

Article

# The Enabling and Constraining Effects of Social Ties in the Process of Institutional Entrepreneurship

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## Abstract

While the past decade has produced a number of insights into the process of institutional change, scholars still lack a comprehensive understanding of the germinal stages of institutional entrepreneurship. More specifically, further knowledge is needed into what factors cause certain individuals to initiate norm-breaking behaviour while others continue to adhere to societal expectations. Prior work seeking to inform this question has focused either on individual-level or environmental-level explanations. Comparatively, we employ a social network perspective as a ‘meso-level’ lens into the space where actors and their environment intersect. Based upon our qualitative findings, we propose that social ties can serve as an important factor in enabling (heterophilic ties) as well as constraining (homophilic ties) institutional change. However, our data also suggest that these network forces are highly dynamic and contingent upon tie frequency, the sequencing of tie contact, and the prevailing social norms in which tie contact takes place.

## Keywords

China, entrepreneurship, homophily, institutional entrepreneurship, social entrepreneurship, social network theory

## Introduction

Institutional entrepreneurs are defined as ‘change agents who, whether or not they initially intended to change their institutional environment, initiate, and actively participate in the implementation of changes that diverge from existing institutions’ (Battilana, Leca, & Boxenbaum, 2009, p. 70).

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Examples of such institutional change include introducing or endorsing new technology standards (Garud, Jain, & Kumaraswamy, 2002), promoting new practices of consultation and information exchange (Maguire, Hardy, & Lawrence, 2004), or adopting the use of new organizational forms (Greenwood & Suddaby, 2006; Mair & Marti, 2006).

While the literature on institutional entrepreneurship has continued to flourish over the past decade, scholars still lack a detailed understanding of the 'seeds' of institutional change. In other words, within the early stages of the institutional entrepreneurship process, what factors lead some individuals to engage in activities that contradict prevailing norms, and others to continue to behave in accordance with societal prescriptions? To address this question, prior scholars have largely focused either on the characteristics of the individual (e.g. status) or the characteristics of the broader environment (e.g. level of fragmentation) as potential sources of explanation (Van Wijk, Stam, Elfring, Zietsma, & Den Hond, 2013; Zietsma & Lawrence, 2010). However, scholars have largely ignored how the characteristics of an individual's social network might serve to inform this question (Battilana, 2011). This is particularly surprising given that social networks operate as an important medium through which institutional pressures on individuals are exerted or inhibited.

To explore the role of social ties in the process of institutional entrepreneurship, we conducted a qualitative study involving 62 individuals within China who were contemplating starting, or had recently decided to start, a social enterprise. As compared to commercial enterprises, social enterprises engage in business activities primarily to achieve social rather than financial goals (Mair & Marti, 2006). Starting a social enterprise within China significantly challenges existing norms given that, up until very recently, addressing social challenges was the sole responsibility of the Communist Party government rather than private actors (Yu, 2011).

Although exploratory in nature, the insights provided by our qualitative study lead us to make several predictions. As a main effect, we propose that different types of network ties exert very different influences on the likelihood of institutional entrepreneurship. Homophilic ties, rooted in kinship or shared history, often exert a highly constraining force upon individuals to refrain from engaging in behaviour that contradicts existing norms. Comparatively, heterophilic ties, being much more diverse in nature, exert an enabling force that encourages individuals to engage in activities that represent social change. However, the patterns within our data also suggest a high degree of dynamism. More specifically, because most social networks consist of both homophilic and heterophilic ties, our study suggests three important contingencies to predict *when* such opposing forces will ultimately lead to instances of institutional entrepreneurship: (1) tie frequency; (2) the sequencing of tie contact; and (3) the prevailing social norms in which tie contact takes place.

Our study contributes to theory on institutional entrepreneurship by applying a network lens to better understand the early-stage process of institutional change, and to help further explain why some 'deviant' ideas are acted upon by individuals while others are not. We also contribute directly to theory on social networks by highlighting the path dependency of different types of network ties on changing individual behaviour. Finally, our study suggests a number of practical implications for social entrepreneurs specifically, and institutional entrepreneurs more generally, as they attempt to navigate the complex set of supportive and unsupportive forces in their environment.

## **Institutional Entrepreneurship**

The field of institutional entrepreneurship grew largely out of a dissatisfaction with the portrayal of individuals within institutional theory as 'drones' whose behaviour simply mimicked that prescribed by existing norms (Battilana et al., 2009). Prior to the development of the field, changes to institutions were viewed by institutional theorists as primarily a function of exogenous shocks, rather than as a result of purposeful actions on the part of individuals or organizations that were

endogenously embedded (DiMaggio, 1988). Thus, the merging of institutional theory with the notion of entrepreneurship represented a reinfusion of agency into the discussion surrounding institutional change (Emirbayer & Mische, 1998).

However, the melding of structural with agency thinking created a unique theoretical puzzle: how can embedded actors both shape, and at the same time be shaped by, their environment (David, Sine, & Haveman, 2013)? This 'paradox of embedded agency' thus presents a theoretical quandary of why certain actors decide to engage in non-conforming behaviour in the face of significant pressures towards conformity while others do not (Seo & Creed, 2002). Indeed, much of the scholarly focus within the field of institutional entrepreneurship has been directed towards resolving this tension between institutional determinism and agency (Battilana et al., 2009).

The search for factors that can help reconcile this paradox has thus far yielded several individual-level and environmental-level characteristics. In terms of individual-level factors, research has suggested that institutional entrepreneurs often possess a unique 'subject position' in terms of their embeddedness within multiple institutional fields (Rao, Morrill, & Zald, 2000; Sewell, 1992). This unique position constructs an unconventional point of view that allows them to both conceive of new practices as well as resist pressures towards conformity (Greenwood & Hinings, 1988; Hoffman, 1999). Institutional entrepreneurs often also possess higher status, or are in a unique 'social position' within their institutional field, that allows them to engage in non-conforming behaviour without significant fear of repercussions (Garud et al., 2002; Greenwood & Suddaby, 2006; Maguire et al., 2004).

In terms of environmental-level characteristics, the majority of research efforts have been focused on the degree of intra-field heterogeneity and rigidity as potential explanatory mechanisms for resolving this paradox (Battilana et al., 2009). A field is a recognizable area of activities that is comprised of multiple institutions (DiMaggio & Powell, 1983). Similarly, institutional logics are 'taken-for-granted social prescriptions that guide behavior of actors within a field' (Battilana, 2006, p. 656). Therefore, environments in which the institutional logics within a field are more heterogeneous are thought to allow for greater permeability and incidence of institutional entrepreneurship (Sewell, 1992; Thornton & Ocasio, 1999). Similarly, institutions that are younger in their stage of development are considered more susceptible to acts of institutional entrepreneurship than those that are well established (Tolbert & Zucker, 1996).

Increasingly, however, scholars have noted that institutional entrepreneurship is not simply about a single 'hero' actor, but rather a larger process that involves a number of 'actors that may have no vested interest or material stake in fundamental change but who, through their actions, create the possibility for change to occur' (Delbridge & Edwards, 2008, p. 321). It has also been noted that more research is needed with respect to the role that individuals connected to the institutional entrepreneur play in motivating them to realize and sustain their vision (Battilana et al., 2009; Lounsbury & Crumley, 2007). Thus, while prior research has largely taken either a micro or macro perspective to reconcile the paradox of embedded agency, there has been little attention paid to the more intermediate or 'meso level' space where the individual actor and their environment intersect (Battilana & Casciaro, 2012; Dorado, 2005).

