Understanding Entrepreneurial Opportunity Evaluations: An Institutional Logics Approach

Niharika Garud
U. of Melbourne
ngarud@unimelb.edu.au

Rakesh Pati
Deakin U.
rakesh.pati@deakin.edu.au

Chris Sutter
Miami U.
sutterc@miamioh.edu

Tim Holcomb
Miami U.
holcomtr@miamioh.edu

Abstract

Calls to understand effects of institutions and institutional logics on entrepreneurial behaviors have become stronger as it is critical in today's world to understand influences on entrepreneurial activities and self-employment globally. This research explores how institutional logic of family influences entrepreneurial opportunity evaluations when compared to evaluations done under the institutional logic of markets through experiments. We find empirical support for significant effect of institutional logic of family on opportunity evaluations. Furthermore, in contrast from the settings of developed economies, we find that institutional logic of family has a stronger effect on entrepreneurial evaluations in the settings of emerging economies. We also identify and empirically test key decision context factors that moderate the effect of institutional logic on opportunity evaluation. This research contributes to entrepreneurship research by unraveling the processes through which institutional logics impact entrepreneurial opportunity evaluation decisions in emerging markets.

Keywords: Entrepreneurial opportunity evaluation, family logic, institutional logics, emerging economies, experiments

1. Introduction

Understanding persistent heterogeneity in entrepreneurial decisions and actions is one of the central issues in theories of the entrepreneurship (Sarasvathy 2001; Shane 2000; Shaver and Scott 1992). However, the research in this stream has largely studies context of developed markets ignoring the context of emerging economies where theories from developed economics might not hold (Bruton et al. 2008). Emerging economies, defined as "low-income, rapid-growth countries using economic liberalization as their primary engine of growth" (Hoskisson et al. 2000). Emerging markets are driven by entrepreneurs and contributes more than 80% of global economic growth since the 2008 (Lagarde 2016). By comparison, entrepreneurial behavior at a micro level within emerging environments is still not well understood (Bruton et al. 2013). In this study, we take a micro perspective and examine how the individual perception of institutional logics, or the "socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules" (Thornton and Ocasio 1999), influences entrepreneurial decision-making in the context of emerging economics.

We focus our study on two institutional logics that are particularly salient for entrepreneurs—market and family logics. Market institutional logic emphasizes efficiency, self-interest, and profits (Thornton et al. 2012). The effect of this logic is prominent in studies across a variety of contexts, including higher education publishing (Thornton and Ocasio 1999), healthcare (Scott 2008), financial intermediation and equity markets (Zajac and Westphal 2004), and public management (Meyer and Hammerschmid 2006). The market logic has become increasingly salient in emerging economies as they have undergone market-based reforms over the past few decades (Aghion et al. 2008; Bruton et al. 2008). Entrepreneurship scholars generally take market logic as the starting point for understanding how entrepreneurs make decisions (e.g., Shepherd 2011). Institutional logic of family, in contrast, emphasizes family membership, family loyalty, and maintaining family honor (Thornton et al. 2012) and helps shape entrepreneurial decisions, particularly within family firms (Bhappu 2000). The importance of the family in guiding decision-making is nontrivial; currently, two-thirds of global firms are family firms and about 70% to 90% of GDP is created by family business (Suisse 2018). These numbers are higher in emerging economies such as India and China (Suisse 2018).

Building on the literature on entrepreneurial decision-making and institutional logics, we hypothesize that entrepreneurs' perception of institutional logics will shape their decisions regarding entrepreneurial opportunities. In the context of emerging economies, individual experiences with logics can have counter-intuitive impacts. Rather than making entrepreneurs more conservative, as is generally hypothesized within the literature from developed economies (Naldi et al. 2007), we hypothesize that the general effect of family logic on

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entrepreneurs' decision-making in emerging economies is to encourage entrepreneurial decisions. Furthermore, we hypothesize that specific conditions common to emerging economies can make the family logic more or less salient during decision-making. Specifically, conditions of resource scarcity, information asymmetry, and the importance of relationships all have significant implications for entrepreneurial decision-making. We test our hypotheses using an experimental approach to examine 630 entrepreneurial investment decisions.

