



## Call for papers for a Special Issue **Institutions and Entrepreneurship**

Submission deadline: August 31, 2019

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### **Background and Purpose**

The purpose of this special issue is to encourage and promote research at the cutting edge of our knowledge regarding the linkage between institutions and entrepreneurship. The growing importance of entrepreneurial activity and innovation has been noted by scholars and practitioners (e.g., Hamel, 2000; Hitt, Haynes, & Serpa, 2010). In fact, Kuratko (2009) referred to the necessity and centrality of entrepreneurial action and innovation as the “entrepreneurial imperative” in “virtually every nation, every industry and every market” (p. 421), while Audretsch and Thurik (2001) highlighted the fundamental policy and institutional shift from the 20<sup>th</sup> century’s managed economy to the 21<sup>st</sup> century’s entrepreneurial economy. However, despite the importance of the entrepreneurial economy, evidence suggests that entrepreneurial activity, which is the foundation for such an economy, has declined over the last 15 years in advanced countries (Porter, 2018). At the same time, both domestic and cross-border entrepreneurial activity appear to be increasing in emerging economies. The changing rates of entrepreneurial activity across countries and regions suggest the need for more in-depth research to help us better understand the influence of country-level factors among which institutions seem particularly critical.

Institutions influence entrepreneurial activity (Batjargal et al., 2013; Bruton, Ahlstrom, & Li, 2010; Feldman, 2014; Hitt, 2016; Hitt, Li, & Xu, 2016). This is particularly the case in emerging economies, in which institutional weaknesses or voids have conflicting influences on entrepreneurial activities. Some scholars proposed an institutional escapism view in which new ventures and firms from emerging economies internationalize to escape from underdeveloped home institutions (e.g., Luo, Xue, & Wan, 2010; Witt & Lewin, 2007). Yet, others reported that a weak institutional environment (e.g., loose legal framework) can actually provide unique opportunities and resources for new formal and informal ventures to expand abroad (Haynes & Ireland, 2017; Khoury, Cuervo-Cazurra, & Dau, 2014; Webb, Khoury, & Hitt, 2018). Although we observe the pattern of rapidly increasing entrepreneurship in emerging economies, stimulated in part by opportunities present with

weak institutions, our knowledge regarding *how* weak institutions encourage entrepreneurial activity needs refinement. For example, lax enforcement of institutional rules and regulations may create entrepreneurial opportunities, not only in the informal economy, but also in the formal economy as well. The current international business literature is not fully clear about how institutional diversity influences firms' capabilities in pursuing various types of entrepreneurial activities including international expansion (Jackson & Deeg, 2008), requiring further investigation (Dau & Cuervo-Cazurra, 2014; Shalley, Hitt, & Zhou, 2015; Welter, 2011; Wright & Hitt, 2017).

Institutions evolve, altering opportunities and constraints on entrepreneurial activity, especially in emerging economies. This warrants scholarly investigation of how entrepreneurial activity changes as institutions evolve. Institutional evolution, and even disruptions such as violent conflicts, imposes challenges to both local and multinational firms operating in these economies; yet, it also surfaces opportunities for entrepreneurs to pursue new opportunities (Ahlstrom & Bruton, 2010; Kumar, Mudambi, & Gray, 2013). Institutional changes in emerging economies have been identified as having significant effects on firms' internationalization, strategies, and performance (e.g., Hoskisson, Eden, Lau, & Wright, 2013; Kim, Kim, & Hoskisson, 2010; Stucchi, Pedersen, & Kumar, 2015). New venture creation and internationalization is a type of strategic adaptation to institutional evolution and changes. For instance, Africa's institutional reform that introduced transformative changes to the agriculture industry (World Bank, 2013) freed and forced organizations to seek and create market opportunities to secure their survival and growth. These newly released entrepreneurial forces within a transforming institutional environment created new ventures and altered how multinational enterprises compete in relevant industries. Our knowledge of new venture creation as a direct result of institutional evolution is thin despite the significant literature on the influence that exogenous changes have on the discovery of entrepreneurial opportunities (Eckhardt & Shane, 2003). In addition, as outward foreign direct investment from emerging economies increases, new ventures created during institutional transition are playing an increasingly important role (e.g., Li, 2013; Lin, Mercier-Suisse, & Salloum, 2016; Manalova, Manev, & Gyoshev, 2014). How these ventures obtain their international knowledge and formulate and execute their competitive strategy in international markets warrants more scholarly attention.

Moreover, institutions and entrepreneurship co-evolve; new ventures created in adaptation to institutional changes also contribute to and reinforce the institutional evolution. However, our understanding of the impact of entrepreneurship on institutional change and the dynamic co-evolution process between entrepreneurship and institutional changes is limited. For instance, the Chinese government at national, provincial and city levels left Yiwu entrepreneurs in Zhejiang Province alone at the early stage of small commodity trades in the 1980s. With the rapidly growing economic wealth from trade, the government caught up and built an institutional environment that more effectively supported the development of the city, which transformed Yiwu from one of the poorest cities in China to one of the richest and was recognized as the "largest small commodity wholesale market in the world" by the United Nations and the World Bank in 2005. A similar conclusion applies to the Zhongguancun High Tech District in Beijing, which is dubbed by experts as China's Silicon Valley (Zhou, 2008). What lessons can we draw from the success in informing policy-makers about institutional changes, poverty reduction, and entrepreneurs regarding business opportunities and their roles in society? Another example is India's "Cash on Delivery" activity that now accounts for 72% of e-commerce in major cities and 90% from smaller towns that facilitated birth and growth of new ventures in the e-commerce sector in India (*Business Insider Intelligence*, 2016). The government's tolerance of informal institutional innovation was essential for such entrepreneurial endeavors to materialize and, more importantly, for formal institutions to accept and legalize the innovation. These institutional changes are important not only for entrepreneurs but also for multinational enterprises competing in such "fluid" institutional environments, which can

incorporate novel business models into their global strategy to compete locally, particularly in platform industries.

