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Albena Pergelova

MacEwan University, Canada, PergelovaA@macewan.ca

Fernando Angulo-Ruiz

MacEwan University, Canada

Léo-Paul Dana

Montpellier Business School, France

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**THE G. DALE MEYER AWARD
FOR THE MOST RELEVANT RESEARCH IN
SOCIAL ENTREPRENEURSHIP**

**ENTREPRENEURSHIP AS CHANGE-CREATION: TESTING
THE EMANCIPATION PERSPECTIVE AND ITS OUTCOMES**



*Albena Pergelova, MacEwan University, Canada
Fernando Angulo-Ruiz, MacEwan University, Canada
Léo-Paul Dana, Montpellier Business School, France*

ABSTRACT

This paper contributes to the emerging wave of critical entrepreneurship studies by building on recent conceptual advancements that view entrepreneuring as emancipation, i.e., entrepreneurial activities as generators of change and pursuit of liberation from perceived constraints. Using a representative dataset of Canadian Aboriginal SMEs, the paper investigates how the type of “freedom” / liberation entrepreneurs pursue affects the way they enact several aspects of their businesses and the performance outcomes achieved. Findings suggest that distinctly different business models, practices, and outcomes characterize entrepreneurs looking for freedom for themselves vs. the ones looking for change for the social collective of which they are a part.

INTRODUCTION

Entrepreneurship literature has traditionally seen the domain of the field as closely linked to economic value created by entrepreneurs in their pursuit of opportunities. This traditional view, rooted in neoliberal economic thinking, however, is being challenged by academics in the field. A different view – a more critical and reflective one has been advanced both conceptually and empirically (e.g., Al-Dajani et al., 2015; Calas et al., 2009; Clarke, Holt, & Blundel, 2014; Goss et al., 2011; Imas et al., 2012; Korsgaard & Anderson, 2011; Rindova et al., 2009; Tedmanson et al., 2015). Such a view challenges preconceived notions about who is an entrepreneur and what are the legitimate outcomes of entrepreneurial activities, and urges scholars to consider broader dimensions of value created by entrepreneurs (Welter et al., 2016).

In this paper we contribute to the emerging wave of critical entrepreneurship studies by building on the conceptual advancements of Rindova et al. (2009) who view entrepreneuring as emancipation, i.e., entrepreneurial activities as generators of change (broadly understood and not limited to economic outcomes) and as pursuit of liberation from perceived constraints. Entrepreneurs from this standpoint are agents of social change (Barth, 1963, 1967). The perspective advanced by Rindova et al. (2009) has three core elements: (1) seeking autonomy, (2) authoring, and (3) making declarations. The “seeking autonomy” aspect is defined as the entrepreneur’s desire to break free from the authority of another, and as Rindova et al. (2009) explain, entrepreneurs could be looking for “freedom for themselves” (e.g., freedom to be independent, employ their creative potential, be their own boss, etc.), or “freedom (and change) for the social collective of which they are a part”. The second aspect – “authoring” – refers to “defining relationships, arrangements, and rules of engagement that preserve and potentially enhance the change potential of a given entrepreneurial project” (Rindova et al., 2009, p. 483). The third aspect – “making declarations” – is defined as discursive and rhetorical acts

regarding the actor's intention to create change, and through this, seeking to alter "societal beliefs about the very nature of things" (Rindova et al., 2009, p. 486).

Notwithstanding the significance of those conceptual advancements and their potential to change the dominant discourse in the field, only a few studies have addressed this issue empirically (e.g., Al-Dajani et al., 2015; Haugh & Talwar, 2016; Jennings et al., 2016). Thus, while there is a recognition in the field that many entrepreneurs start their enterprise pursuing goals different from and / or going beyond economic gains (Dana, 2007; Jennings & Brush, 2013; O'Neil & Ucbasaran 2016), the norm in the mainstream entrepreneurship literature is still to judge entrepreneurial success by economic indicators, while other dimensions of value (and values) remain underrepresented (Welter et al., 2016). Our objective is to address a critical question asked by Rindova et al. (2009): Do entrepreneurs who view autonomy as freedom for themselves do things differently and achieve different outcomes from those who view autonomy as freedom (and change) for the social collectivity of which they are a part? (p. 481). Thus, we seek to understand how entrepreneurship creates a variety of changes (e.g., economic, social, personal, etc.) by conceptualizing and operationalizing all three aspects of Rindova et al.'s framework and examining a diverse range of performance outcomes of emancipation in a large representative data set of Canadian Aboriginal SMEs. In so doing we advance research on the emancipatory perspective in entrepreneurship substantially, since previous research is mostly based on qualitative case studies and placed within a developing economy context (for a notable exception see Jennings et al., 2016). For a change-creation perspective on entrepreneurship to truly be able to find its place in the contemporary entrepreneurship discourse, we need both theoretical advancements and empirical generalizations across a range of contexts.

