quot;Well, business is business, it should be profitable... You don't expect donations here... If we receive an interesting offer – we consider it, if it is not interesting – we reject it. Otherwise, we do support entrepreneurs – we work with our spin-offs, that are numerous and located in the technopole right here, next to us... Usually they supply some services to us, which we once decided to outsource...&quot;</td>
</tr>
</tbody>
</table>
| State as an authority | Endorsed | "They (administration of regional innovation support organizations) try to involve us into local networking... And we respond of course... When you see with how much passion these people are fulfilling their mission... Plus, some of them are my business partners or even personal friends... Although not always we can offer something substantial to them... We have our own strategy and so on... But we are usually open for communication. However, most of the cooperation offers from small companies we reject... Simply because they don't fit into our technological trajectories".

Overall, the top managers’ contestation of the injustice frame took the form of an argument which can be identified as “cosmological”. Cosmological arguments refer to inevitability of a given state (Suddaby & Greenwood, 2005). For instance, informants often evoked an argument that the concept of free market economy assumes competition which naturally entails winners as well as losers. Thus, unequal distribution of power and resources resulting from market competition in a market is seen as inevitable too. Therefore, such arguments frame new ventures’ hardship and micro-failures as a part of
natural and inevitable order. These arguments were often employed by representatives of high status incumbents as well as by entrepreneurs when contesting the rhetoric of the injustice frame. Some illustrative statements that exemplify such discourse are presented below.

...Our company does involve young firms in research and development projects from time to time. But we involve only the worthy ones, those who have something really interesting to offer ... For example a brand new technology. Such companies will always find their way to success. Others will find some other way or will fail. This is how business works. - Director of a regional office of a big telecommunication company

Many of them [entrepreneurs] are in fact going to fail. So many [people] start ventures, but so few manage to make it through. That's the way it is. Nobody to blame – neither the big groups, nor your partners... Only yourself. There are always losers and winners in any competition. - Founder of a young and successful software company

Given the exploratory objectives of this study, the fact of the incumbents' consciousness of the new ventures' grievances represented an interesting discovery that required deeper investigation. Combining the data collected from entrepreneurs, large and medium incumbents, as well as public organizations, the study focused on the investigation of the mechanisms by which the incumbents' consciousness of the new ventures' grievances was established and how this consciousness impacts the new ventures' interaction with their stakeholders.
4.7.2. The role of public authorities

Empirical exploration has revealed the crucial role of innovation clusters (pôles de compétitivité) in the partnership dynamics of new ventures. Therefore, this section further clarifies the context of this study by introducing the concept of French innovation clusters. French innovation clusters are defined by the French regional development agency DATAR as “a combination, in a given geographic space, of companies, training centers and public and private research institutes working in a partnership in order to create synergies around joint projects of an innovative nature” (Calamel et al, 2012). An innovation cluster “brings together large and small firms, research bodies and educational establishments, all working collectively in a specific region to develop synergies and cooperative efforts around a shared theme” (DATAR, 2004). The initiative was implemented in 2005 with the creation of the first 66 clusters. In 2015 there were 71 innovation clusters. The word “cluster”, however, should be understood in a sense different from the one assumed in the economic geography literature.

French officials recognize the difference between the innovation clusters on one side and ‘Porterian’ clusters or ‘Marshallian’ industrial districts on the other side. The latter two, unlike the former one, emerge naturally from regional and local business ecosystems. The French innovation clusters are deliberately initiated, coordinated, membership-based and not strictly geographically anchored. Therefore, French officials refer to innovation clusters as a network initiative, thereby acknowledging the policy-based rather than the spontaneous nature of these structures.

The official website of innovation clusters declares that the core objective of this initiative is to develop the collaborative innovation activities between involved
companies, with particular attention dedicated to SMEs. By 2011, 86% of innovation cluster members overall in France were SMEs. The development of collaboration activity is implemented through the financing of collaborative project initiatives among cluster members. To benefit from financial support (which constitutes up to 70% of the project expenses) a group of companies need to submit an application calling for projects and receive approval from a respective cluster’s organizational committee. For this function the innovation clusters are often informally referred to as “collaboration factories”. The French central government dedicated three billion euros for implementation of the initiative over the period of 2006 – 2011. A policy which was introduced in 2010 obliges such project teams to have at least one small company on the board, which proves the initiative’s engagement to support small businesses and technological entrepreneurship.

Overall, the findings highlighted an important role of public innovation-support organizations in the process of the public discourse formation. This finding makes a contribution to the literature on institutional change which recognizes the state as one of the main forces of institutional change (DiMaggio & Powell, 1983). A number of empirical studies (e.g. Tolbert & Zucker, 1983; Hinings & Greenwood, 1988) have illustrated that a state can successfully promote alternative organizational designs and practices. In particular, state jurisdiction represents a mechanism of social influence that can bring about institutional change (Tolbert & Zucker, 1983; Zucker, 1987). However, this study develops the idea that a state can function as an institutional change agent by suggesting alternative mechanisms of influence. In particular, the context of this study has demonstrated that the state can act as an intermediary on behalf of less powerful and disadvantaged actors (i.e. new ventures) and thereby promote institutional change by discursive rather than regulatory means.
It was discovered that a number of public organizations, such as technopoles, business incubators, CNRS (Centre national de recherche scientifique, the largest governmental research organization in France) and OSEO (public innovation-support establishment in charge of financial support of SMEs' innovation activities) are involved in different symbolic and substantive activities that directly and indirectly contribute to incumbents' consciousness of new ventures' grievances. The key role in this process is played by the competitiveness poles (or innovation clusters) - territorial cluster-like organizational networks. All of these organizations are partly or entirely public, funded and administered by higher-level public administration, such as the Délégation interministérielle à l'aménagement du territoire et à l'attractivité régionale (DATAR) and Caisse des dépôts et consignations. Notably, non-governmental organizations, such as chambers of commerce and industrial unions, did not appear to play any significant role in promoting the change. This observation supports the above stated proposition of the visible presence of leftist elements in the economic and social organization of France.

The investigations of the empirical context revealed three mechanisms through which the state (represented by different public innovation-support establishments) increases incumbents' consciousness of new ventures' grievances and moulds public discourse on the matter of new ventures' hardship and micro-failures, thereby promoting institutional change. These three mechanisms are discussed further below.

First, investigations of the context have revealed that the French innovation clusters and other public organizations provide social platforms on which actors' interaction takes place in an on-going manner. The interaction happens in different formats, such as regular meetings where organizational policies are publicly discussed and decided upon, occasional thematic seminars and conferences, and informal gatherings. Moreover,
administration of the French innovation clusters and other public organizations plays an active role in stimulating inter-organizational interaction, in particular between entrepreneurs and large enterprises, thereby creating networking opportunities that are otherwise unavailable for the entrepreneurs. For instance, the innovation clusters' administration organizes various ad-hoc events that bring together entrepreneurs and top managers of large enterprises where the top managers (a) disclose their companies' current and upcoming R&D projects and (b) suggest the domains where small companies' involvement would be welcomed. Apart from that, the innovation clusters act as a network brokers that facilitate entrepreneurs' orientation in the industry and access to incumbents through personal contacts.

In this connection, it is important to note that the administration and advisory councils of the innovation clusters are to a large extent comprised of entrepreneurs. For instance, a vice-president of an innovation cluster can in the same time be a founder and general director of a small company. Even more entrepreneurs sit on the clusters' advisory boards. Therefore, representatives of large enterprises and entrepreneurs have equal opportunities to influence the decisions within an innovation cluster through their votes on the advisory boards. The decisions made by advisory boards produce policies related to the criteria of collaborative projects' assessment, allocation of funds for various purposes, provision of funding for collaborative projects, staffing decisions and others. Therefore, apart from providing platforms for interaction between new ventures and incumbents, the state also facilitates emergence of inter-dependencies between these two groups of actors and thereby empowers entrepreneurs at least in the context of the innovation cluster-based activities. The following quote from a senior administrator of a French innovation cluster demonstrates this idea.
Our principal goal is to facilitate innovation through cooperation. One way of achieving this goal is to bring entrepreneurs and top managers of big groups together, so that they can talk on equal terms. - Top administrator of an innovation cluster

Second, public subsidy system is another means of increasing business community's awareness of new ventures' hardship and micro-failures and inducing incumbents to more actively involve new ventures in R&D collaboration. In France, the state provides substantial financial support for inter-organizational consortia that announce collaborative R&D projects, covering up to 70% of a project's budget. However, an R&D project is eligible to receive public funding only if a consortium includes at least one small company or new venture. Thereby, the state directly increases new ventures' chances to be engaged in technology collaboration with incumbents and also indirectly it sends a signal of the governments' priorities in terms of economic policies.