Our study makes two primary contributions to the literature. First, this study deepens the understanding of entrepreneurship in emerging markets by exploring boundary conditions on extant theory and the implications of entrepreneurs' perceptions of logics for decision-making. In contrast to findings from developed economies (Morck and Yeung 2003; Naldi et al. 2007; Zellweger et al. 2011) we find that in emerging economies, where institutional voids create risky environments for entrepreneurs, the family logic mitigates the downside risk of failure, and increases the likelihood of entrepreneurial action. By doing so, we contribute to a growing body of research that examines the influence of institutional logics on entrepreneurship (Jaskiewicz et al. 2015; Pahnke et al. 2015).

Relatedly, we explore conditions that increase (decrease) the salience of market and family logics on entrepreneurial decision- making processes in emerging economies by examining how various factors render logics more (less) salient. Second, our study introduces a new micro-level mechanism by which institutional logics influence behavior. Prior studies have viewed institutional logics predominantly as a "lens" that focuses entrepreneurs' attention on information (stimuli) and its effect on the decisions they make (e.g., Almandoz 2014). In contrast, we propose that logics act as a "mirror," helping entrepreneurs to predict how certain stakeholders will interpret and react to their decisions and actions. This view of institutional logics as a mirror is particularly important in contexts where institutions are weak or non-existent and where decision makers are conscious of other stakeholders' opinions about them and the choices they make.

2. Theory Development

Emerging economies are characterized by increasing economic growth and opportunity, though entrepreneurship in such environments also faces significant challenges (Bruton et al. 2008). Institutional voids create challenges for entrepreneurs as they seek to obtain the resources necessary for launching and expanding their ventures (Mair and Marti 2009). For example, the lack of a reliable and efficient judicial system makes contracts challenging to negotiate and enforce (North 1990). In addition, the lack of legal protections can limit access to financial capital (La Porta et al. 1997). Ultimately, institutional deficiencies restrict entrepreneurs' access to these markets (Sutter et al. 2017). Within emerging markets, entrepreneurs navigate these challenges by relying on local networks and informal institutions (Mair and Marti 2009; Puffer et al. 2010; Sutter et al. 2013). Here, local networks and informal institutions promote trust, norms, and the exchange of credible information even in the absence of formal institutions (Webb et al. 2009; Xin and Pearce 1996). Thus, these informal arrangements and the underlying logics are crucial for entrepreneurship in emerging economies. Prior research has identified logics originating from a society that have profound influences on organizational life such as family, market, religion, community, and so forth (Friedland and Alford 1991; Thornton et al. 2012). A growing literature underscores the importance of institutional logics for entrepreneurship, as they influence the founding of new ventures (Hiatt et al. 2009; Marquis and Lounsbury 2007; Sine and Lee 2009), new venture relationships (Fisher et al. 2017; Pahnke et al. 2015), and internal venture dynamics (Jaskiewicz et al. 2015). Within emerging economies, institutional logics are dominant, particularly in the face of formal institutional voids (Mair et al. 2012).

The prevailing view of institutional logics describes how they influence behavior by focusing attention, providing criteria for legitimacy, and by presenting templates for appropriate action (Ocasio 1997; Pahnke et al. 2015; Sine and Lee 2009; Thornton 2002; Thornton and Ocasio 1999). The existence of and adherence to such logic can help entrepreneurs navigate the challenges within emerging markets by creating shared norms, facilitating trust, and developing common understandings (Webb et al. 2014). The market logic and the family logic are ideal types identified by Thornton (2004) that are salient for entrepreneurship generally (Jaskiewicz et al. 2015), and for emerging markets in particular (Bertrand and Schoar 2006; Miller et al. 2009). The market logic is increasingly prevalent as emerging economies mature, experience economic growth, and see their market institutions evolve (Bruton et al. 2013). The family logic is salient in emerging economies as family firms account for a significant portion of its economic activities (Douma et al. 2006) and rely on deep relational and familial ties in the absence of market institutions (Ge et al. 2018). Family and market logics vary along a number of critical dimensions, such as their basis of legitimacy, norms, and attention (Thornton et al. 2012). Both logics are

prevalent within emerging economies, hinting at the heterogeneous nature of entrepreneurial decision-making and action within these environments.