HYPOTHESES DEVELOPMENT

Rindova et al. (2009) define entrepreneuring as "efforts to bring about new economic, social, institutional, and cultural environments through the actions of an individual or group of individuals" (p. 477). The broadened emphasis on newness (encompassing economic, social, etc. aspects) both resonates with more traditional definitions of entrepreneurship focused on innovation (Schumpeter, 1934), and departs from them by escaping the default individualist assumptions based on economics, and moving towards theorizing both the deeply individualist (seeking autonomy from perceived constraints) and deeply social (and change-creating) aspects of entrepreneuring (Rindova et al., 2009: 481). The question raised by Rindova and colleagues (and the one we focus on in this paper) on how entrepreneurs seeking freedom for themselves differ from those seeking to enact change for the social collective, is therefore a crucial one for understanding the emancipatory potential of entrepreneurship. We approach this question by examining how the two groups of entrepreneurs differ in "authoring" and "making declarations", as well as the outcomes achieved.

Seeking Freedom and "Authoring"

The scant entrepreneurship research on emancipation building on the conceptual premises of Rindova et al. has looked at "authoring" emancipation practices (i.e., ways of organizing that depart from the status quo or from established corporate practices) in terms of e.g., work-life balance, such as reducing the number of hours worked, putting limits on business-related activities, and minimizing work-to-family interference (Jennings et al., 2016). Although Jennings et al. (2016) do not differentiate specifically between entrepreneurs looking for freedom for themselves vs. freedom for the social collective, implicit in their line of theorizing is an assumption that in a developed economy context, a typical constraint from which entrepreneurs look to escape is constrictive corporate practices that do not allow for easily achieving work-life balance or that halter individual freedom in some other

ways (creative expression, feeling of independence, etc.). This line of theorizing thus assumes that entrepreneurs seeking freedom for themselves would be likely to enact “authoring” practices that enhance the potential for individual freedom, for instance, setting their work routines and schedules to accommodate family priorities or using their ventures as a vehicle to enhance control over the direction of their careers and life.

On the other hand, accounts of entrepreneurship as a change-creating activity on a broader level (i.e. looking to affect change / freedom for the social collective), encompass “authoring” practices that challenge preconceived cultural and/or industry norms and cover a wider range of value created. For instance, the study of Haugh and Talwar (2016) reports “authoring” practices in the form of flexible business models that build subtle avenues for social change while preserving some cultural traditions. Thus, through “authoring” different practices, structures and relationship engagements, entrepreneuring creates and/or amplifies cracks in rigidified social and economic relationships that impose constraints on the entrepreneur or other members of their social surroundings (Rindova et al., 2009). As Rindova and her colleagues further explain, however, the initial motivations for venturing will impact the kinds of structures and relationships that the entrepreneurs will author, so as to support the change-creation potential of the venture. If the initial motivations are determined by a personal wish to break away, adopting a “communal schema” might be challenging; on the contrary, when the initial motivation has been on freeing and changing the status quo for others, a balance between personal and communal (or economic and social goals), might be easier to achieve.

H1a: Compared to entrepreneurs seeking “freedom for the social collectivity”, entrepreneurs seeking “freedom for themselves” will be more likely to enact “authoring” practices that allow for individual flexibility and control.

H1b: Compared to entrepreneurs seeking “freedom for themselves”, entrepreneurs seeking “freedom for the social collectivity” will be more likely to enact “authoring” practices that combine social and economic value.

Seeking Freedom and “Making Declarations”

An important aspect of Rindova et al. (2009)’s emancipation framework is the concept of “making declarations,” i.e., engaging in discursive acts that assert to others (stakeholders) the entrepreneur’s intention to create change. The entrepreneurship literature has long recognized the importance of engaging in activities that establish patterns of meaning and position the entrepreneurs in their environment through e.g., strategic narratives and legitimation activities (Martens, Jennings, & Jennings, 2007; O’Neil & Ucbasaran, 2016). Most of the research however focuses on how entrepreneurs influence stakeholders’ beliefs in the venture’s legitimacy and thus, impacting the entrepreneur’s access to resources and chances of survival and growth. The emancipation perspective, in contrast, recognizes that instead of merely seeking to position themselves within established institutions and meanings to gain legitimacy, entrepreneurs might need to explicitly expose contradictions and differences so as to gain stakeholders’ support for an intended change. Creating “cracks” in existing institutional arrangements, however, is a daunting task for entrepreneurs, as they need to balance the desire to affect a change and the accompanying rhetoric through which they position themselves, with the constraints imposed by existing institutions (O’Neil & Ucbasaran, 2016). Our arguments on how entrepreneurs seeking freedom for themselves will differ with respect to “making declarations” from entrepreneurs seeking to affect change for the social collective are based on research proposing that motivations are an important component of the legitimation process. Motivation leads to specific individual actions (Drori & Honig, 2013; O’Neil & Ucbasaran, 2016), as well as to the structures and