The idea was to secure a quota for small companies as the most vulnerable category of businesses. Big companies can lobby their interests, but small companies cannot – they don't have any power. It is the responsibility of the government to support those that are the most vulnerable, to make sure that their interests are respected by those who have more bargaining power. - Director of an innovation support agency

Third, the administration of public organizations also organizes regular and irregular events that aim to bring the business community's attention to new ventures' technology needs as well as capabilities. For instance, among such events are the annual "entrepreneur of the year" and "innovator of the year" awards and the like.
The regime of “jeune entreprise innovante” (young innovative company) is first of all aiming to help young companies financially. But it also has a lot of symbolic meaning. It is a sort of a quality label that talks to investors and partners. ... [H]aving more than 3000 J.E.I. (jeune entreprise innovante) per year – is a quality label on the French technology entrepreneurship as a phenomenon. - Director of an innovation support agency

Overall, the last three quotes illustrate the idea that the representatives of public administration generally sponsor the injustice frame. For example, the representatives of the public administration generally talked about a typified French entrepreneur as of a “vulnerable”, but “quality” economic actor, whose interests should be “respected” by less vulnerable and more powerful economic actors, such as large companies. In the following chapter, the findings of this study are summarized and further discussed in the light of the extant knowledge on the subject. Besides that, the following chapter provides answers to the research questions that were put forward at the outset.
5. DISCUSSION

This chapter provides answers to the three research questions that were stated at the beginning of this thesis and suggests knowledge gaps which these answers fill. Firstly, the discussion chapter provides an answer to the first research question that inquired how entrepreneurs make sense of their ventures' micro-failures. To answer this question, the idea elements that entrepreneurs evoked in their micro-failure narratives are discussed here. These idea elements include causal attributions, identity beliefs, rhetoric and the stock of cultural meanings. Furthermore, this chapter provides an answer to the second research question that inquired what macro-level (i.e. public) discourse do entrepreneurial micro-failures produce. The answer to this question is based on the finding of the dichotomy of collective frames – the injustice frame and the natural order frame. This framing dichotomy was crystalized through a systematic analysis of the corpus of narratives, which suggests that it represents a part of collective rather than individual consciousness. The link between entrepreneurs' experience and framing are discussed as well. Finally, this chapter provides an answer to the last research question that inquired what effect does the public discourse on new ventures' micro-failures make on audiences. The answer to this question is provided by the findings of (a) resource holders' awareness and (b) public authorities' endorsement of the injustice frame. Particular tangible consequences of the public discourse for new ventures are also discussed in this chapter.
5.1. Research question one: making sense of micro-failures

Many new entrepreneurial ventures are doomed to fail within the first several years after their foundation and nearly all of them are doomed to experience failures in a struggle over external resources. In this connection, the first research question of this study inquired how entrepreneurs make sense of their failed attempts to access external resources, in particular in their attempts to establish technology partnerships with incumbents. To answer this question, a corpus of entrepreneurs’ narratives was generated through a series of in-depth interviews and analysed qualitatively through the lens of frame analysis.

In respect of the first research question, the findings of this study demonstrated that although entrepreneurial micro-failures often pass unnoticed by other filed actors, these failures nevertheless stimulate entrepreneurs’ sensemaking as events that are novel to entrepreneurs and concern the new ventures’ legitimacy (Phillips et al, 2004). More importantly, this study has revealed that entrepreneurs’ failures to access external resources to certain extent determine entrepreneurs’ interpretation of the social situation of technology partnering, including the roles and responsibilities of actors. Moreover, comparative analysis across various categories of ventures has surfaced a pattern that suggests that those entrepreneurs who have experienced more micro-failures with technology partnerships frame their experience differently than those entrepreneurs who encountered less difficulty.

This finding echoes with the prior research on responsibility reframing. Psychologists have demonstrated that failures and hardship often induce individuals to reframe social situations and roles in order to present themselves more positively to external audiences and to themselves (Bachrach & Baratz, 1970; Cladwell & O’Reilly, 1982). In the
organizational context, Vaara (2002) has shown how failed merger projects induced managers in charge to downplay their role in the process in a post hoc manner. Similarly, Sillince and Mueller (2007) illustrated how managers’ framing of their responsibilities changes gradually along the process of strategy development and implementation.

As an instance of situation reframing, self-handicapping behaviours and rhetoric are often used by individuals in response to failures, especially when individuals are exposed to external judgment. Self-handicapping represents a type of responsibility reframing, defined as “any action or choice of performance setting that enhances the opportunity to externalize (or excuse) failure and to internalize (reasonably accept credit for) success” (Berglas & Jones, 1978, p.406). From a strategic perspective, self-handicapping is a peculiar type of impression management whereby, in case of a failure, individuals justify themselves in a post hoc manner by presenting their capabilities as a priori inadequate to their duties. Alternatively, from the psychological point of view, self-handicapping may also serve a rationalization function. That is, once experienced a failure, individuals relieve mental tension related to cognitive dissonance by modifying their cognitive models (i.e. frames) of the situation in which a failure occurred and their roles in that situation.

In order to conceptualize the findings of this thesis more efficiently, hereafter the notion of responsibility is conceptualized as in prior studies (e.g. Bovens, 1998; Anderson, 1999; Vaara, 2002; Sillince & Mueller, 2007) – as a composite of three constructs: duty, accountability and capability. Duty is defined as “the subjective sense of commitment to do the task”; accountability is defined as “the potential to be blamed for not doing the task”; finally, capability is defined as “the means to do the task in terms of authority, resources, and access” (Sillince & Mueller, 2007, p.158). Although this
conceptualization of responsibility was developed for a study in an intra-organizational context, it is argued here that the application of this concept can be extended to an inter-organizational context as well. However, the notion of "task" in an inter-organizational context should be understood more broadly than a mere job assignment.

The findings of this study complement prior research on responsibility reframing by highlighting a central role of a social identity in the process of reframing. Data scrutiny has revealed ambivalence in the entrepreneurs' narratives. Entrepreneurs' framing of their capabilities in the situation of technology partnership appeared fluid and context-dependent. Closer look into entrepreneurs' narratives revealed that this ambivalence often occurred when interviewees simultaneously pursued two rhetorical objectives in one narrative — externalization of failures and internalization of success. For example, depending on the focus of a narrative at a particular moment, entrepreneurs tended to spotlight either their ventures' capabilities linked to the advantages of smallness (e.g. efficiency and sharp specialization) or the ventures' liabilities linked to newness (e.g. dependence and lack of resources). When talking about achievements and positive experience in technology partnering, entrepreneurs framed their capabilities by emphasizing advantages of smallness; when talking about a failure or continuous inability to establish technology partnership, entrepreneurs reframed their capabilities by shifting emphasis from the advantages of smallness to the disadvantages of newness. Metaphorically speaking, entrepreneurs tended to turn to a listener one side of a multifaceted identity or another depending on the context of conversation in order to give sense to their interpretations.

Besides that, entrepreneurs' often demonstrated ambivalent conception of their ventures' capabilities when suggesting that incumbents should be more open for technology partnering with new ventures and small companies and providing arguments
to this suggestion. In doing so, entrepreneurs appealed to the assumptions regarding incumbents' identity as well. Eleven assumptions about typified ventures’ and typified incumbents’ features were revealed in the data. These assumptions on what typical new ventures and incumbents are were commonly deployed by entrepreneurs as premises to draw deductive conclusions about what new ventures and incumbents should do in typified situations, such as technology partnering. In the neo-institutional terminology, such conclusions prescribe different role expectations to different typified actors. All the eleven identity beliefs and role prescriptions can be summarized in a central role dichotomy – “opportunity seeker – opportunity provider”.

However, the data has demonstrated that new ventures’ and incumbents’ identities represent only a cluster of a more complex mental model that entrepreneurs’ construe in order to make sense of their ventures’ micro-failures. For example, although entrepreneurs did not always use “because”-statements explicitly, a variety of arguments in support of cooperative behaviour was revealed in the data. These arguments were built on the appeals to logic (logos), emotions (ethos) and ethics (ethos). Rhetorical arguments, in their turn, relied on new ventures’ and incumbents identity assumptions as on taken-for-granted premises and on the values of social liberalism (e.g. solidarity and social complementarity) as on more profound cultural endoxa. Altogether, this complex system of idea elements that in this study is referred to as “injustice frame” supports narrative attribution of blame for new ventures’ micro-failures to a concrete cause – uncooperative behaviour of incumbents.

Thus, entrepreneurs' rhetorical manoeuvre with new ventures’ and incumbents’ identities (hence, capabilities), rhetoric and cultural values allowed them to reframe duties and accountability of the situation of technology partnering. In particular, such framing justifies presentation of cooperative behaviour as a social duty rather than a
formal business activity. Therefore, presentation of field-level duties in the entrepreneurs’ narratives discursively renders incumbents accountable for the economic wellbeing of entrepreneurship in the surrounding business ecosystem and the national economy in general.

The answer to the first research question of this study makes a contribution to the scholarship on collective identities. In the field of social movement studies, Snow and Benford (1992) describe construction of collective identity by social movement activists as a symbolic struggle for recognition. In the quest for collective identity, social movement organizations often rely on identification of the social movement antagonists in order to clearly delineate “us” and “them” (Snow, 2004). This study has developed this perspective by illustrating how resource-holders can be presented as antagonists. It was empirically demonstrated how identity juxtaposition may be deployed for discursive reframing of responsibility, rather than for delineation of “us” and “them”.

On the side of organizational studies, prior research has revealed that actors construct their own collective identities in order to further their claims (e.g. Covaleski et al, 1998). However, little is known about how actors construct identities of others to support their claims (Brown et al, 2012). Therefore, this study partly fills this gap by empirically illustrating how construction of resource holders’ collective identity provides grounds for reframing failures and responsibility.

In summary, this study has demonstrated that entrepreneurs make sense of their ventures’ micro-failures with technology partnering by adjusting their interpretations of the social situation, which often involves reframing new ventures’ and incumbents’ responsibilities. Moreover, isolated idea elements (e.g. identity beliefs) as well as larger systems of interrelated idea elements recurred consistently in the corpus of
entrepreneurs’ narratives, which suggests that the frames discovered in this study transcend individual sensemaking and represent an element of collective consciousness. This finding refers to the second research question of this thesis, which is discussed further.