We seek to fill this theoretical gap by applying a social network lens to the early-stage process of institutional entrepreneurship. While there have been prior efforts to link these two perspectives, the goal of such research was solely to understand how institutional entrepreneurs seek to leverage social networks to initiate larger-scale change (Battilana & Casciaro, 2012; Greenwood, Suddaby, & Hinings, 2002; Maguire et al., 2004). Comparatively, the focus of our study is to explore how the likelihood of an individual actor to engage in non-conforming behaviour may be dynamically influenced by other individuals with whom they interact. We turn now to highlighting the literature

on social networks, with a particular emphasis on tie characteristics, as means of creating an integrated theoretical foundation for our study.

## Social Network Perspective

One of the aims of the social network perspective is to understand how a focal actor's position within a network of other actors, and specific relationships with those other actors, provides opportunities and constraints (Brass, 1984; Granovetter, 1985; Mehra, Kilduff, & Brass, 2001). While the field of institutional entrepreneurship grew out of a dissatisfaction with the dominant structuralist paradigm underlying institutional theory at the time, research on social networks arose out of dissatisfaction with the assertion that individuals were modelled as making decisions in isolation (Borgatti, Mehra, Brass, & Labianca, 2009; Nohria & Eccles, 1992). Thus, the network perspective seeks to understand how micro-macro contextual linkages exert pressure on individuals and organizations that ultimately alter their actions (Emirbayer & Goodwin, 1994; Kilduff & Tsai, 2003).

Social networks exert influence over a focal actor's behaviour in a number of ways. For example, network actors can choose whether or not to provide financial or emotional support to a focal actor in pursuit of their goals (Jack, 2005). Network actors can also provide knowledge and information which sometimes reinforces the focal actor's preconceptions and at other times refutes them (Uzzi, 1996). While the focal actor is potentially subject to the influence of all actors within its network, they are also able to shape such influence. Specifically, focal actors can act strategically in deciding when, where, and with whom to interact as a means of actively managing network influences (Fang, Chi, Chen, & Baron, 2015; Mehra et al., 2001).

Explorations of the specific ways in which social networks shape individual behaviour have focused primarily on two different types of characteristics – those related to the types of network ties and those related to characteristics of the overall network itself (Kilduff & Tsai, 2003). In terms of network characteristics, scholars have examined how aspects such as network density, centrality and reachability work to shape behaviour on the part of the actor (Ibarra & Andrews, 1993; Morrison, 2002). Additionally, 'network-oriented' scholars have often explored how structural holes originate (Sasovova, Mehra, Borgatti, & Schippers, 2010), provide opportunities for strategic action (Brass, 1984; Burt, 1997), and instances where structural holes are less effective (Bizzi, 2013).

Comparatively, 'tie-oriented' scholars have focused largely on the characteristics of the dyadic relationships that link the focal actor to other actors as a means of shaping behaviour. While there are many different distinctions between types of ties (e.g. strong vs. weak; bonding vs. bridging), the contrast between homophilic and heterophilic ties would seem particularly pertinent to the study of institutional entrepreneurship (McPherson, Smith-Lovin, & Cook, 2001). Homophilic ties refer to relationships between people that are highly similar, while heterophilic ties refer to relationships between people that are dissimilar (Lazarsfeld & Merton, 1954; Mehra, Kilduff, & Brass, 1998). Such similarity (or dissimilarity) can be based on a number of attributes including gender (Maccoby, 1998), age (Fischer, 1977) and ethnicity (Leonard, Mehra, & Katerberg, 2008). However, perceptions of similarity are often based on characteristics such as social class, education and shared history (Louch, 2000; McPherson et al., 2001). Whereas homophilic ties serve to reinforce shared attributes and identities among members in a social network, heterophilic ties work to amplify diversity and inclusiveness across different social spheres (McPherson et al., 2001).

Tie frequency (Granovetter, 1973; Lin, Ensel, & Vaughn, 1981) may also be an important tie characteristic that influences the institutional change process. Tie frequency and tie homophile have been shown to represent two distinct characteristics of a network relationship (Marsden, 1990). More importantly, increased frequency of tie interaction is thought to amplify the influence of that particular tie on the focal actor's behaviour (Ibarra, 1995). Thus, frequent homophilic/

heterophilic ties may have a very different influence than infrequent homophilic/heterophilic ties in terms of how they impact the process of institutional entrepreneurship.

To explore the potential effects of such network ties, we designed our study to examine tie type in combination with tie frequency (i.e. frequent homophilic; infrequent homophilic; frequent heterophilic; infrequent heterophilic). However, the extent to which such ties ultimately enable or constrain social change is likely highly complex given the dynamic nature of social networks (Castells, 1996). Thus, we elected to employ a qualitative approach to study the multifarious, and potentially time-specific, effects of network ties during the early-stage process of institutional entrepreneurship.

## Methodology

### Research setting

The context for our study was the early-stage emergence of social entrepreneurship within China. Social entrepreneurship involves the application of business solutions to address social issues (Kistruck & Beamish, 2010), and differs from the traditional notion of entrepreneurship in that the primary mission is to produce public social goods rather than capture private economic rents (Van de Ven, Sapienza, & Villanueva, 2007). By blending together the logics of private enterprise with those of addressing social needs, social entrepreneurs represent 'a whole new system of meaning that ties the functioning of disparate sets of institutions together' (Garud et al., 2002, p. 957). This is particularly true within China where, until only very recently, addressing social needs has been the sole responsibility of the government rather than private actors (Yu, 2011).

Rapid economic development within China over the past decade has created thriving urban centres, but also income inequality and other growing social conflicts (Yu, 2011). Excessive government attention to rapid economic growth has resulted in less focus on issues related to the elderly, mentally and physically challenged people, as well as the rural population (Liu, 2006). As a result, the Chinese Communist Party, in its most recent Five-Year Plan, noted that greater attention to social issues on the part of private organizations may be warranted (Guiheux, 2006). Specifically, as part of this new Plan, the government allowed a limited role for private organizations to begin to independently undertake a small range of socially related activities.<sup>1</sup>

Since this declaration, there have been the beginnings of a social enterprise sector within China seeking to capitalize on this new opportunity (Yu, 2011). However, social entrepreneurship is still in its relative infancy within China and remains a highly unconventional form of behaviour on the part of individuals. There is also very little awareness of its existence on the part of the general public in most parts of the country. As a result, it serves as a fruitful context for exploring the role of social ties in the early stage process of institutional entrepreneurship.

Before formally embarking on data collection, we conducted a preliminary focus group to broadly explore how entrepreneurs within China conceptualize homophilic and heterophilic ties. The participants were five entrepreneurs who had started a new enterprise within the last four years. To begin, the group was asked to more generally discuss the emergence of social entrepreneurship within China and how it is perceived by the general public. Subsequently, the participants were asked to relay, and compare, their individual stories regarding the role of their network ties during the period in which they were contemplating starting a new venture.

Within the context of China, a homophilic tie is considered to be someone that resides within the same 'social sphere' as the focal actor. The social sphere can be a result of kinship, sect, or belonging to a common ethnic group. For example, different family names within China represent various lineages, and certain family names are linked to one another based upon historical affinity

with certain kingdoms and rulers. Thus homophilic ties are similar in terms of certain practices and traditions based upon common background or shared history. Comparatively, heterophilic ties within China are considered to be individuals who belong to a different social sphere. Migration within China is fairly limited due to the hukou system,<sup>2</sup> and thus heterophilic ties tend to be formed later in life through attending university or college (where migration is permitted), or through working relationships with individuals that come from different backgrounds. Thus, the stories relayed by the participants indicated that their perception of homophilic and heterophilic ties was very much consistent with how they are presented within the literature (Louch, 2000; Rogers & Bhowmik, 1970). The concepts of 'frequent' and 'infrequent' ties were also confirmed as highly consistent with how they are presented within the literature on social networks.<sup>3</sup>

### *Data collection and analysis*

For the purpose of data collection, we recruited a total of 62 individuals who were contemplating starting, or had recently decided to start, a social enterprise within China. We began our data collection with an initial diary study, and subsequently undertook a series of more broad semi-structured interviews to challenge and reinforce initial themes, as well as to examine the extent to which such themes were common across four different regions of China where knowledge of social entrepreneurship varied to some degree. Independently, each of these qualitative methodologies has been shown to provide an in-depth understanding of emerging phenomena (Bolger, Davis, & Rafaeli, 2003; Miles & Huberman, 1994).