While the institutional logics and entrepreneurship literature generally focuses on the societal level (e.g., Hiatt et al. 2009), we are concerned specifically with the individual level. As such, our interest is how individual perceptions about different logics influence decisions. Given that multiple institutional logics coexist in a given environment (Friedland and Alford 1991), entrepreneurs in the same context may be influenced by different logics, depending on their unique perceptions and which specific logics are invoked through their lived experience.

2.1 Perception of Institutional Logics and the Decision to Invest

The perception of different institutional logics affects the willingness of entrepreneurs to act. Research on family firms in developed economies has found that firms with highly concentrated family ownership and control are more likely to pursue conservative actions that protect family interests than firms with little to no family ownership or control (Miller et al. 2011). Within developed economies, the perception of the market logic sharpens founders' attention on financial outcomes, with less attention to the potential impact of the opportunity on others (Miller et al. 2011). We recognize that these institutional logics do not always operate independently. Particularly in the case of the family logic, we assume that the entrepreneur will have to navigate multiple logics as they address both family and market concerns. For the sake of simplicity, we refer to the family logic in isolation. In more precise terms, we would argue that this is a case of institutional complexity where both family and market logics are salient (cf. Micelotta et al. 2017). However, in our theorizing, we wish to emphasize how the prominence of the family logic changes the way that entrepreneurs perceive a particular choice context.

Within emerging economies, we hypothesize that rather than promoting a conservative posture, the family logic increases the likelihood that entrepreneurs take action. Within emerging economies, the resources are scarce and the opportunity costs for risk-taking are high. In these economies, the effects of entrepreneurial failure can be potentially devastating. Thus, individuals that consider entrepreneurial decisions in emerging economies such as India are likely to weigh more heavily the downside risk of prospective losses that risky decisions might produce (Kahneman and Tversky 1979b). However, the family logic may help assuage such concerns. Because loyalty is central to the family logic, entrepreneurs within a family logic can anticipate loyalty from family members (Sirmon and Hitt 2003). As entrepreneurs embedded within a family logic consider a risky decision, they may focus more on the potential benefits than the potential costs as they can count on support from their family regardless of the ultimate outcome of the decision. In this sense, the perception of a family logic provides a 'safety net' that buffers entrepreneurs from the downside risk of decision outcomes with negative consequences. As a result, entrepreneurs that rely primarily on this logic may be more inclined to act even when faced with the prospect of decisions with potentially negative consequences.

In contrast, decision makers embedded within a market logic are likely to consider the range of economic outcomes that each decision might produce. Individuals are generally loss averse, meaning they interpret outcomes as gains and losses and generally prefer minimizing losses to maximizing prospective gains of equivalent magnitude (Bromiley 2009; Kahneman and Tversky 1979a; Tversky and Kahneman 1991). The perception of a market logic implies self-interest as a basis for norms and relationships that are generally characterized by arm's length ties (Thornton et al. 2012). In this case, entrepreneurs following a market logic will anticipate little support from outside sources should their decisions fail to produce positive outcomes. They lack the safety-net enjoyed by entrepreneurs perceiving a family logic and are therefore less likely to act when faced with the prospect of decisions with risky or uncertain consequences. Here, the market logic orients entrepreneurs towards the idea that they will bear the full weight of all positive and/or negative consequences associated with their decisions, discouraging further action. Our theoretical model is highlighted in Figure 1.

In summary, market and family logics have differences that drive how entrepreneurs make decisions. In each case, the perception of the institutional logic functions like a mirror – entrepreneurs can see themselves as others might see them. In the case of the family logic, the entrepreneur views themselves in the context of family loyalty and anticipates family support. As such, they may be more willing to take risks than entrepreneurs operating under a purely market logic. Entrepreneurs that perceive a market logic have a very different view. In seeing themselves in the mirror of the market logic, these entrepreneurs find little reason to expect external support. As such, they are more likely to seek to avoid losses and are less likely to act. Thus, we hypothesize:

Hypothesis 1: Institutional logic influences

entrepreneurial decisions such that entrepreneurs following a family logic will be more likely to invest in an opportunity than entrepreneurs following a market logic.