5.2. *Research question two: macro-level discourse on entrepreneurial micro-failures*

The second question inquired what macro-level (i.e. public) discourse do entrepreneurial micro-failures produce. The fieldwork undertaken within this study has yielded some evidence that the idea elements involved in the sensemaking of micro-failures on individual level (i.e. blame attributions, beliefs, arguments, values etc) are stably recurring throughout the corpus of entrepreneurs’ narratives and the entire data set. Besides that, inductive analysis has suggested that there is systematic variation in the framing of micro-failures across different categories of informants. In particular, as it was illustrated in the previous chapter, the discourse that connects to the injustice frame is more likely to be observed with the entrepreneurs who have experienced more micro-failures and/or who endorse the social-liberal values (i.e. solidarity, organic complementarity, cooperativeness etc), whereas the discourse that connects to the natural order frame is more likely to be observed with those informants who experienced fewer or no micro-failures and/or who endorse the values of economic liberalism. From these findings, a tentative proposition is drawn that entrepreneurs’ shared experience with micro-failures contributes to emergence of an injustice frame in the public discourse.

Investigation of how individual-level discursive activities translate into a macro-level “Discourse” is an immense methodological challenge (Alvesson & Karreman, 2001).
Therefore, the interpretation of findings that was provided above is largely based on extant conceptual models. Nevertheless, the validity of this interpretation is enhanced by theory triangulation (Denzin, 2006), that is, the use of more than one theoretical framework to give sense to findings. In particular, this interpretation is built on two theories: a relatively abstract "grand theory" (Mills, 1959) of social constructionism (Berger & Luckmann, 1967) and on a relatively specific "middle range theory" of collective sensemaking (Weick, 1995).

From the social-constructionist standpoint, this study has demonstrated how a new understanding of responsibility in the context of new venture – incumbent relations is socially constructed. Thus, the object of social construction in this case is the new understanding of responsibility in the context of technology partnering between incumbents and new ventures. As conceptualized by Berger and Luckmann (1967), elements of social reality, such as traditions, social norms and institutions, are constructed in three stages: externalization, objectivation and internalization. Externalization is the process whereby actors develop their subjective theories (i.e. interpretations or mental representations) of the reality objectively experienced by them. These individual theories are exchanged and refined in the process of social interaction. Objectivation of new meanings occurs when actors’ subjective theories converge in the process of interaction and become inter-subjective on a collective level. Thus, new meaning is said to be objectified when it acquires a status of a taken-for-granted fact in a given social context. Later on, these meanings are internalized, that is, learnt by individuals as facts of social reality. To individuals, these social facts are objective just like the facts of the physical reality, since both kinds of facts are independent of the actors and cannot be "wished away" (Berger & Luckmann, 1967, p.13).
Social construction of new meanings is an emergent phenomenon (Shaw, 2015). That is, new meanings emerge on macro-level out of meaning-making and interactions of multiple agents on individual level. Unpacking the process of social construction is a methodologically challenging process. Hence, empirical studies that pursued this objective are still relatively rare. Among these empirical studies, many are based on the agent-based model simulations (ABM) (e.g. Shaw, 2015) and controlled experimental research design (e.g. Cerulo, 2010) rather than on real-world field data. This study did not pursue an objective to explain the mechanism of social construction of new meanings in the public discourse, but it aimed at investigating if individual-level sensemaking of micro-failures produce any new meanings in collective consciousness.

In terms of the social constructionist theory, this study has illustrated how entrepreneurs’ failures to establish technology partnerships are externalized by the entrepreneurs by the means of the injustice frame. The discourse of injustice built around the central theme of cooperativeness contains a well-articulated collective grievance that suggest prognosis (i.e. who or what is to blame) and diagnosis (i.e. what should be done about it) of the problem. This grievance is refined and specified in the process of interaction among the entrepreneurs. Through this interaction and grievance-sharing communication the reframed understanding of incumbents’ responsibility is being objectivated, since a new fact of social reality “gains in massivity in the course of its transmission” (Berger & Luckmann, 1966, p.79). As demonstrated by the findings, internalization, that is, acceptance as a fact on the individual level is likely to occur when the frame resonates with each individual. In the context of this study, resonance of the injustice frame with each individual depends on the individual’s prior experience with technology partnering and socio-political convictions.
Alternatively to the social constructionist interpretation, from the point of view of the sensemaking theory, this study has demonstrated how new collective interpretation of a shared experience has emerged as a result of collective sensemaking. Social psychologists have long argued that sensemaking is a process that happens on collective rather than on individual level (Weick, 1979; Drazin et al, 1999). Individuals make sense of social situations in interaction with other individuals, rather than in isolation (Weick, 1979). Collective sensemaking eventually results in convergence of various interpretations into mutual understandings of specific social situations. In line with this theory, the findings of this thesis showed that entrepreneurs make sense of their micro-failures collectively. This interpretation is supported by the pattern inductively revealed in the data, suggesting that those entrepreneurs who are more connected to other entrepreneurs via social platforms are more prone to endorse the injustice frame. Thus, an interpretation can be deduced that entrepreneurs’ more active interaction with peers who share similar experience with micro-failures in technology partnering contributed to the convergence of individual interpretations of the micro-failures.

Furthermore, in line with a more recent avenue of research on cultural sensemaking (e.g. Cardon et al, 2011; Song, 2016), the findings of this thesis demonstrated that cultural values and convictions play a role of building blocks that are drawn by entrepreneurs to be embedded into the very fundament of their mental models. Unlike prior studies on the entrepreneurial sensemaking in which the notion of culture was largely blackboxed, this study has attempted to unveil the particular cultural elements that condition sensemaking. As a result of a simultaneous empirical investigation of the data and theoretical investigation of the French cultural landscape, an interpretation was developed that suggests that the socio-political ideas of liberal socialism play a central
role in the construction of the injustice frame. Alternatively, the ideas of liberalism are backing the natural order framing of the micro-failures.

Therefore, this study has elucidated one way in which culture conditions sensemaking of entrepreneurial micro-failures. To conceptualize the moderating effect of culture on the relationship between experience and sensemaking, one could relate values and convictions drawn by each individual from commonly available stock of cultural meanings to syllogistic premises. Recent scholarship that views institutional change as a rhetorical process (e.g. Sillince, 1999; Green et al, 2009; Harmon et al, 2015) has demonstrated that a society’s acceptance of a new meaning (i.e. an institutional change) is an argumentative process. Institutionalization of a new meaning involves articulation of unquestionably plausible arguments (Schutz, 1962). Once a new meaning is taken-for-granted, it is used as an implicit syllogistic premise in arguments (Green et al, 1999). Syllogistic arguments are often subjected to contestation and the meanings that are taken-for-granted in some social contexts might be questionable in other social contexts (Harmon et al, 2015).

In line with the prior studies on the rhetorical dimensions of institutional change, this thesis has demonstrated that entrepreneurs appeal to locally-available cultural values and beliefs as to syllogistic premises in their arguments. However, as an advancement of the extant scholarship, this thesis also suggests that entrepreneurs’ interpretive frames in general are akin to syllogistic structures, as in order to justify certain interpretations to themselves as well as to others entrepreneurs deduce their propositions from a set of premises. Moreover, consistently with the terminology of the classical rhetoric, these premises can be classified either as minor (i.e. requiring evidence) or as major (i.e. commonly agreed-upon and taken-for-granted understanding). In terms of this classification, cultural meanings (e.g. “leftist” values and beliefs) fall into the category
of major premises, as they are inherently linked to convictions, thus dogmatic, rather than evidence-based. Moreover, as discussed in the previous chapter, these premises, if evoked by entrepreneurs, were almost ubiquitously implicit, rather than explicit.

In particular, the data has demonstrated that the main proposition of the injustice frame that incumbents should be more open and cooperative in respect of new ventures is typically deduced from several minor and major premises. For instance, a minor premise regarding new ventures’ identity (e.g. new technological ventures are the future of the national economy), another minor premise concerning incumbents’ identity (e.g. in contrast to the new ventures, incumbents are not contributing to the economic growth), and a major premise stating that one should give back to the society were often used to deduce a conclusion that incumbents should take responsibility of supporting new ventures’ development as a way of giving back to society. Thus, elucidation and empirical illustration of the mechanism of cultural sensemaking of entrepreneurial micro-failures is a theoretical contribution of this thesis.

Another theoretical contribution of this study related to the second research question is the demonstration of the process of collective frames’ social construction. Although social movement scholars refer to frames as to social constructions (Snow & Benford, 1986, 1988), scant attention has been paid to the process of frame construction in Berger’s and Luckmann’s understanding of this process. Moreover, this study highlights the role of micro-failures and difficulties in this process and elucidates the particular mechanism of the social construction by appealing to Goffman’s (1974) concept of reframing.

Moreover, this study contributes to the reconciliation of different traditions of the research on frames and framing – rhetorical (Burke, 1984) and social-scientific (Bateson, 1972; Goffman, 1974). Social movement scholars that deem frames as mental
models that induce collective action (e.g. Benford & Snow, 2008) and communication scholars that deem framing as an opinion-moulding process (e.g. Kuypers, 2009) relate more to the Burkean tradition of the frame theory. Sociological and social psychological studies (e.g. Fiss & Hirsch, 2005) adhere rather to Goffman’s tradition of the frame theory. Souders and Dillard (2014) refer to Burkean and Goffman’s approaches as respectively motivating and interpretative perspectives on framing. The conceptual model developed in this study (see figure 2) reconciles these two understandings of frames as it conceptualizes frames as mental structures emerging from actors’ experience (i.e. social scientific understanding) and frames as influence mechanisms (i.e. rhetorical understanding).