*Initial diary study.* For the initial diary study, a potential pool of participants was created by contacting local agencies and organizations within Hong Kong that promoted social entrepreneurship. From this pool, two of the researchers conducted an initial interview with each potential participant to assess three criteria: (a) whether their initial ideas were consistent with our definition of social enterprise; (b) whether they were at a very early stage of conceptualization; and (c) whether they had disclosed their ideas to only a few, if any, of their social ties. Based on the answers to these questions we recruited 15 suitable participants for the diary study.

At the beginning of the diary study, we discussed the concepts of 'homophile' and 'frequency' with each participant in order to ensure a clear and shared conception of network ties. The participants were then presented with an Incidence Record Sheet as a template (see Figure 1) which contained a list of questions they were required to fill out whenever they discussed the potential formation of a social enterprise with one of their network ties. Such questions involved: their relationship with the tie; the type of tie; and the tie's response to their new idea/initiative.

It was made clear to each participant that the Incident Record Sheet should be filled out immediately after the event, and at most within a few hours, to ensure accuracy in the detailing of their tie interactions (Bolger et al., 2003). They were also informed of the importance of accurate reporting in an effort to achieve significant diary-keeping compliance (Bolger et al., 2003). The participants were required to continue filling out the record sheets until they had either formally initiated their social enterprise or had given up on the idea of establishing a social enterprise. Having the participants track their interactions using a diary allowed us to get a more nuanced and dynamic understanding of each tie interaction, as well as to minimize any downsides associated with recall bias (Beal & Weiss, 2003).

Table 1 provides summary details about each diary participant. The 15 participants (seven women and eight men) in aggregate recorded 283 incidents of contact with all social ties (mean 18.9, SD 7.9). Out of these total usable incidents, only 38 incidents had occurred before the participants were recruited (mean 2.53, SD 1.1), which represents less than 14% of all incidents.

Incidence Record Sheet											
Date				Meeting place				Gender (social tie)	M/F		
Your relationship with social tie:											
Type of social tie: Frequent homophilic/ infrequent homophilic/ frequent heterophilic/ infrequent heterophilic											
Social tie believe social issues are government's responsibility											
Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree			
Awareness level of social tie about NGO activities											
Very Low	1	2	3	4	5	6	7	Very High			
What support did you request from this social tie?											
What was your social tie's response to your idea/ initiative?											
Extremely discouraging	Indifferent						Extremely supportive				
-5	-4	-3	-2	-1	0	1	2	3	4	5	
Would you be fine if we contact this social tie? (if yes, please provide contact details)											

**Figure 1.** Sample (part) Diary Record Sheet.

**Table 1.** Diary Participants, Number of Social Ties Contacted, and SE Outcome in Study1.

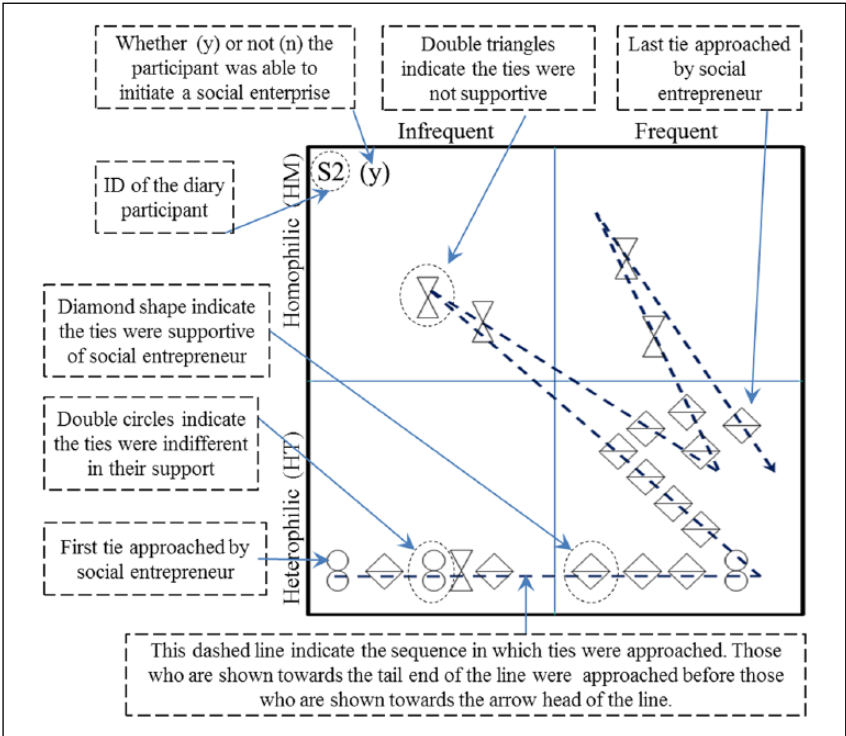
ID	Gender	Age	Education	Incidents	IHT	FHT	IHM	FHM	Sequence†	SE started
S1	M	25	Bachelor	16 (4)*	5	0	1	10	FHM→IHM→FHM→IHT	No
S2	M	27	Masters	21 (2)	5	12	2	2	IHT→FHT→IHM→FHT→FHM→FHT	Yes
S3	M	26	Bachelor	7 (3)	2	0	0	5	FHM→FHT	No
S4	F	24	Bachelor	24 (4)	4	2	4	14	IHM→FHM→FHT→FHM→IHT	No
S5	M	25	Bachelor	14 (3)	0	6	0	8	FHM→FHT→FHM	Yes
S6	F	28	Masters	17 (4)	3	1	3	10	IHM→FHM→FHT→IHT→FHM	No
S7	F	29	Masters	31 (2)	0	21	4	6	FHT→FHM→FHT→IHM→FHM→FHT	Yes
S8	F	27	Masters	24 (1)	4	15	2	3	IHT→FHT→IHM→FHT→FHM	Yes
S9	F	26	Bachelor	11 (3)	1	0	3	7	FHM→IHM→IHT	No
S10	M	28	Masters	9 (2)	1	0	2	6	FHM→IHM→IHT	No
S11	F	28	Masters	36 (3)	8	19	0	9	FHM→FHT→IHT→FHT	Yes
S12	M	27	Masters	17 (3)	5	0	5	7	FHM→IHM→IHT→IHM	No
S13	M	27	Masters	19 (2)	4	0	11	4	FHM→IHM→IHT→IHM	No
S14	M	26	Bachelor	23 (1)	0	17	4	2	FHT→IHM→FHT→FHM	Yes
S15	F	26	Bachelor	14 (1)	6	8	0	0	IHT→FHT→IHT→FHT	Yes

FHM, frequent homophilic ties; IHM, infrequent homophilic ties; FHT, frequent heterophilic ties; IHT, infrequent heterophilic ties.

\*Number in parentheses indicates retrospective reporting, for example, 4 out of 16 incidents happened before participant was 'recruited'.

†Order in which ties were approached. For SE labelled as S2 the sequence indicates that SE approached his IHT (5) first then FHT (8), IHM (2), FHT (3), FHM (2) and finally FHT (1). Refer to Figure 2a for additional details.

