

# How Entrepreneurs Become Skilled Cultural Operators

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## Abstract

Cultural entrepreneurship and symbolic management perspectives portray entrepreneurs as skilled cultural operators and often assume them to be capable from the outset to purposefully use ‘cultural resources’ in order to motivate resource-holding audiences to support their new ventures. We problematize this premise and develop a model of how entrepreneurs become skilful cultural operators and develop the cultural competences necessary for creating and growing their ventures. The model is grounded in a case study of an entrepreneur who set up shop and sought to acquire resources in a culturally unfamiliar setting. Our model proposes that two adaptive sensemaking processes – approval-driven sensemaking and autonomy-driven sensemaking – jointly facilitate the gradual development of cultural competences. These processes jointly enable entrepreneurs to gain cultural awareness and calibrate their symbolic enactments. Specifically, while approval-driven sensemaking facilitates recognizing cultural resources to symbolically couple a venture’s identity claims more tightly with the cultural frames of targeted audiences and gain legitimate distinctiveness, autonomy-driven sensemaking enables recognizing cultural constraints and more effective symbolic decoupling to shield the venture from constraining cultural frames and defend the venture’s autonomy and resources. We conclude the paper with a discussion of the theoretical implications of our study for cultural entrepreneurship and symbolic management research.

## Keywords

cultural entrepreneurship, legitimacy, autonomy, symbolic management, sensemaking, resource dependence

Acquiring resources and finding exchange partners are key challenges for entrepreneurs in creating and growing their ventures (e.g. Aldrich, 1999, 2005). To conceptualize how entrepreneurs go about and how they master these challenges, scholars increasingly draw from a ‘cultural

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entrepreneurship' perspective (Lounsbury & Glynn, 2001; Wry, Lounsbury, & Glynn, 2011; see Überbacher, 2014, for a review). Accordingly, an entrepreneur needs to create an identity for their venture – a set of claims on 'who we are' and 'what we do' as organization – that is legitimately distinctive (Navis & Glynn, 2011) in that it differentiates the venture from competitors while aligning it with the interests and values of targeted resource-holders. This body of work highlights the skill of certain entrepreneurs to use culture as a 'toolkit' for constructing resonant identities and motivating resource-holding audiences to allocate their resources to a venture (Lounsbury & Glynn, 2001; Navis & Glynn, 2010; Rao, 1994). Hereby, culture is frequently regarded as a set of frames that provide interests and values to a broader domain of activity (e.g. Patterson, 2014), such as a sector or an industry, and that can be evoked by entrepreneurs for strategic or political purposes (e.g. Weber, Heinze, & Desoucey, 2008; Rao, 1998; see Cornelissen & Werner, 2014, for a review). Cultural entrepreneurship research thus echoes a recent trend to consider culture less in terms of 'public constraints' that bear down on actors and rather as 'public resources' that they can draw on in order to devise strategies in line with their own interests or those of their organization (Weber & Dacin, 2011, p. 89; Swidler, 2001).

Entrepreneurs' symbolic management is an important manifestation of cultural entrepreneurship (e.g. Granqvist, Grodal, & Wolley, 2013; Zott & Huy, 2007). A symbol can be anything to which meaning is attributed by resource-holders in their attempts to comprehend and evaluate the legitimacy of a new venture's identity (Zott & Huy, 2007). While entrepreneurs may draw on various symbolic media (e.g. Clarke, 2011; Zott & Huy, 2007), we focus on their skilful use of symbolic language – such as analogies or metaphors (e.g. Cornelissen & Clarke, 2010; Etzion & Ferraro, 2010; Navis & Glynn, 2010) – as perhaps most the pervasive symbolic medium (Gioia, Thomas, Clark, & Chittipeddi, 1994) for creating resonant identity claims. As skilful cultural actors, entrepreneurs may deliberately employ imagined symbols for claiming alignment between a venture and the cultural frames of targeted audiences and for setting the venture apart from competing models (see e.g. Cornelissen & Clarke, 2010; Etzion & Ferraro, 2010). Symbolic language may accordingly help entrepreneurs highlight a venture's distinctive aspects or achievements and the distinctive quality of its stakeholder relationships (Lounsbury & Glynn, 2001; Zott & Huy, 2007). Additionally, they may 'ceremonially' use symbolic language to create resonating claims and acquire resources while hiding their actual plans and aspirations if these would conflict with the interests and values of target audiences (see e.g. Ashforth & Gibbs, 1990; Brown, 1994) and if they aim to protect the autonomy and resources of their own organization (see Oliver, 1991; Pfeffer & Salancik, 1978; Suchman, 1995). While such 'decoupling' processes are barely investigated in entrepreneurial contexts (but see Pache & Santos, 2013), they were important in our study. Overall, entrepreneurs' symbolic management is considered skilful when it is appropriately 'customized' to a targeted audience, and when it is 'reflexive', which hinges on 'whether entrepreneurs consider their own constraints and abilities when taking symbolic action' (Zott & Huy, 2007, p. 83).