In particular, this study has illustrated a process wherein a frame that initially emerged within entrepreneurial communities as a result of collective sensemaking acquires its motivational element. The interpretative element of a frame (i.e. answer to Goffman’s “what is it that is going on”) is associated with the “data” element of Toulmin’s model. This element refers to entrepreneurs’ subjective mental representations of the objective experience with incumbents’ inaccessibility. The motivational element of a frame is associated with the “claim” and “warrant” elements of Toulmin’s model. These two elements encapsulate the inter-subjective collective grievance (i.e. diagnosis and prognosis) and a set of supporting arguments (i.e. rhetoric). Collective identity beliefs and the cultural codes (e.g. the discourse of solidarity) provide a primary framework for interpretation as well as premises for the arguments, thus correspond to the “backing” element of Toulmin’s model.

In summary, in respect to the second research question, this study has shown that entrepreneurs’ micro-failures contribute to the emergence of a collective injustice frame that involves reinterpretation of roles and responsibilities of new ventures on the one
side and incumbents on the other. The particular mechanism of translation of entrepreneurs' micro-failure experiences into public discourse can be conceptualized either as process of collective sensemaking (Weick, 1995) or as a process of social construction per se (Berger & Luckmann, 1966). The effect of the emergent injustice frame on the new ventures' audiences is discussed in the following section.

5.3. Research question three: discursive effect of the micro-failures

The third research question inquired what effect the public discourse on new ventures' micro-failures makes on the resource-holding audiences. Thus, an objective was to explore how and to what extent the discourse of injustice changes institutionalized behaviours of incumbents in respect of new ventures. In relation to this research question, the study revealed that in the French context the link between the discourse and the incumbents is inter-mediated by public authorities represented by innovation support organizations. However, the finding of this study is that the impact of this discourse appeared to be insufficiently strong to change institutionalized practices and behaviours. Interpretation of this finding, drawn from the extant knowledge produced by neo-institutional and discourse theorists, is provided below.

Prior studies that linked the concepts of discourse and social institutions suggested that the effect of discourse on social institutions is not automatically assumed (Phillips et al, 2004). That is, not any text makes a discursive impact. Prior studies with this focus suggested that factors that condition the impact of discourse on institutions can be cultural as well as structural. Phillips et al (2004, p.645) emphasize the cultural aspect of discursive impact by positing that "discourses that are supported by broader discourses and that are not highly contested by competing discourses are more likely to
produce institutions than discourses that are not”. Contrastingly, Jepperson (1991, p.145) emphasizes the structural aspect by suggesting that discursive impact can be attained if the discourse is associated with a set of “rewards and sanctions” that prescribe action.

Ability of a discourse to alter and create institutions is due to institutional pressures that it creates. Neo-institutional theorists distinguish three pressures that a discourse can create: normative, mimetic and coercive (DiMaggio & Powell, 1983). Normative pressures may arise, for example, from education and interpersonal communication. For instance, Palmer et al (1993) illustrate how adoption of multi-divisional organizational forms by American corporations in the 1960s was promoted through business school training based on specific learning materials. Interpersonal communication is also an effective way of creating normative pressure, since business ties between organizations often spill over into social ties between individuals and vice versa (Domhoff, 1971; Useem, 1979). Mimetic pressures often originate from texts as well, as behaviours of others, such as adoption of certain organizational forms, can be observed directly as well as in shared texts such as reports, media stories, and conversations (Phillips et al, 2004). Coercive pressure is based on power relations and dependencies, that is, structural elements in a given social context. Prior studies have also suggested that discursive impact is stronger if an author of discourse possesses discursive legitimacy, that is a publicly validated right to speak (Hardy & Phillips, 1998).

Consistently with extant literature on the link between discourse and institutions, this study illuminates the role of public authorities in the social construction and diffusion of an injustice frame in the public discourse. To conceptualize the role of government in the process of frame emergence and diffusion in this context more efficiently, the terminology of the media framing literature (e.g. Nelson et al, 1997) is adopted. In
particular, it is important to distinguishing between the process of frame building and frame setting (McCombs & Shaw, 1972; De Vreese, 2005). Frame building in media studies is generally understood as the process wherein a multiplicity of social factors (e.g. local culture, global trends, societal demand, economic and demographic conditions, elites, etc) influence the way a communicator frames events. Thus, in the frame building process communicators’ framing preferences figure as a dependent variable, whereas societal demand and various socio-economic and political conditions are considered as antecedents. The process of frame setting is of inverse direction of causality – it refers to frames’ impact on the audiences’ opinion and mobilization.

In line with the aforementioned definitions, the findings of this study show that a state can be considered analogous to a media source in the sense that it is influenced by collective discourse in a given social context, as well as influencing public discourse. Thus, the findings suggest that the state has a twofold role in the dynamics around the injustice frame. Firstly, it provides platforms for social interaction of the business community (where, as mentioned earlier, entrepreneurs prevail over representatives of large companies) and stimulates such interaction through various network-inducing initiatives. Thereby, the state contributes to the frame building by increasing the intensity of entrepreneurs’ collective sensemaking of shared experiences (i.e. micro-failures).

Secondly, the state appropriates entrepreneurs’ collective interpretation (i.e. framing) of the micro-failures and re-translates this interpretation to the audience of incumbents through individual and public communication channels. In doing so, the state increases incumbents’ awareness of entrepreneurs’ grievances. Furthermore, it can be suggested that the discourse of injustice is self-perpetuating due to the presence of the platforms of social interaction provided by the public administration. Thus, a newcomer (i.e. an
entreprise) to a social platform is prone to adopt the discourse of injustice translated by peers and the public administration and thereby reproduces the injustice frame.

However, this study has revealed that despite a visible role of the state in promotion of the injustice frame to the business community, positive responses from the incumbents' side seem to be exceptions rather than a rule. The reason is that institutional arrangements, in particular those concerning organizational practices and routines, are characterized by stability and inertia. Oliver (1992) has proposed several factors that contribute to such stability (Oliver, 1992). In the context of this study, two factors of institutional stability complying with the existing literature have been revealed.

The first factor is the configuration of power relations in the organizational field. Social movement scholars (e.g. McCarthy, 1986) have long argued that structural and cultural aspects of a social context are both important in understanding the effect of framing. Cultural aspect refers to the specificity of each cultural milieu. This refers, for example, to the stock of cultural meanings, prevalent values, beliefs and understandings that altogether determine resonance of certain discourse. Structural elements refer to network configuration (i.e. actors' connectedness, network density etc) and power structure of a network (i.e. dependencies among actors).

Although entrepreneurs and incumbents in the context of this study appear to be relatively well inter-connected through various social platforms, the power relations among the actors are relatively loose. Thus, the dependencies among three groups of actors (entrepreneurs, incumbents and the state) are weak or non-existent. Sociologists and system theorists refer to such social systems as loosely coupled (Orton & Weick, 1990). DiMaggio and Powell (1983) have proposed that organizations can successfully resist institutional pressures originating from the audiences on whom they do not
depend. For example, Salancik (1979) has empirically demonstrated that the degree of organizations' conformance with norms imposed by the state is a function of the organizations' material and regulative dependence on the state. Thus, organizations' vulnerability to institutional pressures is a function of the organizations' dependence upon certain audiences.

Complete institutionalization of the injustice frame would lead to a fundamental shift in the field-level power distribution from high-status incumbents to peripheral new ventures and small companies. Naturally, this process is contentious as it challenges "clusters of values and interests" (Hirsch, 1991, p.827) of powerful actors. In this connection, Fligstein (1997) has suggested that internal transformations of fields are rare because the power of incumbents is built on a certain set of institutionalized principles which incumbents naturally hold.

Therefore, in the context of this study neither the state nor the community of entrepreneurs have sufficient power upon incumbents to be able to influence the latter's behaviour towards new ventures. An overlook of the power structure of the studied context through the classical theoretical framework suggested by French and Raven (1959) reveals that the only dependency between the state and the incumbents is based on the state's reward power. As mentioned in the previous chapter, the state is subsidizing collaborative R&D projects that involve new ventures and small companies from the state budget through regional innovation clusters. This source of power appears to be the only source of the state's influence on the incumbents. Moreover, as the investigation of the context has revealed, this mechanism of new ventures' support has several limitations. In general terms, the state has certain level of influence on incumbents' incentives to involve new ventures in technology partnering, but it has limited influence on how incumbents conduct their collaborative R&D activities.
For instance, large companies often begin R&D collaborations when the project is of secondary importance for them. Strategically important innovations based on cutting-edge technologies are often developed by large companies either internally or in exclusive partnerships. Secondly, for a new venture, involvement in a subsidized collaborative R&D project does not automatically assume access to a stock of knowledge. As it was consistently reported by the entrepreneurs interviewed in this study, once in a collaborative project, incumbents are wary of any knowledge leakage and protect their technological know-how. As a consequence, as it was formulated by one of the informants, these projects often take form of “collaboration without collaboration”. Third, the subsidized collaborative R&D projects are often perceived by entrepreneurs as slow and bureaucratically complex, rendering these projects ineffective for time- and resource-conscious new ventures.

The second factor of institutional stability is the lack of collective action on the new ventures’ side. In order to facilitate understanding of this interpretation, one must consider diffusion of the injustice frame in the public discourse as a process of new practice legitimation among incumbents (the new practice being more active technology collaboration with new ventures). The practice, despite being justified by culturally embedded rhetoric, failed to become institutionalized. According to Suchman (1995), institutionalization of a new practice happens sequentially in three phases – acquisition of pragmatic legitimacy (i.e. recognition of functional efficiency), acquisition of moral legitimacy (i.e. acceptance as a norm or even a standard) and acquisition of cognitive legitimacy (i.e. taken-for-grantedness). Suchman (1995) proposed that pragmatic legitimacy of a practice can be achieved through independent actions and the behaviours of isolated actors, such as consistent illustration of a new practice’s technical efficiency
and superiority in comparison to alternatives. However, acquisition of moral and especially cognitive legitimacy necessitates collective action (Suchman, 1995).