2.2 Consequences of Institutional Voids: Resource Scarcity and Information Asymmetry

Institutional logics may be more or less salient and influential under different circumstances (Friedland and Alford 1991). In order to better understand the role of the perception of institutional logics in guiding entrepreneurial decisions in emerging markets, we theorize when such differences in institutional logics are likely to be most salient.

Given the severe consequences of failure within emerging economies, entrepreneurs in these contexts are especially cautious when financial stakes are higher. Such entrepreneurs may also be more aware of the support available to them. As a result, when financial stakes are high, we expect the loyalty inherent in the family logic will be particularly salient. Entrepreneurs that perceive a family logic may anticipate that the family will provide support in the case of failure. The "safety net" implied by the family logic mitigates the perceived consequences of failure should the venture not succeed. As a result, entrepreneurs will be less attuned to the potential losses, even when financial stakes are high. In contrast, entrepreneurs that rely on a market logic to evaluate the choice context anticipate the full cost of failure. As noted above, entrepreneurs generally prefer minimizing prospective losses over maximizing prospective gains. Given the absence of an implied safety net, entrepreneurs following the market logic will be particularly discouraged when their financial stakes are high as they do not anticipate any support.

When financial stakes are low, the perception of the institutional logic may be much less salient. Entrepreneurs may be less concerned about potential losses. As a result, entrepreneurs following either logic will be less concerned about potential downsides. In such cases, entrepreneurs in a market logic and those in a family logic may make similar investment decisions, as key differences between the logics are less salient. Thus, we hypothesize:

Hypothesis 2: Financial stakes will moderate the relationship between institutional logic and decisions such that entrepreneurs following a family logic will be more likely to invest in an opportunity than entrepreneurs following a market logic when the financial stakes are high.

A second consequence of the institutional voids prevalent in emerging markets relates to the flow of information. In the face of formal institutional voids, information asymmetry poses significant risks (Akerlof 1978). Such risks are especially salient within emerging economies (Healy and Palepu 2001). Information acquired from the choice context informs decisions (Shepherd et al. 2015). In general, when entrepreneurs receive positive information, they are more likely to act, while negative information can decrease the likelihood of action (McMullen and Shepherd 2006). The threat of information asymmetry in emerging economies may make the entrepreneurs especially attuned to inconsistent information from different sources as they fear being taken advantage of. As a result, when information regarding an entrepreneurial opportunity is not uniformly positive, the perceived institutional logic may be more salient as the potential value of a safety net increases. For example, if an entrepreneur hears positive information followed by negative information, they may be concerned that information asymmetry could create significant risks. In such cases, entrepreneurs that perceive a market logic may be more hesitant, while entrepreneurs that perceive a family logic may be more willing to act, given their expectation of a safety net.

In contrast, when information is consistently positive the perceived institutional logic may be less salient. Positive information from multiple sources may strengthen the tendency to act for all entrepreneurs and decrease the perceived need for a safety net. In summary, when information is inconsistent, the safety net implied by the family logic may be especially important, making the institutional logic more salient. In contrast, when the information is positive, all entrepreneurs may be more willing to act. Thus, we hypothesize:

Hypothesis 3: Information acquired from the choice context moderates the relationship between institutional logic and decisions such that entrepreneurs following a family logic will be more likely to invest in an opportunity than entrepreneurs following a market logic when the information that they acquire is inconsistent.

2.3 Overcoming Institutional Voids: The Role of Relationships

Reputation is an important component of relationships and entrepreneurs may place their reputation at stake when they make decisions. Reputation is particularly important in emerging economies, where it my serve as a substitute for formal contracts or other legal arrangements (Puffer et al. 2010). When reputational stakes are high, the safety net implied by the family logic may be much more important and therefore the perceived logic may be especially salient. Under a

family logic, family loyalty bounds prospective gains or losses to reputation (Miller et al. 2011; Thornton et al. 2012). Family loyalty may bound the lower limit of reputational effects, as familial status trumps cold-eyed assessments of performance (cf. Pérez-González, 2006). In contrast, within a market logic, reputational gains or losses are not bounded. Without the context of on-going, multi-faceted ties, the role of reputation within a market logic may be much more dependent on specific decisions and actions. Given the tendency towards loss aversion, entrepreneurs that perceive a purely market logic may be less likely to make investment decisions when their reputational stakes are high, as they have much they can potentially lose.