activities entrepreneurs will engage in creating, including the extent to which they will engage in discursive acts challenging existing beliefs and / or institutional arrangements (Rindova et al., 2009). Because of the high degree of obstacles entrepreneurs encounter when trying to “dream a brave new world” (Rindova et al., 2009), we expect that entrepreneurs seeking to affect a broader (social) change will be inherently more motivated to “make declarations”; indeed, they must do so if they are to “stand out” and “break free”. While entrepreneurs seeking for individual freedom (e.g., creative expression, control over working hours, etc.) may well be able to achieve their dreams within the constraints of conventional industry arrangements through “authoring” innovative practices (Jennings et al., 2016), those looking to alter “societal beliefs about the very nature of things” (Rindova et al., 2009, p. 486) need to mobilize broader stakeholder support, and thus will be more likely to declare their change-creating intent.

H2: Compared to entrepreneurs seeking “freedom for themselves”, entrepreneurs seeking “freedom for the social collectivity” will be more likely to engage in “making declarations” that challenge the status quo.

Seeking Freedom and Performance Outcomes

While the emancipatory perspective emphasizes change creation, it does not negate wealth creation (Rindova et al., 2009). Indeed, Rindova et al.’s definition of entrepreneurship includes a wide variety of change-oriented activities, including (but not limited to) economic ones. To understand how entrepreneurs seeking freedom for themselves vs. freedom for the social collective differ with respect to outcomes achieved (i.e., social and economic), we borrow from the literature on institutional logics and hybrid organizing. Theoretical developments on competing institutional logics have been important in informing research on hybrid organizations. Hybrid organizing has been defined “as the activities, structures, processes, and meanings by which organizations make sense of and combine aspects of multiple organizational forms” (Battilana & Lee, 2014, p. 403), such as combining profit and social logics. We consider entrepreneurs starting a venture with a view of affecting (some form of) social change to be essentially embedded in multiple institutional logics, and thus representing a hybrid organizing case. The initial motivation and impetus of the entrepreneur will drive strategic decisions and will impact the organization’s performance. Research on founders’ imprinting on organizations has established how the founder’s early emphasis on specific issues play a critical role in subsequent organizational development (Marquis & Tilcsik, 2013). In this way, the founding team’s early emphasis on accomplishing the organization’s social mission helps hybrids to sustain their focus on their social mission and offsets the risk of “mission drift”; therefore, it is expected to be positively associated with social performance (Battilana et al., 2015). At the same time however, an intensified social emphasis stemming from such early social imprinting may come at a cost to economic outcomes (Battilana et al., 2015). Research has suggested that hybrid organizations voluntarily seeking to create blended value by combining economic and social performance may experience a competitive disadvantage to their more focused counterparts (McMullen & Warnick, 2016).

H3a: Compared to entrepreneurs seeking “freedom for themselves”, entrepreneurs seeking “freedom for the social collectivity” will be more likely to achieve higher social performance outcomes.

H3b: Compared to entrepreneurs seeking “freedom for the social collectivity”, entrepreneurs seeking “freedom for themselves” will be more likely to achieve higher economic performance outcomes.

METHOD

Context and Data

This study uses a dataset developed by the Canadian Council for Aboriginal Business, which includes a representative sample of 1,095 self-identified Aboriginal (First Nations, Métis and Inuit) business owners whose firm's size is 100 employees or less. The Canadian Aboriginal approach to entrepreneurship has been centered on looking to end dependency through economic self-sufficiency and creating businesses that can compete profitably in the global economy, while preserving cultural traditions and improving socio-economic circumstances (Anderson et al., 2006; Peredo et al., 2004). The context of indigenous entrepreneurship, therefore, provides a fertile ground to address the question of entrepreneurship as a change-creating activity (Calas et al., 2009) with a variety of outcomes, not limited only to economic ones.

Operationalization of Variables and Analytical Procedures

Consistent with the “breaking free from constraints” theorizing of Rindova et al. (2009), we operationalize “seeking autonomy” with reference to the entrepreneur's main reasons for starting their business. For freedom for themselves the response categories are: (1) to be my own boss/ entrepreneurial vision, (2) independence/ freedom/ creative control, (3) enjoy my job/ use of skills/ nature of my work, (4) better/more support for family/ have more time/stay home, and (5) dislike/ tired of working for others/previous job. The final measure of freedom for themselves is a binary variable that indicates as 1 the respondents who choose at least 1 category of the five previously indicated. The response categories included for measuring freedom/change for the social collectivity are: (1) help people/ give back to community/First Nations, and (2) create employment for others/ Aboriginal communities. The measure of freedom for the social collectivity indicates as 1 the respondents who choose at least 1 category of the two previously annotated.