It can also be said that the collectivity of entrepreneurs demonstrates “normative fragmentation” (Olver, 1992) along the dimensions of socio-political beliefs and relevance to experience. Therefore, it can be suggested that a nascent social norm of openness and cooperativeness in technology partnering so far has failed to acquire moral and cognitive legitimacy due to the lack of deliberate coordination and collective action on the side of the community of entrepreneurs. Nevertheless, this study has revealed that an injustice frame that often becomes a point of departure for social change (Gamson et al, 1982; Turner, 1995) has emerged and is relatively salient in the public discourse. Further diffusion and internalization of the frame is a question of collective action and/or political will (Snow et al, 1986).

Therefore, by answering to the third research question, this study adds to the social movement studies by illustrating how the state’s initiatives may trigger and direct less powerful actors’ sensemaking of their failures and difficulties. More specifically, the announced objective of the competitiveness clusters initiative itself introduces the themes of cooperation and openness to the agenda of public discussion, and increases their salience in the “large discourse” (Alvesson & Karreman, 2001). In the terminology of organizational sensemaking literature (Weick, 1995; Weber & Glynn, 2006), one can refer to this as to cue-giving, that is, providing chunks of information to be integrated into interpretative schemes. In the terminology of media framing literature (e.g. Nelson et al, 1997), one can refer to this role as being agenda setting, that is, suggesting what to think and talk about.
So far the studies that have investigated the role of public authorities in the process of institutional dynamics have predominantly focused on the regulative and other formal impacts (e.g. Hybels, 1994; Deephouse, 1996; Lamertz & Baum, 1998; Pollock & Rindova, 2003; Bansal & Clelland, 2004). This thesis adds to this literature by highlighting the discursive impact that a state can make on audiences. In particular, it is argued that as a legitimate rhetor public authorities can magnify the collective grievance of less powerful peripheral actors and thereby promote social change, especially when necessary power structures are created (e.g. innovation clusters and financial incentives).

The following chapter concludes this thesis by summarizing the contributions of the study, discussing the extent to which the initial objective of the study was achieved, acknowledging the limitations of the study, and suggesting possible trajectories for future research that could originate from the findings of this doctoral research.
6. CONCLUSIONS

This final chapter discusses to what extent the objectives of this study were attained. The global contribution of this thesis and other contributions that did not fit into the discussion of previous chapter are articulated here. Furthermore, some practical implications of this study addressed to entrepreneurs, large companies and policy makers are proposed here. The limitations of this study in terms of empirical scope and methodological rigour are acknowledged and discussed. Finally, this chapter suggests trajectories for future research that could build on the findings of this study.

6.1. Objective of the study

As stated at the outset of this thesis, the study’s objective was to fill the knowledge gaps in (a) the literature on the sensemaking of entrepreneurial failures and (b) the literature on new venture legitimation by exploring how entrepreneurs make sense of their ventures’ micro-failures. However, beyond individual-level sensemaking, this thesis also aimed at understanding the macro-level discourse that the micro-failures may produce and the effect of this discourse on new ventures’ stakeholders.

In pursuit of these research objectives, entrepreneurs’ discourse was investigated through the lens of frame analysis. The research objective was attained through data- and theory-driven step-wise analytical procedure, which involved (a) exploration of the ways in which entrepreneurs make sense of their failures to establish technology partnerships with incumbents; (b) systematic analysis of the mental models construed by entrepreneurs with a focus on its interpretative and motivational aspects; (c) inductive comparative analysis of the entrepreneurs’ mental modes aimed at revealing
and explaining the idiosyncrasies of framing; (d) exploration of the effects of entrepreneurs' discourse on the audiences.

The research objective was fulfilled. In particular, the study has demonstrated that (a) the cause of new ventures' micro-failures is often attributed by entrepreneurs to their ventures' newness and smallness; (b) failures due to smallness and newness are often framed by entrepreneurs as injustice; (c) the injustice frame transcends individual-level sensemaking and enters the field of public discourse; (d) the injustice frame in the public discourse creates normative pressure of certain extent (although, limited) upon incumbents inducing them to modify their attitude towards technology partnering with new ventures.

In this thesis, social construction of an injustice frame around new ventures' micro-failures with technology partnerships was empirically discovered and presented conceptually. Besides that, this study has also discovered and described the process of frame diffusion from entrepreneurs to the external audiences, in particular to public authorities and large companies. This research has illustrated how new ventures disseminate a grievance that locates blame on the side of resource-holding incumbent actors by reframing liabilities of newness and smallness as an injustice rather than misfortune. The output of this research also suggests that an emergent injustice frame raises social demand for more cooperation and openness, in particular from the side of more powerful incumbents.

Primarily, this thesis makes a contribution to the literature on the cultural sensemaking of entrepreneurial failures. In particular, this study has elucidated the particular mechanism of social construction of an injustice frame around entrepreneurial failures to access external resources. More specifically, the role of responsibility reframing and
self-handicapping discourse was highlighted. Analysis of entrepreneurs’ discourse has demonstrated that those entrepreneurs who experience similar difficulties induced by liabilities of newness and smallness are also prone to share similar interpretations of these difficulties. The interpretative scheme, or a frame, was conceptualized parsimoniously as a composite of the following elements: a grievance regarding incumbents’ uncooperative behaviour, a set of identity beliefs regarding “us” and “them”, stock of cultural meanings, and a set of rhetorical arguments to support the grievance. These elements were conceptualized into a model inspired by Toulmin’s (1958) model of rhetorical argument structure.

Furthermore, a number of reasons as to why the injustice frame has limited impact on the field actors were revealed. It is suggested, that the first reason is the disintegration of the entrepreneurial community which renders social movement or any organized collective action unfeasible. Despite physical proximity and availability of platforms for social interaction the collectivity of entrepreneurs is divided along two dimensions: socio-political convictions and actual experience with technology partnering. The segregation of the entrepreneurial community implies that the narrative fidelity of the injustice frame varies from one entrepreneur to another. Entrepreneurs whose ventures are more endowed with resources (e.g. spin-offs, radical innovators, serial entrepreneurs etc) are less inclined to appropriate the injustice frame due to its weak resonance with their actual experience, even if ideologically they endorse the values that underpin the frame (i.e. solidarity and complementarity). Those entrepreneurs that are less endowed with resources (e.g. first-time entrepreneurs, service providers etc), but do not share the socio-political beliefs on which the frame is built are also less likely to appropriate the injustice frame. Conversely, entrepreneurs with a track record of failed or dissatisfying
technology partnership endeavours who in the same time endorse socio-liberal values are those who are the most likely to frame their micro-failures as injustice.

The findings of this study also contribute to the literature on organizational legitimation in general and new ventures legitimation in particular. More precisely, this thesis adds to the literature that takes a collective action approach to the study of new ventures’ legitimization (e.g. Zelizer, 1978; Fischer, 1992; Rao, 2004; Hiatt et al, 2009). Studies in this avenue of research are predominantly focused on legitimization of emerging industries, rather than on new firms in established industries. This research is closely related to this stream of research, however it is focused on newness and smallness per se rather than nascent industry or product category as an object of legitimization.

Furthermore, this study contributes to the broad body of institutional and social change literature. The extant research on institutional change driven by actors that are disadvantaged by established institutional order can be classified into two perspectives. The first perspective deals with the processes that are based on deliberate and coordinated collective action, such as research on social movements (e.g. Klandermans, 1984; Snow et al, 1986; Benford & Snow, 2000). The second stream of research, largely theoretical and conceptual, deals with undeliberate processes whereby accumulated institutional contradictions gradually lead to an overturn of established institutional patterns and their replacement by new ones (Oliver, 1992).

The mechanisms of coordinated and deliberate institutional change are relatively well researched. Studies in this vein have elucidated how collective action frames are constructed in order to maximize their mobilization potential (e.g. Snow et al, 1986) and proposed a set of characteristics that an institutional entrepreneur should possess in order to successfully drive an institutional change (e.g. Fligstein, 1997). However, the
mechanisms underlying the processes driven by disadvantaged and less powerful carriers of insurgent institutional logic that do not engage in any collective activity are yet poorly understood. The studies in this tradition are predominantly theoretical and conceptual. This thesis partly fills this gap.

Therefore, as a global theoretical contribution of this study, one can distinguish advancement in understanding of the process of social construction of discontent. Discontent has long been identified by scholars as a potent trigger of social change. Social movement scholars have demonstrated how framing of discontent may lead to a social change via collective action (e.g. Benford & Snow, 1986; Creed et al, 2002b). However, as discussed earlier, these studies focused primarily on the factors that enhance resonance of frames that transform discontent into collective action and, thus, have overlooked the bottom-up (i.e. emergent) way of frame construction. Institutional, organizational ecology and field theory scholars have long argued that peripheral and less powerful actors whose interests are not well accommodated by established institutional arrangements are likely to become propellers of institutional change (e.g. Benson, 1977; Seo & Creed, 2002). These studies have mainly focused on macro-factors of institutional dynamics, such as time, density and power structure of fields, thus, failing to explain how exactly a new understanding (or an institutional logic) emerges and becomes dominant.