Participants reported these incidences retrospectively. The total number of incidents reported by women were 163 (mean 23.3, SD 8.2), while those reported by men were 120 (mean 15, SD 5.6). The average number of each type of network tie that each participant interacted with was: frequent homophilic ties, 6.2 (M 5.50, F 7.0); infrequent homophilic ties, 2.73 (M 3.13, F = .29); frequent



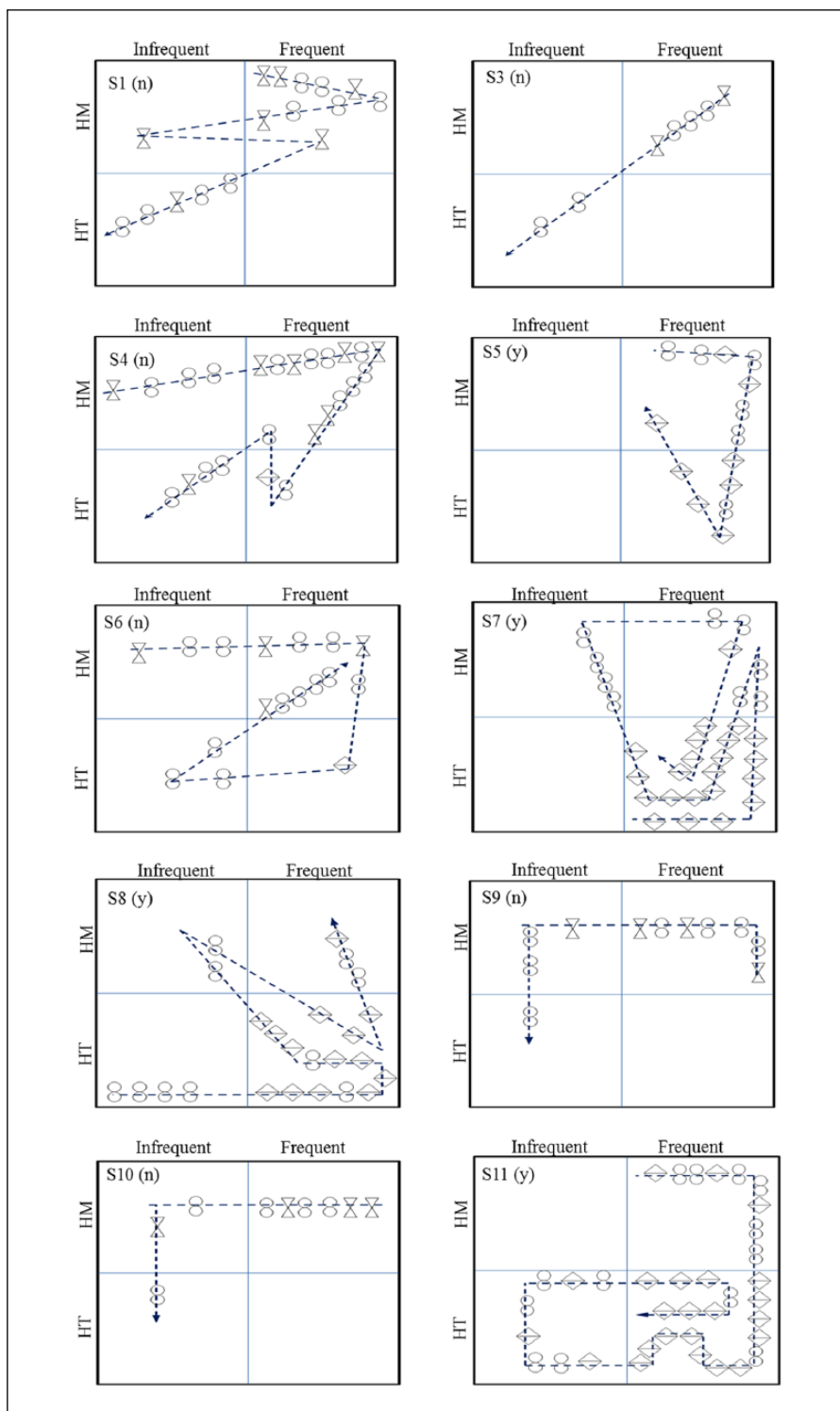
**Figure 2a.** Analysis of Social Entrepreneurs' Diaries.

heterophilic ties, 6.73 (M 4.38, F 9.43); and infrequent heterophilic ties, 3.2 (M 2.75, F 3.71). Table 1 also provides information on how many of each type of tie were approached by each study participant, the sequence in which these ties were approached, and whether the participant ultimately established a social enterprise or not.

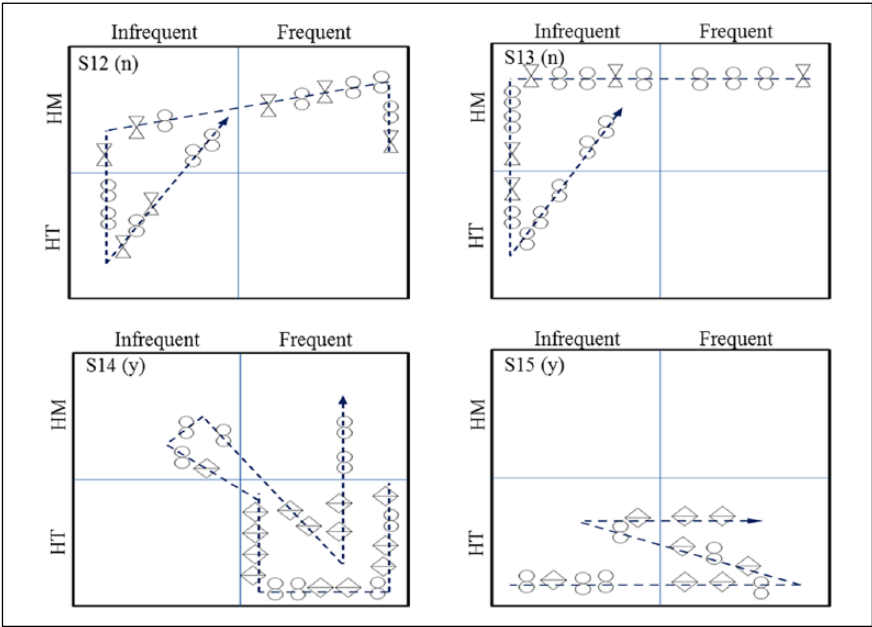
In order to minimize problems associated with single respondent and retrospective bias, participants were also asked to provide the contact information for each tie with whom they had interacted. In total, contact information for 210 of the total ties (74.2%) was provided by the participants. Each tie was subsequently queried as to whether or not they would agree to be interviewed briefly as part of the study, out of which 178 ties (or 84.8% of the ties for which contact information was obtained) agreed to do so. In analysing their responses, there was a 97.8% overlap between the participant's characterization of a tie as homophilic versus heterophilic, and an 85.4% overlap in the participant's characterization of the tie as frequent versus infrequent.

To analyse the patterns in the diary data, we created a graphical representation of each contact incident for all 15 participants (see Figures 2a and 2b). For the purpose of illustration, Figure 2a provides pattern information about participant S2. As the figure indicates, this individual (S2) approached an infrequent heterophilic tie first, who was indifferent (represented by double circles) to S2's idea. S2 then approached another infrequent heterophilic tie that was supportive (represented by a diamond). The sixth tie that S2 approached was a frequent heterophilic tie that was supportive. All of the frequent heterophilic ties, except one, were supportive of S2's idea. In contrast all the homophilic ties, whether frequent or infrequent, were opposed (represented by double triangles) to S2's idea.





(continued)



**Figure 2b.** Analysis of Social Entrepreneurs' Diaries.

Notes:

- Each symbol represents a unique social tie approached by the participant. If the symbol is in the NE quadrant then it represents a **frequent homophilic (HM)** tie. Similarly, NW, SE, SW, respectively represent **infrequent homophilic ties**, **frequent heterophilic (HT) ties**, and **infrequent heterophilic ties**.
- Within each quadrant the relative position of the symbols have no substantive meaning other than to represent the sequence of events. Those symbols that are towards the tail end of the line occurred before those events that are toward the arrow head of the line.
- Shapes indicate whether the tie was supportive (**diamond**), indifferent (**double circle**), or opposed (**double triangle**) to the initiative.
- (y) and (n) indicate whether or not the social enterprise was established successfully.