We take as a starting point the observation from prior research that skilled cultural action is crucial for entrepreneurs in order to attract resources to develop and grow their new organization. However, we believe that scholarship to date has operated from a demanding premise. Cultural and symbolic skills are often seen as an attribute or even as an inherent characteristic of actors at a particular point in time (e.g., Fligstein, 2001; Zott & Huy, 2007) as opposed to what we believe is a more realistic premise, namely, that it is a style of operating that changes and evolves over time. While prior research has focused on the skills of entrepreneurs who in hindsight have succeeded in acquiring resources and growing their organizations (e.g. Martens, Jennings, & Jennings, 2007; Zott & Huy, 2007), the very process by which cultural competences are acquired and indeed develop over time remains empirically underexplored and conceptually under-theorized. Advancing our understanding of cultural entrepreneurship and symbolic management accordingly requires

more fine-grained analysis of the processes and the corresponding trials, errors and setbacks involved when entrepreneurs mobilize their cultural toolkits and try to acquire legitimacy and resources for their ventures (see Garud, Schildt, & Lant, 2014). Accordingly, we seek to explore these ‘messy and complex progressions’ (see van de Ven, Polley, Garud, & Venkataraman, 1999, p. 213) through which entrepreneurs may gradually become more skilful cultural operators. Hence, we ask: *How do entrepreneurs develop cultural competences in the market domains where they situate their new organizations?*

To explore this question, we conducted a longitudinal, in-depth case study of an entrepreneur who aimed to create and grow a new venture in an established market domain: the public sector outsourcing market in a large European country. Based on our analysis of the entrepreneur’s successive attempts at bidding for public sector contracts, we develop a theoretical model of cultural skill development. Conceptually, the model draws from and integrates research on strategic cultural agency, symbolic management and adaptive sensemaking. In line with a general adaptive sensemaking logic, it thus conceives of cultural skill development as a ‘process prompted by violated expectations, that involves attending to and bracketing cues in the environment’, ‘creating intersubjective meaning’ and ‘enacting a more ordered environment from which further cues can be drawn’ (Maitlis & Christianson, 2014, p. 11). More specifically, our findings point to the repeated instances in which the entrepreneur’s symbolic actions and enactments triggered discrepant feedback from the public sector outsourcing environment as well as to the reflection processes in which the entrepreneur, supported by his team and other actors, made sense of such feedback, thereby iteratively and gradually increasing his awareness of and updating his symbolic responses to this cultural environment.