This study provides an insight into this matter by (a) suggesting three factors that contribute to the transformation of discontent into a potent public discourse entailing normative pressure and (b) provides a conceptual model that parsimoniously grasps continuum of discontent with the injustice frame on the one end and the natural order frame on the other. The three factors that facilitate emergence of an injustice frame on the basis of discontent are (1) actors' shared negative experience, (2) presence of
cultural meanings that by conditioning actors' sensemaking facilitate conception of injustice, and (3) availability of platforms for actors' interaction (and, possibly, other aspects of social capital). The conceptual model that grasps the dichotomy of discontent framing is largely, but not entirely, adopted from the social movement studies and integrates the following idea elements: attribution of blame, prognosis, diagnosis, arguments to point out in/appropriateness of a status quo, assumptions regarding actors' own identity, identity assumptions regarding those blamed, and the cultural stock of meanings.

The following section discusses implications for practitioners that the findings of this thesis entail. These implications are presented as recommendations addressed to three groups of concerned stakeholders: entrepreneurs, policy makers, and managers of large incumbent organizations.

6.2. Practical implications

6.2.1. Practical implications for entrepreneurs

In respect of entrepreneurs, this thesis provides three recommendations aimed at increasing entrepreneurs' opportunities to establish productive technology partnerships with other organizations. First of all, this study suggests that for their individual and collective benefit entrepreneurs should consider platforms like the French innovation clusters as loci of community formation. Formation of a recognizable entrepreneurial community as a collective entity with a collective interests and designated leadership could facilitate promotion of entrepreneurs' shared interest by making their claims for incumbents' openness and cooperativeness more legitimate and resonant.
Investigation of the context has demonstrated that the majority of sampled entrepreneurs perceive two main benefits of their presence on the platforms like the French innovation clusters: networking opportunities and access to valuable market- and technology-related insight. Entrepreneurs' motivation to invest resources in the cluster-based activities is determined by the entrepreneurs' perception of potential direct returns to their ventures in terms of valuable network ties and knowledge. The perception of the potential benefits varies considerably among entrepreneurs from scepticism to enthusiasm. As this study has demonstrated, entrepreneurs' scepticism regarding cluster-based activities is largely due to the perception of incumbents' inaccessibility and uncooperativeness.

In the meantime, the findings have also revealed that top management of large companies and public organizations are generally aware of the unsatisfied demand on the side of new ventures and small companies for more openness and cooperatives from the incumbents' side. This finding demonstrates that the discourse on incumbents' uncooperativeness has diffused from one stakeholder group to another. However, as the fieldwork has demonstrated, mere awareness of entrepreneurs' discontent does not induce incumbents to modify their attitude and behavior towards new ventures and small companies. Cooperativeness and openness in respect of new ventures are not recognized by incumbents as a corporate responsibility. Moreover, incumbents do not recognize new ventures and small companies as one of their stakeholder groups. Therefore, one can suggest that a way to modify incumbents' attitude towards new ventures and small companies is to modify their conception of responsibility.

As discussed in the previous chapter, institutionalization of a new understanding of responsibility is unattainable without collective action (Suchman, 1995). Collective action necessitates emergence of an entrepreneurial community as a stakeholder group,
rather than a collection of isolated entrepreneurs. Thus, formation of an entrepreneurial community as a recognizable collective entity and clear enunciation of grievances on behalf of the community may help re-conception of the notion of corporate social responsibility in the public consciousness in general and in the eyes of resource-holders in particular. Eventually, such cognitive shift may raise normative pressure upon incumbents and result in increased opportunities for new ventures to access incumbents’ resources. However, creation of an entrepreneurial community requires recognition of indirect benefits by the entrepreneurs and their active involvement in the collective activities on the social platforms like the French innovation clusters.

Secondly, the findings of this thesis suggest that entrepreneurs should reconsider their partnering strategies by focusing their attention on other new ventures and small companies, at least at the early years of their ventures’ existence. Such approach may bring to new ventures immediate benefits in terms of resources and knowledge and postponed benefits in terms of legitimacy. A number of cases studied in this study have demonstrated that new ventures’ partnering with other new ventures and small companies can bring sizable immediate benefits in terms of resource and knowledge access and in the same time can produce indirect effect on other actors in the field, including incumbent organizations.

Directly, partnering with other new ventures and small companies is often more beneficial for entrepreneurs that partnering with large companies due to higher degree of commitment and openness of smaller partners to a common project. As suggested by an inductive generalization from the sample, micro-failures with technology partnering often occur after a partnership has been formed due to the larger partners’ protective and disloyal approach. Thus, one can present a new venture’s benefit from a technology partnership as a product of two factors: availability of knowledge and accessibility of
knowledge. Although many large incumbents' dispose vast knowledge stocks, availability of these stocks is often low. Contrary, although new ventures and small companies generally possess smaller (however, often more narrowly specialized and advanced) knowledge stocks, their accessibility to partners is generally higher. Therefore, an entrepreneur that is seeking for a technology partnership in pursuit of new knowledge and technology complementarity may find a partnership with a new venture or small company more rational.

Indirectly, more intensive new venture-to-new venture partnering in a given business ecosystem could have an illustrative effect on other actors and induce them to adopt a new more cooperative approach to technology development. As suggested by Rogers (1962), diffusion of an innovation (including a social one, such a new practice or a new social norm) is often obstructed by a "chasm" between early adopters and the majority of potential adopters. Successful stories have an influence on the majority of potential adopters who are primarily driven by pragmatic considerations. That is, majority of potential adopters would prefer to adopt a new practice only once its functional advantage is proven by early adopters. As one of the interviewed entrepreneurs has remarked in this connection:

No doubt that you are influenced by what others are doing around you. I have personally met many start-upers who work in a tight partnership with other start-upers, basically, from the very start. Of course, you become more dependent on your partner, you are more bounded, less free to do what you want, but sometimes it is the only way to stay on the market. I know not one, but several successful stories of such cooperation among start-ups. ... So, you see that this strategy works for others and you decide to try it too. - Entrepreneur, Rennes area.
Therefore, as this excerpt illustrates, one way to increase accessibility of technology partnerships with incumbents is by providing successful examples. Successful stories of technology partnerships prove functional advantage of a cooperative approach and thereby promote cooperative culture in the local business ecosystem.

Finally, entrepreneurs could benefit from a better understanding of the rationales that stand behind incumbents' decisions to establish technology partnerships with new ventures. For instance, an insight that this study provides is that incumbents differentiate technology partnerships by the degree of their strategic importance. This insight is based not on an inductive generalization of entrepreneurs’ experience and interpretation of that experience. This generalization has revealed three types of incumbents’ technology development projects as seen from the perspective of an entrepreneur.

In the first case, large companies' technology development projects that involve the incumbents' core technologies are likely to be conducted internally. In the second case, technology projects that involve exploration in the technological domains adjacent to incumbents' core technologies are more likely to be conducted in collaboration with external partners (including new ventures and small companies), however in the condition of high degree of knowledge protection. In the third case, collaborative technology development projects conducted by large companies in the technological domains radically new to them are likely to be approached by the incumbents with relatively lower knowledge protection, but also with lower degree of commitment. Such projects are more likely to disband before their goal is attained.

A recommendation that stems from this insight could be that entrepreneurs should develop partnering strategy symmetrical to the incumbents' strategy. In particular, understanding the relevance of a technology that is being developed in a collaborative
project to an incumbent's core competence may provide guidelines to entrepreneurs on what to expect from the collaborative project and how to approach it. For instance, entrepreneurs should consider more risks in the collaborative projects that fall into the third category (i.e. incumbents' radical exploratory projects) and be prepared to take advantage of incumbents' relative openness and reap knowledge benefits of such projects before they terminate or disband, as this may happen rather suddenly. Contrary, in the projects that fall into the second category (i.e. incumbents' adjacent exploratory projects) entrepreneurs should not perceive high risks of partners' disloyalty, but should not expect a lot of knowledge benefits beyond those that are denoted in the formal bounding agreements.

6.2.2. Practical implications for policy makers

The findings of this study can have practical implications for policy makers. In particular, the insights of this study may help governments to advance their cooperation-inducing initiatives, such as the French innovation clusters. The general practical inference of this study to the policy makers is that organizational and financial measures to induce inter-organizational cooperation are more effective when coupled with discursive measures. The following quote from one of the informants exemplifies this idea.

_They call clusters “collaboration factories”. The main idea of this whole thing is to stimulate cooperation between companies and companies, companies and universities. They thought that once we announced it, we will provide some financial motivation and it will work... But it is easier to say than to do... Cooperation has to be in people's minds. ... I think that they [the state] should really focus on explaining to companies why cooperation is_
This excerpt refers to the notion of rationality as a socially-constructed feature. As suggested by neo-institutionalists, adoption of a new practice does not always require the practice to be effective, but it requires adopters to believe in its effectiveness (e.g. Krackhardt, 2001; Strang & Macy, 2001). In the context of this study, this implies that agents of change should engage more actively in the discursive construction of the rationality of cooperative behaviour. Given that in the studied context the only change agent that promotes inter-organizational cooperation is the state, a number of recommendations will be formulated and addressed to the public authorities.

Firstly, states should continuously legitimate cooperative behaviour by following the three-stage model of legitimization: pragmatic, moral and cognitive. Suchman (1995) theorized that pragmatic legitimacy of a practice or behaviour can be achieved through isolated actors’ efforts. For example, illustration of a new practice’s superiority over alternatives may increase the level of pragmatic legitimacy and help diffuse a practice. In this respect and as suggested in the abovementioned quote, diffusion of stories of successful companies that conduct open and cooperative business as showcases could be one possible tactic to achieving pragmatic legitimacy.