Information about patterns associated with the remaining 14 participants is provided in Figure 2b. Each of the 14 graphs represents an individual participant and contains information on: (1) whether each network tie can be characterized as frequent homophilic, infrequent homophilic, frequent heterophilic, or infrequent heterophilic; (2) the general impression of each network tie to the social entrepreneur's idea (i.e. supported, indifferent, opposed); (3) the order in which each network tie was contacted by the social entrepreneur; and (4) whether or not the social entrepreneur eventually established a new social enterprise.

**Semi-structured interviews.** In an attempt to evaluate whether the themes indicated within the initial diary study were reflective of the experiences of social entrepreneurs in China more broadly, we subsequently conducted semi-structured interviews with 47 individuals located in four different regions of China. In weighing the trade-off between depth and breadth, we selected to interview social entrepreneurs who had successfully established their social enterprise within the previous 12 months. While doing so created some potential for hindsight bias, as well as survivor bias, tracking the real-time process of 47 different social entrepreneurs in different parts of the country would have been far too onerous logistically.

The four regions selected for the study – Beijing, Inner Mongolia, Shanghai and Sichuan – were purposefully chosen to create variance within the interview sample. More specifically, we sought to examine the extent to which the themes uncovered within the initial diary study (undertaken in Hong Kong) would vary within regions where the level of awareness of social entrepreneurial activities was much lower. Discussions with NGOs and other agencies suggested that the four regions represented a diverse selection in terms of the local populations' exposure to organizations that were non-governmental being involved within social issues.

Participants for the semi-structured interviews were identified using a snowball approach in which initial contact was made with several social entrepreneurs through local associations, academic contacts and agencies. Subsequent to soliciting their participation, the social entrepreneurs were requested to provide contact information for other potential participants who might be willing to participate in the study. The series of semi-structured interviews took place over a period of approximately 8 months. Each interview was conducted in the presence of one of the co-authors, and by one of seven research assistants who had been trained on the semi-structured format to be followed. During each interview, one research assistant was used for translating the questions and a second for translating the answers. Each interview was recorded and subsequently translated into English by a separate research assistant. The subsequent English transcripts were then back-translated by another research assistant (Brislin, 1970). The original Chinese and back-translated Chinese versions were compared by a research assistant who was not involved in any of the previous steps.

Within each interview, the respondent was asked to characterize the type of ties with whom they had interacted when deciding whether or not to start up a social enterprise. Again, in order to minimize problems associated with retrospective bias, participants were asked to provide the contact information for such ties. Out of the total 831 network ties identified within the study, contact details were provided for 541 ties (65.1%). Out of the ties who were contacted, 279 of them (51.6%) agreed to be interviewed. There was a 93.4% overlap in the characterization of ties as homophilic versus heterophilic, and a 90.5% overlap between the characterization of ties as frequent versus infrequent.

## Findings

### *Tie type and frequency*

In comparing the data across the graphical representations of the contact incidents for each of the 15 participants within the initial diary study, several patterns emerged. First and foremost, there was a very distinct pattern that homophilic ties were largely 'discouraging' and heterophilic ties were largely 'supportive'. On average, on a scale of  $-5$  to  $+5$ , with  $-5$  being extremely discouraging and  $+5$  being extremely supportive, homophilic ties were  $-0.064$  while heterophilic ties were  $+2.60$ .

However, the initial diary study also provided additional patterns with respect to tie type and tie frequency. In cases where the entrepreneur elected not to start up a venture, both frequent homophilic ties ( $-1.25$ ) and infrequent homophilic ties ( $-1.32$ ) were discouraging. Comparatively, frequent heterophilic ties in such cases were quite highly supportive ( $3.33$ ), while infrequent heterophilic ties were simply indifferent ( $-0.023$ ). This pattern was largely echoed in cases where the entrepreneur did ultimately start up a new venture.<sup>4</sup> Therefore, our data suggest that while, on average, homophilic ties may be more 'discouraging' and heterophilic ties more 'supportive' of institutional entrepreneurship, the frequency of tie contact can have a significant moderating effect. Specifically, while both frequent and infrequent homophilic ties appeared to exert a relatively uniform negative

response to norm-breaking behaviour on the part of social entrepreneurs, frequent and infrequent heterophilic ties were much more varied in their response, with the former being highly supportive and the latter much more indifferent. Such findings are in line with a growing stream of research that suggests different network dimensions often interact to produce moderating effects on outcomes such as innovation and knowledge creation (Baer, 2010; Rost, 2011).

Consistent with the observations from the diary study, our analysis of the semi-structured interviews indicated that frequent homophilic ties mostly opposed (203), showed indifference (54), and only rarely supported (25) the social entrepreneur's initiative. In contrast, frequent heterophilic ties mostly supported (193), showed indifference (89), and only rarely opposed (47) the social entrepreneur's initiatives. Thus homophilic ties appeared highly resistant to the concept of social entrepreneurship, while heterophilic ties were much more supportive or indifferent of what they saw as a new form of organization.

In digging more deeply into the reasons underlying such diverse influences, respondents indicated that the more negative and emotional responses of homophilic ties appeared to be a result of kinship and shared histories that constituted their relationship with the individual. Over time, social entrepreneurs had developed strong emotional bonds with such network ties, and a relatively common set of expectations formed the foundation of their relationship. When giving their opinion on what they viewed as potentially deviant behaviour, homophilic ties were not only more likely to focus on reputational effects as opposed to the idea itself, but were also more likely to take into account the negative repercussions such actions might have on the social entrepreneur's family whom they also frequently connected with;

*'This is all well and good. You want to help poor farmers. I understand that. Who is going to help your parents? Get a decent job and leave this thing for government.'* (Inner Mongolia, interviewee 2, recalling response from one of the homophilic ties)

*'My friends with whom I have had long association; we come from same village or county; we went to same primary, secondary, and high school; and have been in contact since then. They know I am passionate about it [initiating a social enterprise], [however] they also know my parents' expectation from me. Perhaps this is the reason why they did not support my decision to start a social enterprise.'* (Sichuan Region, interviewee 10)

However, our interviews suggested that heterophilic ties also perceived a social entrepreneur's behaviour as deviant. Both homophilic and heterophilic ties viewed social issues as the responsibility of the government, and entrepreneurship as an institution for maximizing profit, with the combination of these logics as breaking with existing norms. However, the extent to which the conversation between the two actors progressed past this point of contention is where heterophilic and homophilic ties appeared to diverge:

*'I listen to the [social entrepreneur's (SE's)] idea. Initially, my reaction was why should [SE] bother to address these issues? Of course, I did not tell this to [SE]. I kept asking more details and tried to judge [SE's] commitment. I have very high trust in government. I believe government is committed to solving social issues. I was not convinced that [SE] can make meaningful contribution. But when I listen carefully to [SE's] plan to engage women from earthquake affected area and provide them stable earning [through embroidery], I encouraged [SE] to go ahead with [SE's] plan.'* (as reported by a heterophilic tie of interviewee 4 in the Sichuan Region)

As compared to the focus of homophilic ties on negative outcomes related to the social entrepreneur's kinship network, heterophilic ties appeared more likely to focus on the positive aspects of

the venture idea itself. In other words, heterophilic ties appeared less historically encumbered than homophilic ties, and thus able to judge ideas more on their stand-alone merit.