Following Rindova et al. (2009) and Jennings et al. (2016), the authoring construct is operationalized with attention to practices that depart from the status quo in a typical corporate life and give the entrepreneurs the opportunity to do things in their own way. We include both authoring personal change and authoring social change. For personal change we measure two variables: set own schedule and control destiny. To operationalize authoring social change, we relied on the literature discussing new business models departing from the status quo as an indicator of authoring (e.g., Haugh & Talwar, 2016). In our case, the entrepreneurs espouse business model where both social and financial objectives are given equally high importance. To operationalize making declarations, we followed Rindova et al.'s (2009) idea that the entrepreneur's intention to create change should be embedded in discursive or rhetorical acts. To contextualize this construct, we used the question ‘what do you regard as your competitive advantage in your industry?’ and focused on the response category ‘identified as an Aboriginal business’. Our rationale is as follows. Being Aboriginal is usually not associated with being a good business person; in fact there are stereotypes cast on Aboriginal people that oftentimes exclude them from business opportunities. Therefore, identifying oneself as such can be considered a discourse regarding the actor's intention to create change – in Rindova et al.'s words “altering societal beliefs about the very nature of things”.

We measured outcomes with a number of economic and non-economic indicators: revenue growth, expected revenue growth, profit, expected profit growth, product innovation, process innovation, training of employees, percentage Aboriginal employees. Control variables include gender, age of the entrepreneur, education, firm age, firm size, context (is the business located on a

reserve or not), and industry. We conduct a series of regression analyses to assess the effects of the two “freedoms” (for themselves and for the social collectivity) on different aspects of authoring that reflect “departure from the status quo”, as well as on “making declarations” and multiple outcomes.

RESULTS

Logit regressions results indicate that freedom for themselves is positively related to control destiny (0.528, $p < 0.001$) while freedom for the social collectivity is negatively related to set own schedule (-0.694, $p < 0.10$) and control destiny (-0.546, $p < 0.10$). These results support H1a which states that compared to entrepreneurs seeking “freedom for the social collectivity”, entrepreneurs seeking “freedom for themselves” will be more likely to enact “authoring” practices that allow for individual flexibility and control. Results also indicate that only freedom for the social collectivity is positively related with valuing equally highly community employment and profit (0.796, $p < 0.001$) and with valuing community service and profit (0.612, $p < 0.01$), providing support to H1b. Findings also indicate that only freedom for the social collectivity is positively related to being identified as Aboriginal business (0.603, $p < 0.10$), in support of H2. Results of logit regression indicate that freedom for the social collectivity is positively related with training employees (1.051, $p < 0.01$), while results of ordinary least squares indicate that freedom for the social collectivity is positively related with the percentage of Aboriginal employees (0.093, $p < 0.05$). Logit regressions reveal that freedom for themselves is positively related with expected revenue growth (0.303, $p < 0.10$), expected profit growth (0.404, $p < 0.05$), product innovation (0.314, $p < 0.05$), and process innovation (0.333, $p < 0.05$). These results support both H3a and H3b.

DISCUSSION AND IMPLICATIONS

In this paper we set out to examine entrepreneurial practices and outcomes from the perspective of entrepreneurship as emancipation. Our findings advance research on the change-creating potential of entrepreneurship by differentiating between the different “freedoms” that entrepreneurs pursue and how this initial motivation affects subsequent authoring and making declarations practices (departures from the status quo), as well as outcomes. Entrepreneurs seeking “freedom for themselves” approached authoring in a distinctly different way compared to those seeking to enact change in the social collective of which they are a part. The latter were much more likely to espouse business models that embrace both social and economic objectives; while the former were more likely to perceive their entrepreneurial venture as a means of controlling their destiny. With regard to entrepreneurs’ engagement in “making declarations”, those who view autonomy as freedom and change for the social collectivity were more likely to do so. There was also a clear pattern of differences of outcomes achieved: those seeking freedom for themselves were more likely to report economic and innovation-related outcomes; while entrepreneurs seeking to effect change for the social collectivity were more likely to achieve outcomes related to employee benefits. Our research advances the literature on critical entrepreneurship and emancipation by focusing on entrepreneurs’ attempts to dislodge the status quo. The paper answers recent calls to see the entrepreneurial process as one in which “the head engages the heart” (Shepherd, 2015) by going beyond financial goals.

CONTACT: Albena Pergelova; PergelovaA@macewan.ca; (T): 780-633-3798; (F): 780-497-4666; MacEwan University, School of Business, 10700-104 avenue NW, Edmonton, AB, T5J 4S2, Canada.