However, the shift from pragmatic to moral, and especially from moral to cognitive stages of legitimacy, requires collective action (Suchman, 1995). Therefore, secondly, the state should stimulate entrepreneurial collective action. McCarthy (1986) referred to groups of actors who share common grievances and interpretations, but lack the organizational platform to pursue their collective interests as an unmobilized sentiment pool. So far the typical networking events at innovation clusters are aiming to either fix
entrepreneurs with incumbents, or inform entrepreneurs about the latest developments in technology and markets. Instead, it can be suggested that more effort should be directed towards inducing interaction of entrepreneurs among themselves in order to stimulate sharing of interpretations and formation of an informal community.

In order to mobilize the unmobilized entrepreneurial pool the state should enhance its communication tactics with proper framing. Therefore, thirdly, the state should employ resonant and powerful frames in public communication with representatives of new ventures as well as incumbents. This study provides a model of a frame which produces resonance with entrepreneurs in the French context. Generally, public communication should rely on proper implicit identity beliefs, appeal to powerful cultural codes (e.g. solidarity) and involve a maximum of persuasive modes and rhetorical strategies.

6.2.3. Practical implications for large companies

Practical implications of this study for large companies can be related to the notion of corporate social responsibility (CSR). This study did not build on the theories related to CSR and did not aim at contributing to this domain of theory and practice, however it produced insights that can be beneficial for the practitioners in charge of stakeholder management within large technological companies. The findings of this thesis provide an alternative perspective on the phenomenon of responsibility, which was largely overlooked by the theorists of CSR so far. In particular, it is suggested here that public understanding of social responsibility is constructed discursively in a bottom-up direction and is likely to be revised when public level of discontent rises. Redefinition of social responsibility involves prescription of new duties to existing entities. From the
perspective of those identified as responsible, this process is seen as an emergence of a new stakeholder.

A stakeholder is conventionally defined as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984, p.46). The findings of this study contribute to this definition by adding an alternative sense to the notion of ‘affect’, suggesting that public recognition of an effect should be seen as originating from sensemaking on individual level. Therefore, a conclusion for the CSR practitioners can be drawn that managers should take a proactive approach to stakeholder management, given that the public understanding of social duties and accountability tends to be latent and fluid. Moreover, stakeholder analysis frameworks should integrate discursive dimension in addition to the structural one (e.g. power, need, interest, support etc) (e.g. Savage et al, 1991; Mitchel et al, 1997; Fletcher et al, 2003).

Traditionally, stakeholder analysis starts with identification, recognition and acknowledgment of stakeholders (Greenley & Foxall, 1997). At the following stage, stakeholders are classified into four groups along two axes: the extent to which stakeholder is affected by the focal organization’s activity and the stakeholder’s power upon the focal organization (Mitchel et al, 1997). In the context of this study, incumbents generally failed to identify and recognize the community of technological entrepreneurs as a stakeholder and technology cooperation with new ventures as a social duty. In the meantime, large organizations could benefit from a more proactive approach to stakeholder management in terms of enhanced legitimacy in the eyes of general audience and also in terms of quality of relations.
6.3. Limitations of the study

Over-emphasis on cultural, rather than structural elements can be considered as the principal limitation of this study. For instance, more efficient understanding of the network and the power structure of the organizational field could illustrate the institutional dynamics and better explain, for example, why some incumbents more willingly appropriate the injustice frame and support the public administration's initiatives of cooperative behaviour than others. Secondly, more detailed analysis on the economic rationales of the cooperative and non-cooperative behaviour of incumbents could improve validity of the findings. For example, consideration of the wider range of organizational, market-related and technology-related characteristics of actors' (both new ventures and incumbents) could explain variation in the appropriation of the injustice frame.

Another limitation of this study is related to the data access. It was not possible to access the top level management of large incumbents where strategic decisions are made. Thus, this study relied on the discourse data gathered from the level of division managers and regional directors. However, this limitation also infers benefits for theory generation, as the managers of the level below the top are more aware of the activities and public discourses in their local ecosystems. In the meantime, middle-level managers are directly linked to the top-management, which makes them knowledgeable informants about both strategy generation and strategy implementation.

The third limitation of the study is related to its restrictive focus on the context of technological partnerships as an instance of resource-exchange relations. The limitation of scope was implemented deliberately for a number of reasons. Firstly, the audience of potential technology partners represents a context that has been so far overlooked in the
literatures on organizational legitimacy and entrepreneurship. Secondly, the logic of frame analysis requires maximum precision in the determination of boundaries of a social situation. That is, the object of sensemaking should be related to a specific situation, rather than resource acquisition/exchange in general. Nevertheless, it is necessary to acknowledge that the framing of new ventures’ liabilities of newness and smallness in other contexts, such as, for instance, venture capital raising or customer communication, may differ from what was studied here. Moreover, the situations of resource exchange/acquisition other than new venture-incumbent technological partnership may not be frameable as an injustice at all. However, this context restriction does not undermine the practical and theoretical significance of this study, as technological partnerships alone have vital significance for new ventures.

Finally, temporal dimension of the analysis could reinforce the validity of the findings of this phenomenological study. Whereas in this study a snapshot of the collective discourse was explored, the dynamics of the discourse has not been analysed. For instance, the evolution of frames and diffusion of discourse through networks of conversation throughout time represents particular interest in the context of this study’s objective. Thus, the outcome of the social construction of an injustice frame, rather than the process itself, has been analysed here. However, this limitation is due to the nature of the frame analysis method, which is as a kind of discourse analysis that does not assume temporal dimension, unless implemented retrospectively. Hence, the problem of lack of temporality was mitigated by the in-depth retrospective nature of interviews.
6.4. Suggestions for future research

This study primarily looked at how micro-level entrepreneurial failures contribute to the social construction of discourses at a macro-level. However, this study did not provide sufficient insight into how the macro-level discourse changes the behaviour of the actors whom it concerns. Although this study has revealed one possible way in which the macro-level discourse affects incumbents (i.e. via public organizations), careful investigation of the effect of the discourse would require a separate study upon incumbents. Therefore, future research could focus on how macro-level discourse is appropriated by incumbents and how and why incumbents align their own words and actions with the macro-discourse. Furthermore, future studies could examine the effect of incumbents’ discourse alignment on the incumbents’ organizational legitimacy.

Furthermore, future research could focus on entrepreneurial micro-failures in other domains of entrepreneurial activity. Whereas this study focused on entrepreneurs’ attempts to build technological partnerships with incumbents, future studies could focus on entrepreneurs’ attempts to establish relations with investors, buyers, suppliers and other stakeholders. Each of these domains of activity can potentially be surrounded by its own unique discourse of injustice which may have an effect on actors’ actions as well.

Finally, it is suggested that future research could integrate the findings of this study into an emerging stream of research on institutional intermediaries and institutional voids (e.g. Miller et al, 2009; Mair et al, 2011) by investigating by the means of quantitative techniques how institutional intermediaries contribute to the emergence of macro-level discourses. For example, future studies could investigate by the means of quantitative
content analysis how public organizations, especially those that provide platforms for social interaction, impact the discourse of organizational networks.
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APPENDICES

Appendix 1. Illustration of analytical procedure

This appendix provides an illustration of the interpretative analytical procedure as it was applied to the narrative data. Using two excerpts from two different interviews this appendix illustrates how the informants’ discourse was deconstructed into constituent idea elements, how these elements were encoded, interrelations among them were established and interpreted in the context of the informants’ life experience.

The analytical procedure as it was implemented in the study involved not only deconstruction and interpretation of each discourse account in isolation (that is what is illustrated here), but also replication of the accounts, cross-account analysis and patterning. As it is explained in the methodology chapter, a single discourse account rarely contains all the constituent elements of a frame. A set of discourse accounts, rather than a single account, provides a large picture of a frame. That is why none of the two excerpts illustrated here reveals a complete frame. However these two examples are representative since they contain some of the key elements, such as identity assumptions, grievance and moral judgments, that recur systematically through the entire data set.
Q1: “Why is it easy for you to establish technological partnerships with other companies? Why do your technology partners prefer you to other firms?”

A1: “Some years ago these [publicly funded] collaborative projects [on the basis of French innovation clusters] were in favour of large groups, but over the three or four years it has changed in favour of small companies and entrepreneurs... So, now large groups are looking for companies like us... Just to complete the “casting”, so to speak... That is, just by being small or medium size you can increase your chances [to create a technological partnership]... Because this is what the state requests. There is a bonus for the projects that have small and medium size companies on the team. So, we are often invited by large companies...

Especially, because... what concerns medium size companies – there is a shortage of them in France. For example, the economic success of Germany is due to their competitive medium size companies... And in France we have a lot of small companies and a lot of big and very big companies, but in the middle – there are not so many candidates... French small companies just don’t grow that far.
And us... we are very well placed – in this segment companies of our size is quite rare.”

**Q2:** “Partnering in technology development with small and young companies or partnering with big companies – is there a difference for you?”

**A2:** “In the business ecosystem it is like this – you have the small fishes that have a technological know-how, very sharp [technological competence], at the front of the state of the art. And at the other end you have the big companies that have the brand, that have the money... but generally the know-how is not there. They don’t know how to do things. They only know where to order to do this or that... whatever they need. And in the R&D projects we have to be very effective, we have to anticipate... So, you have much better chances of finding a good partner among small companies, rather than among big groups.”

**Q3:** “So, that means that you prefer partnerships with small companies rather than with big companies when it comes to technology development?”