Therefore, drawing upon our data as a whole, we propose that the type of network tie will have a significant effect on whether or not an institutional entrepreneur ultimately engages in norm-breaking behaviour. More precisely, we propose that homophilic ties will have an overall negative influence while heterophilic ties will have an overall positive influence. However, we also propose that the main effect of tie type will be moderated by tie frequency. For homophilic ties, we would expect both frequent and infrequent ties to act in a constraining manner. Comparatively, for heterophilic ties we would expect frequent ties to be enabling, but infrequent ties to be largely indifferent.

*P1a: Different types of network ties will significantly affect the likelihood of institutional entrepreneurship. Specifically, homophilic ties will have a constraining effect and heterophilic ties an enabling effect.*

*P1b: The extent to which different types of ties affect the likelihood of institutional entrepreneurship is dependent upon tie frequency. Specifically, both frequent and infrequent homophilic ties will have a relatively uniform constraining effect while frequent heterophilic ties will be largely enabling and infrequent heterophilic ties largely indifferent.*

## Tie sequencing

The graphical representations of the data obtained in the initial diary study, and depicted in Figures 2a and 2b, suggest that whether or not an individual ultimately decided to start a new social venture was highly influenced by the order in which participants interacted with each type of tie. As Figure 2b indicates, individuals were least likely to establish a new social enterprise when the network ties they approached first were frequent homophilic ties. Specifically, for cases where the social entrepreneur failed to start up their venture, the social entrepreneurs had approached, in total, 57 of their frequent homophilic ties before approaching any of their heterophilic ties (frequent or infrequent), and only 6 frequent heterophilic ties before they approached their other frequent homophilic ties. Conversely, most of the successful cases of social enterprise start-ups were instances in which frequent heterophilic ties were approached prior to frequent homophilic ties. Individuals who ultimately launched a social enterprise had approached only 16 of their frequent homophilic ties before, and 14 after, they approached their heterophilic ties (frequent or infrequent).

The tie sequencing effect observed within the initial diary study was reinforced and expounded upon during the semi-structured interviews. Again, the constraining effects of homophilic ties appeared somewhat muted when advice was first sought from heterophilic ties. Furthermore, contacting heterophilic ties prior to homophilic ties appeared to be a strategic decision in many cases. One of the primary reasons heterophilic ties were approached first was to gain a strong sense of confidence in preparation for the anticipated negative reaction of homophilic ties:

*'I realized that my idea of starting a social enterprise would sound very odd to my [homophilic ties]<sup>5</sup> and probably most of them will not support it. Their opposition would have weakened my confidence. Instead I sought my [infrequent heterophilic ties]. I thought they will be safe bet. If they support my initiative, I will have more confidence about my idea. If they do not, then no big deal, I can move-on to next person in my extended network.'* (Shanghai Region, interviewee 5)

*'I had no choice but to inform some of my [frequent homophilic bonding ties] as they would be the ones with whom I have to interact in the future anyway. But before informing them I discussed my initial plans with my [infrequent heterophilic ties], [frequent heterophilic ties], and [infrequent homophilic ties] in that*

*order to gain confidence. I realized that [infrequent heterophilic ties] posed the lowest risk, as their rejection will not hurt me emotionally.'* (Inner Mongolia, interviewee 7)

*'After deep thinking, I decided not to inform any of my [homophilic ties] to avoid rejection at initial stage. You know, here everyone wants to make fast money and especially if you are educated from a top university, then your [frequent homophilic ties] have expectation that you will land up in a high salary job. They simply cannot come to terms with an idea that you do not want to make money but instead you want to address some social issues.'* (Inner Mongolia Region, interviewee 11)

However, another reason social entrepreneurs strategically sought advice from heterophilic ties prior to homophilic ties is that it allowed them to practise their 'pitch'. As two of the respondents indicated:

*'I informed my [infrequent heterophilic ties] first. My logic was simple. I wanted to get some initial response to my idea. If they support, great. If they oppose, I am not going to lose sleep over that, as I do not feel much attached to them. ... Well, I received mixed support from my [infrequent heterophilic ties]; however, this provided me time and insights to hone my idea, my message.'* (Beijing Region, interviewee 17)

*'Initially, I did not inform any of my [homophilic ties], as I knew that most of my [homophilic ties] have a preference for a regular salary job. I discussed my plan with my [frequent heterophilic ties] first, and then with some of my [infrequent homophilic ties] to get sense of their opposition to my plans before finally informing my [frequent homophilic ties]. This was helpful as I learned a lot from the criticism from my [infrequent homophilic ties] and delayed informing my [frequent homophilic ties].'* (Beijing, interviewee 16)

Thus, approaching heterophilic ties first seemed to allow the social entrepreneur to develop some initial sense of confidence by receiving positive (or at worst indifferent) feedback from more dissimilar individuals. Initial contact with heterophilic ties also allowed them to refine the communication of their idea prior to discussing the initiative with homophilic ties to which they are more vulnerable and emotionally attached.

However, data from the semi-structured interviews also indicated that the purposeful sequencing of heterophilic and homophilic ties was not always a linear process. Rather, some social entrepreneurs suggested that the sequencing between different types of ties could also be much more strategically iterative:

*'I approached my [frequent heterophilic ties], almost all of them were very supportive. This encouraged me and I could muster courage to approach my [homophilic ties]. I started with [infrequent homophilic ties]. Both of them opposed my idea. This did not deter me. I mean, I did lose some confidence but did not lose faith in my idea. To regain my confidence, I approached three of my [frequent heterophilic ties]. All of them strongly supported my idea. That was a big relief. At this point I had almost determined to put my idea to action. But I still wanted to hear the view of some of my [frequent homophilic ties]. Well, as expected they were not supportive of my idea.'* (Beijing Region, interviewee 17)

*'My strategy was to go back and forth between my diverse contacts. Quite early on I realized that my [heterophilic ties] were more supportive of my initiative than my [homophilic ties]. Therefore, I decided to spend more time with my [heterophilic ties] and especially with my [frequent heterophilic ties]. At the same time I also wanted to see if I may be able to convince at least some of my [homophilic] ties. Every once in a while I would approach my [homophilic tie]. Mostly they rejected my ideas.'* (Sichuan Region, interviewee 3)

Therefore, when participants felt it necessary to contact similar others earlier on in the opportunity creation process, reconnecting frequently with dissimilar others allowed them to 'keep their spirits up' as they continued to pursue their path towards venture start-up.

Thus, the sequencing of different type of ties appeared to act as an important moderator in both the studies. More precisely, tie sequencing significantly affected the degree to which the constraining effect of homophilic ties and the enabling effect of heterophilic ties ultimately impacted whether or not the institutional entrepreneur engaged in norm-breaking behaviour. In cases where advice from similar others was solicited first, the pressure to remain within existing norms and expectations was such that the entrepreneur was remiss to push further. Comparatively, in cases where advice from dissimilar others was solicited first, the entrepreneur developed a sense of confidence, and an ability to craft their message in such a way, that the constraining pressures were not as powerful. Therefore we propose the following:

*P2: The extent to which different types of ties affect the likelihood of institutional entrepreneurship is dependent upon tie sequencing. Specifically, instances in which contact with homophilic ties precedes that with heterophilic ties will be less likely to result in institutional entrepreneurship than instances in which contact with heterophilic ties precedes that with homophilic ties.*