Again, when reputational stakes are low, the perceived institutional logic may be less salient. In such cases, entrepreneurs may have little to lose in either condition, and judgments related to investment are likely to be predicated on other criteria. Thus, we hypothesize:

Hypothesis 4: Reputational stakes will moderate the relationship between institutional logic and decisions such that entrepreneurs following a family logic will be more likely to invest in an opportunity than entrepreneurs following a market logic when the reputational stakes are high.

Entrepreneurs within emerging markets may also rely on relationships to overcome challenges associated with information asymmetry. Within emerging markets, institutional voids may inhibit the flow of information (Healy and Palepu 2001). Because of this, entrepreneurs within emerging markets may rely heavily on information and support from their networks (Nichter and Goldmark 2009). We argue that the nature of this support can either strengthen or weaken the salience of perceived institutional logics. When close associates advice against entrepreneurial decision and action, the perceived institutional logic may be less salient. Regardless of the logic, negative advice may invoke concerns regarding information asymmetry or other risks associated with institutional voids. In such cases, all entrepreneurs may fear the consequences of failure regardless of their perception of the institutional logic.

In contrast, when close associates advice action, the logic is much more salient. Entrepreneurs that perceive a family logic are especially likely to trust advice from family sources (Morris et al. 1997). In such cases, the safety net implied by the family logic encourages entrepreneurial decision. Furthermore, the fact that family members express support may even imply a strengthening of the safety net. Entrepreneurs that perceive a market logic have no such guarantees. Even in the face of positive advice from close associates, they may feel less confident in the information itself, as compared to advice that comes from family members. Furthermore, the risks of failure given the absence of an implied safety net may discourage decision even in the face of seemingly positive information. Thus, we hypothesize,

Hypothesis 5: Support from a close associate will moderate the relationship between institutional logic and decisions such that entrepreneurs following a family logic will be more likely to invest in an opportunity than entrepreneurs in a market logic when associates support the decision to invest.

In summary, we have argued that entrepreneurs embedded within a family logic will be more likely to invest in an entrepreneurial opportunity than similar entrepreneurs embedded in a market logic will. However, the salience of the perceived logic may vary depending on the particular circumstances.

3. METHODOLOGY

We collected data from early-stage entrepreneurs enrolled in entrepreneurship programs at three reputed business schools in India by using a scenario based experimental approach to examine our hypotheses that involve presenting scenarios to participants and requesting that they make decisions. The scenarios vary across key variables and are randomly presented to participants, thus setting up an experimental manipulation. This technique helped us to observe the entrepreneur's choices directly and identify their rationale (Argyris and Schon 1974; Hitt and Tyler 1991). Researchers have used scenario-based experiments in many fields (Choi and Shepherd 2004), including entrepreneurship, strategy, and related fields (e.g., Di Stefano et al. 2014; Lohrke et al. 2010; Priem et al. 2011).

In India, entrepreneurship is on the rise and many individuals from business schools start their own ventures during their studies or upon graduation during previous years (Anand 2016). Several prominent Indian start-ups, such as Flipkart, Zomato, Delhivery, Grey Orange Robotics, TaxiforSure, RedBus, MakeMyTrip, Naukri.com, among others, have been started by recent graduates after their graduation. Moreover, the family logic is also a dominant institutional logic for many entrepreneurs in India (Manikutty 2000) as family firms account for more than 90% of private firms in India and two-thirds of India's GDP (Chaudhury 2019). More than 60% of Indian family owned companies have top executives from two or more generations (BusinessLine 2017) and 35% plan to pass on

management to the next generation (PwC 2016). Thus, India was a particularly appropriate context to explore the influence of institutional logics on entrepreneurial decisions within an emerging market.