**A3:** “I would say that I prefer a good mix – to have both small and big companies on a project team. It is good to have one or two big companies, for their well-known name, their brand and visibility... So, it is for marketing. It [having big companies on a team] is not based on real reasons, such as their skills, but it is for the sake of promotion. But for doing the real job, doing research, I prefer to work with smaller companies, because smaller companies are obliged to succeed... They are only at the beginning of their development. They don’t have many people... So, when they work – they are obliged to achieve the result. And it is a good thing, when building a project, to have a company which you are confident about, which is motivated to go till the very end and produce something. When they [small companies / entrepreneurs] put engineers to work on a
project, they know that they are obliged to succeed – for their own survival. So, in terms of probability of success, I prefer to work with smaller companies.”

**Analysis:** The second answer of the respondent (A2) reveals a number of experience-based generalizations concerning small and big companies. The respondent explicitly constructs a dichotomy by using the expression “on the other end”.

Metaphorical way of talking is utilized (“small fish”) to distinguish small companies from big companies and highlight their distinct roles in a business ecosystem.

In particular, this excerpt suggests that the informant makes the following generalizations about big companies and small companies:

(a) A typified small company possesses a sharp technological competence, while a typified big company doesn’t. This excerpt was encoded in QDA Miner as “NV ID: sharp competence” and “INC ID: obsolete competence”. These codes correspond to the category of identity beliefs concerning new ventures (NV) and incumbents (INC) that appear under number 7 in table 3.

(b) A typified small company is committed to fulfil a task within a partnership by necessity – due to its low resources and vulnerability, while a typified big company is able to exploit small companies’ commitment. This excerpt was encoded in QDA Miner as “NV ID: low power”/“INC ID: high power”, “NV ID: low resources”/“INC ID: abundant resources”, “NV ID: vulnerable”/“INC ID: stable”. These pairs of codes correspond respectively to lines 2, 1 and 3 in table 3.
Besides these identity generalizations, the informant implicitly assumes that in business practice a situation of technological cooperation where small companies “are doing the real job” and big companies bring their “well-known name, their brand and visibility” is natural and acceptable. This is revealed in the sentence where the informant mentions “a good mix”, referring to the complementarity of new ventures and large incumbents in a situation of technology cooperation. Talking from his practical experience, the informant suggests that such complementarity can be achieved. That is, the informant frames the situation of technology cooperation between new ventures and big companies as natural and symbiotic. The metaphorical reference to “big fish and small fish” can be considered as a framing device that points to the assumption of symbiosis.

Although in the first answer (A1) the informant admits that French small companies are often unable to grow to medium size in contrast to German companies (which are implicitly used as a positive example), no cues of blame attribution were identified in this respect throughout the entire interview. The informant was reluctant to generalize on this subject and make simplified inferences. Therefore, this discourse account was categorized in QDA Miner as neutral towards the injustice frame.

Important contextual information that may help interpretation of this discourse account is that the informant is an experienced serial entrepreneur who created his company from the scratch ten years ago and by the time of the interview grew the company to the size of 500 employees. The company can be considered as successful given its pace of growth and profitability. Moreover, the company has been actively involved in technological partnership with large companies as well as with new ventures.

Therefore, on the one side, the informant is experienced enough to understand the problems of new ventures and is able to build theoretical generalizations on this matter.
While, on the other side, positive experience (i.e. the fact that the company has grew from a start-up to a medium size company in a relatively short time) determines the informant's vision of the situation of technology partnering with incumbents and renders the discourse of injustice irrelevant to the experienced reality of his daily life. Therefore, this discourse account was encoded as linked to high network opportunities and few experienced failures. This interview provides a cue to a pattern of inverse relation between network opportunities and a discourse of injustice. Throughout the process of empirical investigation this pattern was reinforced by multiple instances of such association.
Q1: “Do you have any technology partnerships with companies other than your customers?”

A1: “This is where the sad part starts... Yes, I do, but at the moment only abroad. For example, our partners in Germany and U.S., with whom we do things together, are truly business focused. This is what we don’t find among French partners. Here [in France] they [other companies] are ready to start [collaborative] research programs, but they don’t have ambitions to create products. Or, even worse, they do not want to create products.”

Q2: “Why is that?”

A2: “Well, sometimes they just don’t want and that’s it. It is not among their goals... That would be a case of Thales [a big French aerospace corporation], for example. And then you also have academia, the universities... For them creating a product is not an objective... they just want to publish papers... get some scientific findings...
I have been very disappointed in networking here... The effort to be in a French community, to be in a research project is exactly the same, that is, costs the same as getting a good partner in the US or Germany, but it [the latter] brings your real money, a real business case and real contact.”

Q3: “What kind of efforts are you talking about?”

A3: “Finding people, finding contacts, understanding how it works, signing contracts, making sure that they will deliver what you need, doing something, working together...

The thing is, I think, that this is something very damaging for a lot of small companies and start-ups in France – they believe far too much that big companies and universities in collaborative projects will bring them anything. I just don’t believe in this. And I’ve been very disappointed. We participated in a number of projects and we had no results. I can’t say that the time was completely wasted, but, between me and you, I am not sure that it was a right way to spend the money of tax payers...

What I am doing now [being on a cluster’s advisory board] is trying to convince the Ministry of Research to introduce a change in the way funding is given to collaborative projects, to change the rules... In the part relating to economic results – in the initial agreement concerning a collaborative project – I would like it to be more specific on the roles of big companies and small companies as regards the end result of collaboration. Because it is the large companies who know how to convert technology into a product, it is much more difficult for small companies.

Once after finishing a [collaborative technology development] project with Thales, we went back to them and asked “so, what's next?” And received a response that there is nothing, that “next does not exist”... For them involvement in the project is only a way of getting funds from the government or European community, to acquire some skills
etc... It does not mean that it is always a waste of money, but the thing is that they are doing this for themselves and they do not contribute to the economy. And the corporate department [of Thales] says well, if one million euro of taxpayers' money is spent to produce nothing, it is not our problem, it is the taxpayers' problem."

Q4: “But, then, why do you think they initiated this cooperation if they were not interested in reaping commercial benefits from it?”

A4: “Well... as I told you, simply to get some public money to finance their laboratories. That period was a crisis time then, the year 2010 or so. Not many commercial orders. But they needed to feed their engineers... you can't just lay them all off. So, a convenient solution is to start a cooperative project which will keep your engineers busy and paid until the crisis is over.”

Analysis: This discourse account reveals a number of generalized assumptions about big companies and new ventures, a moral judgment, a grievance (i.e. diagnosis) and a suggested remedy (i.e. prognosis). Explicit blame attribution and dramatization are revealed as well. The discourse of the informant is enhanced by the direct link to a concrete example of a negative experience in technological partnering with a large company. The entire discourse account was categorized as endorsing the discourse of injustice.

In the first and the second answers (A1, A2) the informant explicitly expresses his disappointment with partnering style in France. As in the interview excerpt analysed earlier, the informant makes references to foreign countries in order to express his discontent. The reference to the foreign countries implies that the informant relates the problem to a general drawback of the business culture in France, rather to a specific
negative experience. The informant’s grievance concerning the business culture in France in a nutshell can be expressed as lack of “business focus” and “ambitions” among companies which leads to potential partners’ lack of cooperation.

Later along in the conversation it becomes clear that the informant attributes these characteristics specifically to big companies. A concrete example of unsatisfactory partnering experience provided by the informant supports this interpretation. For example, the informant tells a short story of an incident when a big company refused to continue cooperation with him due to (as it was interpreted by the informant) the big company’s irresponsible and at the same time unambitious attitude. More specifically, the informant supposes that the reason for which Thales was not interested in continuing cooperation is that they initially started the cooperation only in order to get public money and not to achieve a commercially viable outcome (A3, A4). This paragraph was linked in QDA Miner with three codes: “INC ID: low ambitions” (corresponds to the line 9 in table 3), “INC ID: uncooperative” (corresponds to the line 5 in table 3) and “GRIEVANCE”.

The informant also makes an assumption concerning the roles of big companies and new ventures in the national economy. For example, the informant suggests that technology commercialization is an activity which requires experience and therefore big groups should help new ventures in this, which they are not doing. This statement was encoded in QDA Miner as “INC ID: market-savvy” and “NV ID: inexperienced” (correspond to line 4 in table 3).

The informant also specifies a reason for which the behaviour of big companies in terms of technology cooperation is inappropriate and should be changed. Firstly, the informant builds a causal chain by saying that: (a) the situation is “damaging” for small companies
and start-ups, because (b) they “believe far too much” that cooperation with big companies is beneficial and eventually get disappointed, because (c) the big companies are not “business-focused” and truly open for cooperation. Put differently, this situation, according to the informant, hampers economic development. Later, in the third answer, this argument was expressed more explicitly by the statement that big companies “do not contribute to the economy”. These statements were encoded in QDA Miner as “RHETOR: development” and as “INC ID: past”. Both codes fall into the category of logos arguments.

An ethical issue is raised in this excerpt. The informant suggests that the funding provided by the state for technology cooperation projects is not used appropriately by big companies. A reference to the “tax payers’ money” is made in order to highlight the responsibility that big companies bear for the society. These statements were linked in QDA Miner with a category of rhetorical arguments that refer to the social debt principle (i.e. ethos category).

Finally, the informant also suggests a remedy which can tackle the issue. Being involved in the activities of a French innovation cluster as a member of advisory board, the informant is trying to promote certain changes. For example, according to the informant, changes in the funding procedure that would make big and small companies’ roles and responsibilities more clear could help to improve the practice of technology co-operation at least at the level of the French innovation clusters.