In response to our research question, our theoretical model proposes that the development of cultural competences in entrepreneurs is facilitated by two adaptive sensemaking processes – approval-driven sensemaking (see Cornelissen, 2012) and autonomy-driven sensemaking (see Oliver, 1991; Pfeffer & Salancik, 1978) – that jointly enable ‘gaining cultural awareness’ and ‘calibrating symbolic enactments’. Specifically, while ‘recognizing cultural resources’ facilitates symbolically coupling the venture more tightly with the values and expectations of targeted audiences, ‘recognizing cultural constraints’ enabled more effective ‘symbolic decoupling’ from targeted audiences’ values and expectations. ‘Symbolic coupling’ processes, resulting in some identity claims becoming increasingly emphasized and increasingly aligned with public sector frames, facilitated gaining approval and achieving legitimate distinctiveness for the venture (see Navis & Glynn, 2011). In turn, ‘symbolic decoupling’ processes resulted in other identity claims becoming increasingly deemphasized or ambiguous and more disconnected from public sector frames. Additionally, these identity claims were mobilized in increasingly ‘ceremonial’ ways (see Ashforth & Gibbs, 1990). Symbolic decoupling thus facilitated better ‘shielding’ of the venture from cultural constraints (see Gray, Purdy, & Ansari, 2015) and more effectively defending its autonomy and resources (see Oliver, 1991; Pfeffer & Salancik, 1978).

Our paper stands to make important contributions to the cultural entrepreneurship perspective and to research on entrepreneurs’ symbolic management. For the former, it theorizes cultural entrepreneurship as a process that critically depends on entrepreneurs’ adaptive sensemaking and symbolic enactment activities. Moreover, it expands our understanding of the cultural competences that entrepreneurs need to master by showing that entrepreneurs need to develop cultural strategies for both achieving legitimate distinctiveness and inducing cooperation in targeted audiences (e.g. Lounsbury & Glynn, 2001; Navis & Glynn, 2011; see Fligstein, 2001) and for defending a venture’s autonomy and resources from these audiences (see Oliver, 1991; Pfeffer & Salancik, 1978; Wry, Cobb, & Aldrich, 2013). Developing both cultural competences will be necessary for securing and maintaining the viability of entrepreneurial projects. For the latter, we theorize the adaptive

sensemaking processes that underlie the development and use of skilful symbolic actions (Zott & Huy, 2007). Additionally, our study complements prior research on entrepreneurs' symbolic management (e.g. Lounsbury & Glynn, 2001; Zott & Huy, 2007) by also emphasizing and elaborating on the critical role of 'decoupling' in the entrepreneurial process.

## Method

Reflecting our research question, our study follows an interpretive, contextualist case methodology (Pettigrew, 1990; Ketokivi & Mantere, 2010). We conducted a longitudinal, exploratory case study (Stake, 1995) of how Frederic – our case entrepreneur – created and grew the corporate venture BluePublic<sup>1</sup> in the public sector outsourcing market in a large European country. In this setting, we studied Frederic's attempts to acquire public sector outsourcing contracts from local government authorities. As such, we regard public sector authorities as a contextually contingent form of resource-holders (i.e. clients). We focused on Frederic's repeated contract biddings as embedded cases of resource-acquisition attempts which allowed for a clear-cut cross-temporal comparison of his evolving identity claims and symbolic tactics.

## Research setting

There are different types of entrepreneurs and new ventures (Starr & MacMillan, 1990; Zimmerman & Zeitz, 2002). Frederic can best be characterized as a corporate entrepreneur. Unlike start-up entrepreneurs who are typically self-employed and create start-up ventures, corporate entrepreneurs create corporate ventures. Corporate entrepreneurs are not self-employed but continue working for a larger company. As such, they aim at entering and developing markets that are initially not served by the company. Similarly, Frederic independently developed a venture in pursuit of an opportunity but seeded by an initial investment from his employer.

Frederic had been a manager at Blue, a large international provider of business process outsourcing services, before creating and growing BluePublic as a corporate venture and as an organizational subunit of Blue. Frederic had worked for Blue for almost 15 years and had accumulated a wealth of experience in acquiring and managing outsourcing contracts from several large private sector companies. When Frederic became aware in 2005 of a business process outsourcing tender from a public sector organization, he recognized it as a potential business opportunity. The tender called for an improved delivery of a local government authority's back-office services, such as the maintenance of information systems. Given Frederic's extensive experience in outsourcing such activities from private sector companies, the tender sounded very doable to him. In other words, Frederic in part saw the opportunity based on a perceived similarity between private sector outsourcing and public sector outsourcing (Cornelissen & Clarke, 2010). Having convinced his superiors to grant him some initial resources as seed funding to bid for this tender and to venture into the public sector outsourcing market, Frederic had access to a certain amount of initial resources that helped his venture survive for some time in order to give it a chance to establish itself. Yet upon market entry, he had to recognize that this specific market was in fact fundamentally different from his earlier experiences. Instead of acquiring resources in culturally competent ways, he experienced drastic and costly 'culture shocks' which he needed to overcome in order to interact more competently with local resource-holders and make his new venture sustainable.