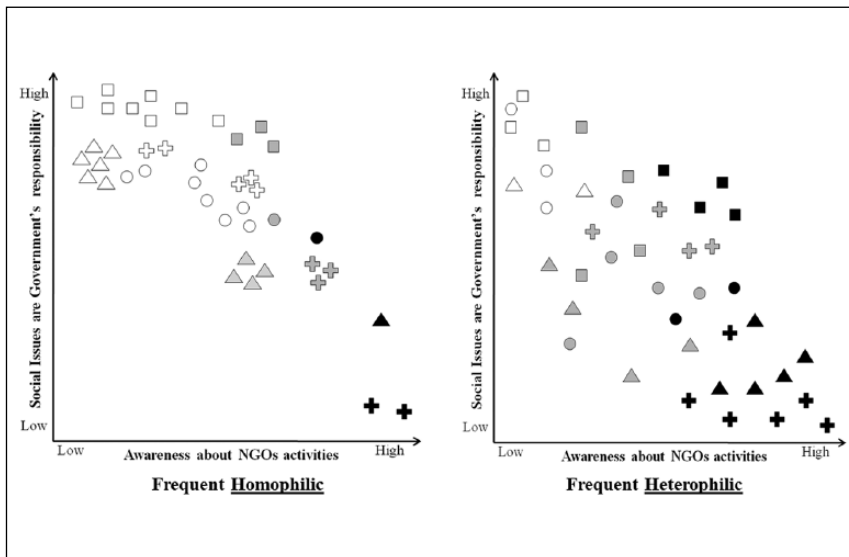
### Tie context

Finally, one of the additional intentions of the semi-structured interviews in four different regions of China was to examine whether the patterns observed within the initial diary study would differ as the level of awareness about the involvement of non-governmental organizations within social issues varied. As a result, the breakdown of the 47 interviewees by region was as follows: Beijing (13), Inner Mongolia (12), Shanghai (11) and Sichuan (11). As mentioned previously, interviewees were purposefully drawn from these four different regions as they were expected to differ in the extent to which the general population viewed addressing social issues as a public or private matter. While the concept of social entrepreneurship was largely foreign within all regions, preliminary interviews suggested that certain regions had at least received some initial exposure while others had received virtually no exposure.

To ascertain the degree to which the social entrepreneur's network ties viewed social activities as being a government function versus that of the private sector, we asked each of the participants to indicate, for each network tie, the degree to which they believe social issues should be the government's responsibility, as well as their level of awareness about NGO activities.<sup>6</sup> We then plotted this information using four different symbols to contrast regional differences. Moreover, we plotted this information using two side-by-side graphs – the first representing the opinions of frequent homophilic ties, and the second representing the opinions of frequent heterophilic ties – to explore the interaction effect (see Figure 3). Furthermore, each of the four different symbols is shaded differently to represent whether the majority of the ties were supportive, indifferent, or opposed to the social entrepreneur's idea.

As Figure 3 indicates, there was indeed some variance in the degree to which a social entrepreneur's ties viewed social issues as primarily the government's responsibility, and the level of awareness they had about NGO activities between the four different regions. The graphs, taken together, suggest that contacts within the Sichuan region had a much less rigid view of private individual involvement within social issues than the region of Inner Mongolia, with the regions of Beijing and Shanghai falling somewhere in-between. Our interviews supported such patterns:

*'There are certainly regional variations. I have worked in these regions. I do not want to stereotype. My sense is that there is more awareness about NGOs in Sichuan and to some extent in Beijing. There is utter lack of awareness about NGOs in Inner Mongolia and, I may add, in Shanghai.'* (Program Director, with 30+ years' experience in NGO sector)



**Figure 3.** Comparison of Responses of Frequent Homophilic Ties and Frequent Heterophilic Ties in Different Environments.

- Symbols represent Beijing (triangle), Inner Mongolia (square), Shanghai (circle), and Sichuan (plus) regions respectively.
- Shadings indicate whether the tie supported (black), was indifferent to (grey), or opposed (white) the initiative.
- Information for 42 of the 47 social entrepreneurs was available to plot in these figures.

*'In Inner Mongolia, there is almost no awareness about NGOs. Social enterprise, even less. People feel that government is there to take care of social issues. An individual should not bother to address social issues.'* (Inner Mongolia, interviewee 1)

Furthermore, our interviews suggested that these regional differences were often a result of geographic specializations, or relatively recent events that had caused the resident's opinions to change:

*'It is much better now compared to three years ago, especially after the massive earthquake. My [frequent homophilic ties] were aware of many NGOs and they had some sense that social issues cannot be tackled by government alone. They appreciated what I was trying to do. However, they encouraged me to first earn sufficient money to sustain myself and then think about solving social issues.'* (Sichuan Region, interviewee 4)

*'As you know, Inner Mongolia is an autonomous area with very strong support from Central Government. The people of this region have relied on liberal support from the government. This is the reason why they see that social issues should be taken care of by the government. The reason for apathy in Shanghai is different. Shanghai being a financial capital, people are more materialistic. There are stronger pressures from family members and friends [on focal individual] to succeed financially.'* (Founding Director, Big Foundation)

The ultimate effect of this variance within the broader environment on the effect of different types of network ties can again be seen in Figure 3. As the contrasting shadings of the two graphs indicates, while heterophilic ties remained more supportive than homophilic ties overall, the magnitude to which each type was supportive or unsupportive varied significantly between the four



regions. For instance, within the region of Inner Mongolia, where the general population has received very little exposure to social activities being undertaken by private individuals, frequent homophilic ties were largely unsupportive. However, within the Sichuan Region where exposure was somewhat higher, frequent homophilic ties were more indifferent, and even positive in their response to the social entrepreneurs' initiatives. A similar pattern can be seen in comparing the support of frequent heterophilic ties between the four different regions. Within Inner Mongolia, heterophilic ties were fairly evenly split between supportive, indifferent, and even opposed. Comparatively, within the Sichuan Region, most of the ties were supportive with the rest being indifferent.

Thus while heterophilic ties continue to be more supportive than homophilic ties, the degree to which this difference is amplified or muted may be largely a function of the extent to which institutional change within the environment is in its infancy versus early-stages of development.

*P3: The extent to which tie type affects institutional entrepreneurship is dependent upon the broader environmental context. Specifically, while both tie types are more enabling in environments where the new institution has received some initial level of social acceptance, the extent to which heterophilic ties are more enabling than homophilic ties decreases as social acceptance increases.*

## Discussion

The primary purpose of our study was to apply a social network lens to the germinal stages of the institutional entrepreneurship process. While previous studies have used a macro- or micro-level lens to help explain why some actors come to engage in non-conforming behaviour while others do not (Battilana et al., 2009; Rao et al., 2000), we focused on network ties as 'meso-level' spaces where individual actors and institutional forces interact.

At a basic level, the results of our study suggest that heterophilic ties can serve as a key facilitator in the early-stage process of institutional change. Prior studies have suggested that institutional entrepreneurs are able to withstand conforming forces by somehow being uniquely positioned at the intersection of multiple fields (Sewell, 1992). However, our findings suggest that in addition to the position of the institutional entrepreneur themselves, the positions of the actors with whom they interact may be instrumental to explaining the emergence of institutional entrepreneurship. Early-stage interactions with actors located in similar social spheres (homophilic ties) are likely to exert pressures towards tradition and conformity that ultimately inhibit the actor from engaging in deviant behaviour. Comparatively, early-stage and repeated interaction with heterophilic ties located in more diverse social spheres can work to enable actions that involve change.

However, the results of our qualitative study further indicate that the enabling influence of heterophilic ties on the process of institutional entrepreneurship is highly contingent: it is only frequent heterophilic ties that have a strong enabling effect, and such an effect occurs only when contact with such ties occurs *before* contact with homophilic ties. Thus, only a certain type and sequence of early-stage interaction with network ties may trigger instances of institutional entrepreneurship. The extent to which such patterns only rarely occur may help to further explain the prevalence of institutional resilience as opposed to frequent change.