Experimental Design and Measures

We designed the scenarios for our experiment following recommendations and best practices suggested by Aiman-Smith et al. (2002) and Karren and Barringer (2002), consistent with earlier research capturing entrepreneurial decisions by measuring likelihood of investments in new ventures (e.g., Mitchell and Shepherd 2010). As scenario-based experiments requires a trade-off in balancing the number of variables, the number of levels of each variable, and the number of scenarios required, we manipulated six variables with two levels each that were both theoretically and practically relevant. We used an orthogonal approach to reduce multicollinearity and to produce stable and unbiased within-person regression coefficients for the six experimental variables. Using a full factorial design, we examined all possible combinations and constructed a set of 64 scenarios (2 levels of *Institutional Logics* x 2 *External Information Congruence* x 2 *Financial Stakes* x 2 *Reputational Stakes* x 2 *Support from Associates* x *2 Industries*). We presented participants with a randomly assigned scenarios from each industry context during two waves of data collection. The two waves had the temporal spacing of two weeks to ensure adequate detachment from the prior scenario-based task and reduce cognitive load during the second wave.

We asked individuals to indicate their likelihood of investment along with their confidence in the investment decision. We presented each scenario as a potential business opportunity. In each scenario, we noted that a possible change in an independent variable could affect the attractiveness of the opportunity. We experimentally manipulated how much the change would affect the likelihood of investment. Prior to our main study, we validated our questionnaire from a panel of entrepreneurs and academicians to ensure that all the scenarios represented realistic choice situation using the common terms and simple language.

Dependent variable. Our choice of dependent variable captures the likelihood of investment in an entrepreneurial opportunity (Mitchell and Shepherd 2010; Wood et al. 2014). Like previous studies that investigated entrepreneurial cognition, our study represents willingness to pursue an opportunity as an entrepreneurial intention, and thus an antecedent to action (cf. Bird and Jelinek 1988). Using 'likelihood of investment of time and money' in the launch of a new venture to pursue the opportunity, this variable was captured using a hundred-point scale ranging from 1 being highly unlikely to invest to 100 being highly likely to invest.

Independent and moderating variables. Consistent with our theory and hypotheses, institutional logics (two levels – family and market logics), served as the independent variables and financial stakes (two levels – high and low), reputational stakes (two levels – high and low), support from a close associate (two levels – high and low), and external information congruence (two levels – high and low), served as the moderating variables. We constructed profiles by varying the levels of each of these attributes until we considered all possible combinations, as is the norm for scenario based experimental research.

Control variables. To explore if our findings are consistent across various industries, we created two sets of all profiles and control for the industry effect by using two radically difference industry scenarios—the first being the traditionally stable and slow moving tea industry in India and the second being the rapidly growing and highly innovative furniture industry in India (Imaya and Padhmanaban 2013). Scenarios were identical in all aspects except for the industry in which the entrepreneurial opportunity was arising. As age, gender, and work experience are important in the context of opportunity evaluation decisions (Baron and Ensley 2006; Gupta et al. 2008; Mitchell and Shepherd 2010; Wood et al. 2014), we included them as control variables and controlled for education by selecting a sample from a single entrepreneurship program. Several studies also suggest controlling for individual differences in risk-taking preferences and behaviors (Brockhaus 1980). We captured risk-taking preferences through Jackson Personality Inventory's (JPI) risk- taking subscale (Jackson 2004) along with other demographic variables in our post-experiment questionnaire, which was also included as control variables in our analysis.

A total of 326 decisions were collected in first phase (tea industry) and 304 decisions were collected in second phase (furniture industry). Risk-taking items were missing for 37 participants and decision-maker's age was missing for 25 participants. We followed mean imputation to impute the missing data for the risk-taking variable and age variables. In order to test the robustness of our results, we also used multiple other methods such as (1) median imputation; (2) removing the data points with missing data; (3) remove the age and risk-taking completely and (4) include a dummy for imputed values in each case to ensure that these did not affect the results (Cheung and Wei 2006). In all cases, results were

consistent with our main findings.

4. RESULTS

We will present our full analyses and results in the full paper. In this section, we present some preliminary results. About 76 percent of the decisions were made by male entrepreneurs while 24 percent of decisions were made by females. Average age of decision-maker was 25.39 years with average work experience of 2.53 years. On average, the likelihood of first investment decision was 65.12. Mean of risk-taking in the sample was 0.51 on a scale of 0 to 1.