Since entering the public sector outsourcing market in 2005, Frederic has managed to set up BluePublic in the market by winning three out of the five contract biddings in which he participated (bids 1, 4 and 5). Only a handful of companies – mostly large incumbent firms – compete for around four to eight tenders a year in the public sector outsourcing market in this particular

European country. The contracts companies bid for consist of large-scale, long-term joint public service delivery contracts between a public sector authority and a private sector organization. The contracts are substantial and involve an average contract length of 10 years, an average contract value of US\$250 million and the temporal transfer of up to 1,000 public sector employees to the private sector company. Winning three such public sector outsourcing contracts over the course of our investigation thus enabled Frederic to create BluePublic as a new subunit of Blue, to become its managing director, and to acquire the revenues and human resources necessary for growing BluePublic into a serious player in this field.

To answer our research question, this empirical setting has particular relevance. Importantly, when entering the public sector outsourcing market, Frederic entered an extraordinarily complex and demanding cultural context. He faced prospective clients who aimed to expand public welfare in the geographical areas of their authorities. To acquire bidding contracts (and thus resources to develop his business), he thus had to gradually become aware of the public welfare logic of the public sector authorities and to evoke corresponding cultural frames besides any economic or commercial considerations.

Moreover, the contract bidding (i.e. resource acquisition) in this setting is culturally contingent, complex and foreign to the experiences that the entrepreneur had accumulated in the private sector. Contract bids have to address extremely detailed bidding requirements which the resource-holding public sector organizations prescribed in order to ensure that their expectations are met. Frederic's resource acquisition attempts were typically initiated by an invitation to tender from the public sector organization and took one to three years if an outsourcing agreement was reached and a contract was subsequently signed. As bidding processes are triggered and led by public sector organizations, they have to conform to the extensive guidelines of the public sector in the country concerned. Bidding processes have to be formal, transparent and follow a public sector protocol. Adapting to this market, at first culturally foreign to him, thus required Frederic to go out of his way. As such this setting proved extremely suitable and fertile for studying how an entrepreneur had to develop his cultural skills.<sup>2</sup>

### *Data collection*

Our data collection spans BluePublic's evolution (2005–2010), covering the period 2008–2010 in real time. We primarily collected data during four extended field stays ranging between 10 days and 3 weeks during 2008–2010 (see Table 1). As this study oriented increasingly on the evolution of bidding practices where the entrepreneur's cultural skill development could be most patently observed, the data collection between our field stays gained in focus in this respect. As we became aware that Frederic's bidding practices changed substantively between bid 1 and subsequent bids, we focused our data collection efforts during our stays 3 and 4 on unearthing how and why such a radical evolution of his bidding practices had occurred.

We relied on three primary data collection methods: interviews and documents for all five bidding processes from the start of the organization, supplemented with non-participant observation for the fifth bidding process. While we relied on interviews as a principal data source, we accounted for the caveats of retrospective data in several ways (Miller, Cardinal, & Glick, 1997; Pentland, 1999). For instance, we sought to triangulate our interview-based findings wherever possible with related information in our other types of data sources. Moreover, in our interviews our informants could rely on voluntary reports rather than compulsory reports, allowing informants to not answer a question if they did not remember clearly. We also verified individual retrospective reports by using the same interview guideline and thus asking similar questions in every interview during a field stay.

Table 1. Overview of Data Status per Bid.