Finally, interaction between formal and informal institutions in both emerging and developed economies (Holmes, Miller, Hitt & Salmador, 2013) affects domestic and international entrepreneurship and is influenced by it. How entrepreneurs potentially serve as a bridge between formal and informal institutions is fascinating, yet there remain unanswered questions about this bridge in the international business and international entrepreneurship literatures. For example, we have limited knowledge about channels of the interplay between entrepreneurship (both formal and informal entrepreneurship) in emerging economies and their diverse and complex institutions, and the mechanisms for these channels to function properly.

There are many research questions requiring attention as a means of informing our scholarship, managerial practice, and public policies to better understand the interrelationship between institutions and entrepreneurship in today's global economy. We encourage authors to draw from and to integrate insights from multiple disciplines (e.g., entrepreneurship, strategy, international business, sociology, economics, technology management, political science, etc.) when developing their research. We anticipate that submissions for this special issue will break new conceptual ground to address real-world phenomena regarding entrepreneurship within diverse institutional environments. We are open to and encourage the use of a variety of theories and methodologies (qualitative, multi-level, case study, conceptual, etc.). In line with the Journal's mission, submissions are encouraged to examine cross-border activities occurring in multiple countries, provide a comparison and contrasting of activities across national borders, or study how the conditions of the context affect firms' strategies.

The following are examples of topics that are attractive to this special issue. Authors are encouraged to contact the special issue editors if they have questions on the suitability of these and other topics.

1. Institutional environments are in a period of flux in some countries. How does a changing or unstable institutional environment affect entrepreneurial activities?
2. What are the influences of the level of institutional development and informal institutions on entrepreneurial activities and new ventures' internationalization strategies?
3. How do institutional disruptions (e.g., terrorism, war) and reversals affect corporate entrepreneurship and/or new venture development?
4. In what ways do subnational and local institutions influence the level and type of entrepreneurial activities in a region and locality?
5. What is the effect on entrepreneurial activity and innovation (e.g., on firms, the country and/or region) when nations encourage entrepreneurial ventures operating in the informal economy to transition their operations to the formal economy?
6. How does technological innovation affect the institutional environment for entrepreneurship (e.g., "initial coin offering" leveling the competitive field for new ventures)? Are new ventures from developed vs. emerging economies affected in similar ways by technological breakthroughs?
7. How do different types of underdeveloped institutions in emerging markets (and developed markets) constrain entrepreneurial activities and innovation?
8. How do different types of underdeveloped institutions induce entrepreneurial activities and innovation (such as new business models and entrepreneurial strategies)? What is the role of the *process* of institutionalization in the promotion of entrepreneurship? How transferable are these entrepreneurial activities and innovation across different institutional environments?

9. What role do institutions (strong and weak institutions) play in social entrepreneurship?
10. What are the effects of institutional diversity, complexity, and polycentricity on entrepreneurship and innovation in both new ventures and large multinationals?
11. Can entrepreneurial actions and innovation influence informal industry institutions (norms) to induce institutional change? Do large established multinationals have more opportunities to induce institutional changes than new ventures?
12. How does the sharing economy built upon entrepreneurship reshape the institutional environment? Does it induce institutional adjustment in developed countries vs. institutional revolution/building in emerging economies?
13. How do institutions shape the conditions for entrepreneurship? For example, how do national formal institutions influence industry-level informal institutions (norms) that in turn affect entrepreneurial strategies?
14. How do comparative institutional systems across the globe have both positive and negative effects on entrepreneurial activities?

## **Deadline and Submission Instructions**

Authors should submit their manuscripts between August 15, 2019 and August 31, 2019, via the *Global Strategy Journal* submission system at <https://mc.manuscriptcentral.com/gsj>. To ensure that all manuscripts are identified correctly for consideration for this Special Issue, please click the “Special Issue Article” when selecting the “Article Type.” Manuscripts should be prepared in accordance with *Global Strategy Journal*’s Guide for Authors available at [http://onlinelibrary.wiley.com/journal/10.1002/\(ISSN\)2042-5805/homepage/ForAuthors.html](http://onlinelibrary.wiley.com/journal/10.1002/(ISSN)2042-5805/homepage/ForAuthors.html)

All submissions will go through the journal’s double-blind review process. The guest editors may conduct a paper development workshop for manuscripts moving forward after the first round of reviews in late 2019. The intent of the workshop will be to provide additional inputs to authors regarding their manuscripts (after revision based on the first set of reviews and feedback) with the intent of enhancing and sharpening the potential value of the contribution. Presentation of an author’s work at the workshop is neither a requirement for nor a promise of final acceptance of the paper.

## **More Information**

To obtain additional information, please direct questions to the Special Issue editors:

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