In our preliminary analyses, we first explored effects of control variables on likelihood of investment. The findings suggest that the risk-taking attitude and work experience of entrepreneurs has a significant positive impact on the likelihood of investment; however, the decision-maker's age, and gender did not have any significant impact on their likelihood of investment. We also found that the industry does not have any significant direct effect on likelihood of investment. Then we conducted some preliminary tests for the hypotheses, we find initial support for Hypotheses 1, 2, and 5 and no support for Hypotheses 3 and 4. We aim to conduct further tests for testing moderated relationships and additional t-test analysis to support our main findings and substantiate the robustness of our initial findings.

5. DISCUSSION

In this paper, we seek to build a more complete understanding of the influence of institutional logics on entrepreneurial decisions in emerging markets. By so doing, we build a stronger understanding of how emerging markets create boundary conditions for extant theory, improve our ability to predict and explain opportunity exploitation, and provide practical guidance to entrepreneurs and policy makers. Our study suggests that within emerging economies, family and market logics allow entrepreneurs to anticipate differing levels of support, ultimately influencing the likelihood of entrepreneurs to act. Such support is especially important within emerging economies where institutional voids create challenges for entrepreneurs. We also find that the salience of institutional logic for decision-making depends largely on characteristics of the choice context, such as financial and reputation stakes, information congruence, and support form associates.

We make two primary theoretical contributions in this paper. First, we seek to provide a more complete understanding of entrepreneurial decisions within emerging markets by study suggesting boundary conditions to extant theory. Our initial finding stands in sharp contrast to the general consensus from studies in developed markets where family business has been associated with more conservative decisions (e.g., Morck and Yeung 2003; Zellweger et al. 2011). Our study also suggests that the institutional context can present an important boundary condition on the general understanding of family business. Thus, by combining research on entrepreneurial decision-making with insights from the literature on institutional logics, we contribute to a more socialized view of entrepreneurial decision-making.

A second contribution of our study relates to the mechanism my which institutional logics influence decision-making and entrepreneurial action. Research on institutional logics generally uses the metaphor of institutional logics as a lens that focuses attention, suggests values, and provides 'taken-for-granted' understandings (Almandoz 2014; Pahnke et al. 2015). Our study suggests the complementary view that logics may allow entrepreneurs to anticipate how others will view and react to their decisions and actions. In this way institutional logics could be conceptualized as a 'mirror' in the sense that they allow the entrepreneur to view themselves as others might view them, and act accordingly. Entrepreneurs consider the extant institutional logics to predict the likely behaviors of others.

This paper also has several important limitations that suggest the need for future research. First, we conducted our study in India. We specifically selected India because of the importance of family and market firms within this context and our interest in studying micro-processes of institutional theory in emerging markets. However, the institutional environment, and the specific characteristics of market and family logics differ within India, as compared to other countries, and even other emerging economies. We encourage future research to explore whether and how our hypothesized relationships change as scholars repeat similar experiments in other countries. Second, the scenario based experimental methodology that we employed has some limitations as it involves hypothetical scenarios. While this methodology has a number of important strengths in terms of the experimental design (e.g., it addresses endogeneity concerns) and the specificity of measurement that it allows, we encourage future researchers to explore the influence of institutional logics in the field. Finally, we limited the scope of our research by providing the institutional logic in the scenarios given to participants. However, within society, multiple institutional logics interact and conflict (Marquis and Lounsbury 2007; Thornton and Ocasio 1999). Future research might explore how

entrepreneurs choose where within the institutional landscape they choose to become embedded.

In conclusion, our study explores how institutional logics influence the exercise of agency during entrepreneurial judgment and decision-making. We develop hypotheses regarding how institutional logics will influence investment decisions by entrepreneurs and under what conditions these logics will be most salient. Using scenario based experimental approach, we test our hypotheses on a sample of graduate students in India, finding general support for our arguments. Our study seeks to contribute to theory by better explicating the micro-level influences of the perception of institutional logics and by developing a more socialized view of entrepreneurial judgment and decision-making.

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