Our application of a network lens to the study of institutional entrepreneurship also helps explain how characteristics of the environment can lead to a greater likelihood of non-conforming behaviour at the individual level. Prior work has broadly suggested that greater intra-field heterogeneity creates more favourable conditions for institutional entrepreneurship (Lawrence, Hardy, & Phillips, 2002; Thornton & Ocasio, 1999). Our study extends such work by highlighting an actor's network ties as the filtering mechanism through which the degree of intra-field heterogeneity

ultimately impacts individual-level behaviour. Within more permeable fields where new practices, rules, or technologies have already received some minimal level of acceptance (i.e. the Sichuan Region in our study), heterophilic ties and even homophilic ties can be largely positive, or at worst indifferent, to a potential institutional entrepreneur's initiatives. Comparatively, in more rigid fields where historical norms remain strong (i.e. the Inner Mongolia Region in our study), even heterophilic ties may fail to provide support to individuals contemplating norm-breaking behaviour. Thus, our study suggests that the link between the institutional environment and institutional entrepreneurs may be indirect rather than direct, and future scholars should account for such mediation in their future models.

We believe the theoretical contributions of our study extend to the social network literature as well. Scholars studying social networks in the context of entrepreneurship have stressed how ties between an actor and similar others with whom they share a strong emotional bond can have both positive effects (i.e. emotional support, trust, reputation) as well as negative effects (i.e. diminished creativity, routinization, redundant information) on firm start-up and growth (Ibarra, 1992; Tortoriello & Krackhardt, 2010). To resolve this tension, scholars have increasingly focused on matching the optimal mix of tie configurations at the overall network level (i.e. 75% homophilic ties and 25% heterophilic ties) to different stages of enterprise development (Maurer & Ebers, 2006; Ruef, Aldrich, & Carter, 2003). However, our findings suggest that it may not be so much about the overall composition of ties within an entrepreneur's network, but rather *when* they make contact with different types of ties. Social network researchers have increasingly called for a more dynamic and evolutionary approach to the study of ties (Kilduff, Tsai, & Hanke, 2006; Perry-Smith & Shalley, 2003). Our findings suggest that the effects of different types of network ties may be very much more path dependent than conceptualized traditionally.

However, we would like to point out that prescriptions for tie sequencing are likely to differ for institutional entrepreneurs and what we think of as 'traditional' entrepreneurs. A great deal of research involving traditional entrepreneurship, grounded within a resource-dependency perspective (Pfeffer & Salancik, 1978), has noted the importance of interacting with homophilic ties during start-up to garner financial capital and other tangible resources, and subsequently moving to heterophilic ties in the course of growing the business (Ruef et al., 2003). In contrast, our study, grounded within a neo-institutional theory perspective (DiMaggio, 1988), suggests that in the case of institutional entrepreneurs, interaction with heterophilic ties is most important in the early stages of venture formation in order to overcome the normative pressure to maintain conformity. Thus, while we believe the notion of tie sequencing to be an important contribution to social network theory and the field of entrepreneurship, we would caution researchers to note that specific predictions are likely to vary depending on the type of entrepreneurship being studied.

Finally, we believe that our study makes several practical contributions for social entrepreneurs and institutional entrepreneurs more broadly. The struggle over whether or not to engage in non-conforming behaviour represents an ongoing tension between a personal passion for change and the desire of others to remain the same. Our results suggest that institutional entrepreneurs can help mitigate this tension by actively choosing who they seek advice from, when they seek it, how often they seek it, and where they seek it. By first consulting with a number of dissimilar others – ideally those that reside within geographic environments where institutional change has received some initial acceptance – these apparently 'devious' ideas can be refined and developed. Similarly, interacting early and often with dissimilar others can help the institutional entrepreneur to construct strategies for dealing with constraining forces that will eventually come to bear on their actions.

Social entrepreneurs can also purposefully expand their interactions with network ties outside their social sphere by seeking out both local and international associations focused upon this space. For example, organizations such as Ashoka, the Skoll Foundation and the Schwab

Foundation possess international linkages that social entrepreneurs can rely upon for early-stage support and advice. Increasingly, co-working spaces dedicated exclusively towards social entrepreneurship (i.e. Impact Hub; Centre for Social Innovation) are springing up around the globe, and can help to ensure a positive and non-judgemental environment for individuals looking to enter this domain.

Like all studies, ours comes with a set of limitations. Although our study design sought to attain some level of external validity by using an initial diary study and subsequent semi-structured interviews, it should be noted that in no way do we consider our results to be generalizable beyond our context. Rather, our intention was to develop a series of theoretical propositions for future scholars to test within different contexts of institutional entrepreneurship. Such empirical tests could perhaps employ a methodology similar to the diary study, but using a much more randomized approach to sampling. To that end, the snowball approach used for identifying study participants for Study II potentially influenced bias to our study – social entrepreneurs may have been more likely to refer us to other social entrepreneurs that were like them.

While we also suggest that tie frequency serves to moderate the negative and positive influence of homophilic and heterophilic ties, respectively, on institutional entrepreneurship, there are potential issues of reverse causality within such arguments. It is certainly possible that a recursive element exists with respect to the relationship between frequency and tie support – actors may be more likely to seek out repeated contact with those who support their idea, and interact less with those who oppose their idea. Finally, although we attempted to mitigate challenges associated with recall bias by checking the accuracy of participants' responses with their ties, such bias may still be present to some degree.

Overall, we hope that our exploratory study will serve to encourage future avenues of research. First and foremost, it would be interesting to dig deeper into the role culture plays in terms of the strength of tie influence. It would also be very interesting to see if our propositions are supported with respect to other types of institutional entrepreneurship. It is possible that the pressures for conformity exerted by homophilic ties may be greater in the case of an emotionally charged action such as an individual founding a social enterprise, as compared to a business contemplating a change in accounting practices (e.g. Greenwood & Suddaby, 2006). Additionally, it would be interesting to sort out the relative impact of network-level, individual-level and environmental influences on the process of institutional entrepreneurship. While our study suggests network ties as a highly salient factor, future work that seeks to better disentangle the multi-level influences that contribute to institutional entrepreneurship would be highly enlightening for the field.

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## Notes

1. Twelfth Five-Year Plan Summary (2011) ([http://news.xinhuanet.com/politics/2011-03/16/c\\_121193916\\_23.htm](http://news.xinhuanet.com/politics/2011-03/16/c_121193916_23.htm)). The plan does not explicitly mention social enterprise. It is important to note there is no legal entity such as social enterprise in China. A for-profit business cannot indulge in social issues directly, and an NGO cannot involve in any activities that generate revenues. Such a situation is not very conducive to the existence of social enterprises that have both financial and social goals.
2. The hukou (or huji) system was put in place in 1958 by the Chinese government to restrict movement of people between urban and rural areas. Citizens are forbidden from working or living in regions other than where they were born without the explicit permission of the government.

3. It should be noted, frequency here refers to how often the focal individual interacted in general with the tie under consideration prior to discussing their ideas as opposed to how frequently these ideas were discussed with that tie.
4. After accounting for the exceptionally supportive opinions of several of the strong homophilic ties in cases S5 and S11 in which the social entrepreneur was an individual with special needs and their network was largely already aware of the role of NGOs and social enterprises as a result.
5. During the actual interviews, Chinese participants used a variety of terms (in different languages and dialects) when referring to their social ties. Additionally, many participants referred to their social ties by their actual names. At the conclusion of each interviews, we asked each participant to classify each tie they had referenced (frequent heterophilic; infrequent heterophilic; frequent homophilic; infrequent homophilic) and then inserted the appropriate term into the transcription. This was done to both ensure anonymity as well as consistency in the presentation of the interview quotes.
6. Subsequent follow-up discussions with contacts who agreed to be interviewed suggested a correlation of .79 ( $p < .001$ ) and 0.82 ( $p < .001$ ) respectively between the social entrepreneur's characterization of the contact's opinion regarding social issues being government's responsibility and awareness of NGO activities and the opinion of the contacts themselves.

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