	Bid 1	Bid 2	Bid 3	Bid 4	Bid 5
<b>Bid Overview</b>	Authority 1 (A1)	Authority 2 (A2)	Authority 3 (A3)	Authority 4 (A4)	Authority 5 (A5)
Duration	2004–2005	Spring 2006	Autumn–Winter 2006	2007–2008	2009–2010
Bid outcome	Contact signed	Rejected after round 1	Rejected after round 2	Contract signed	Contract signed
<b>Data</b>	Retrospective	Retrospective	Retrospective	Retrospective	Real-time/prospective
<b>Interviews (total 41)</b>	Complete	Complete	Complete	Complete	Complete
<b>Documents</b>	—	Yes	Yes	Yes	—
Bid documentation	Complete	Complete	Complete	Complete	Complete
Bid memos	—	Yes	Yes	Yes	—
Minutes	Complete	Complete	Complete	Complete	—
Feedback documents from public sector authorities	Yes	Yes	Yes	—	—
Other documents from public sector authorities	Yes	Yes	Yes	Yes	Yes
<b>Participant observation</b>	—	—	—	—	Yes

*Interviews.* In total, we conducted 41 semi-structured, tape-recorded and verbatim-transcribed interviews with Frederic, other members of BluePublic who were involved in the bidding processes, and members of the public sector authorities who evaluated BluePublic's bids (average duration 55 minutes). We transcribed and thoroughly read through interviews immediately after each field stay (Miles & Huberman, 1984). The core content of the interviews involved open questions on the development of the organization, the developments in the bidding practices that had occurred, and what the emerging and further challenges would be for the venture moving forward.

Initially starting with a snowball sampling approach, we commenced our first field stay with two semi-structured and open-ended interviews with Frederic, the founding entrepreneur and managing manager of BluePublic, and then followed up with interviewing 10 further key actors in BluePublic. This group formed our core group of interviewees that we interviewed throughout the study. During field stay 3, we seized the opportunity to contextualize these core data with interviews with a public sector outsourcing expert who consulted for BluePublic, as well as three members of the public sector authority of bidding process 5.

*Documents.* Frederic made available the complete documentation for each of the bidding processes. Subject to BluePublic's progress in a bidding process, these documentations ranged from about 200 pages per bid when BluePublic failed in the first round of the bidding process (as in bid 2) to several thousand pages per bid when BluePublic progressed to the final round and eventually signed a contract (as in bids 1, 4 and 5). Given the technical focus of most of this material, we focused on the document's executive summaries and topical introductions which overall and across the six bids amount to 755 pages of original documentary material.

Other types of bid-related documentary data included BluePublic's public and private plans and presentations; tender and background documents by tendering local authorities; e-mail correspondence related to the bid (also between BluePublic and respective public sector authorities); minutes of meetings between 2005 and 2009 as well as Frederic's and other members of BluePublic's own notes and memos containing remarks, local authorities' feedback and their key insights from each bidding process. Additionally, we collected media articles on public sector outsourcing in this country including articles that specifically focus on bidding and tendering processes and the challenges therein.

*Non-participant observation.* During field stays 1 to 4 and in addition to regular strategy and management meetings, we attended several meetings that were concerned with the selection of tenders and with crafting the right 'story' to pitch BluePublic's services in the fifth bidding process. Furthermore, we also observed discussions and writing practices in several of BluePublic's 'bidding war rooms'. During these observations, we took extensive notes to make these observations accessible to subsequent data analysis.

## *Data analysis*

Our data analysis combines established methodologies for longitudinal case analysis, content analysis, and abductive theory building. Consistent with abductive qualitative methods (Ketokivi & Mantere, 2010; Locke, Golden-Biddle, & Feldman, 2008), our analysis was based on repeated cycling between data, emergent theoretical ideas and the extant literature so as to uncover theoretical concepts that were useful for making sense of our data, for digging deeper in our analysis and for fleshing out a theoretical contribution. Eventually, in our analysis of the data, we came to draw on and integrate theoretical concepts from research on strategic cultural agency (e.g. Lounsbury & Glynn, 2001; Weber & Dacin, 2011), symbolic management and language use (e.g. Ashforth &



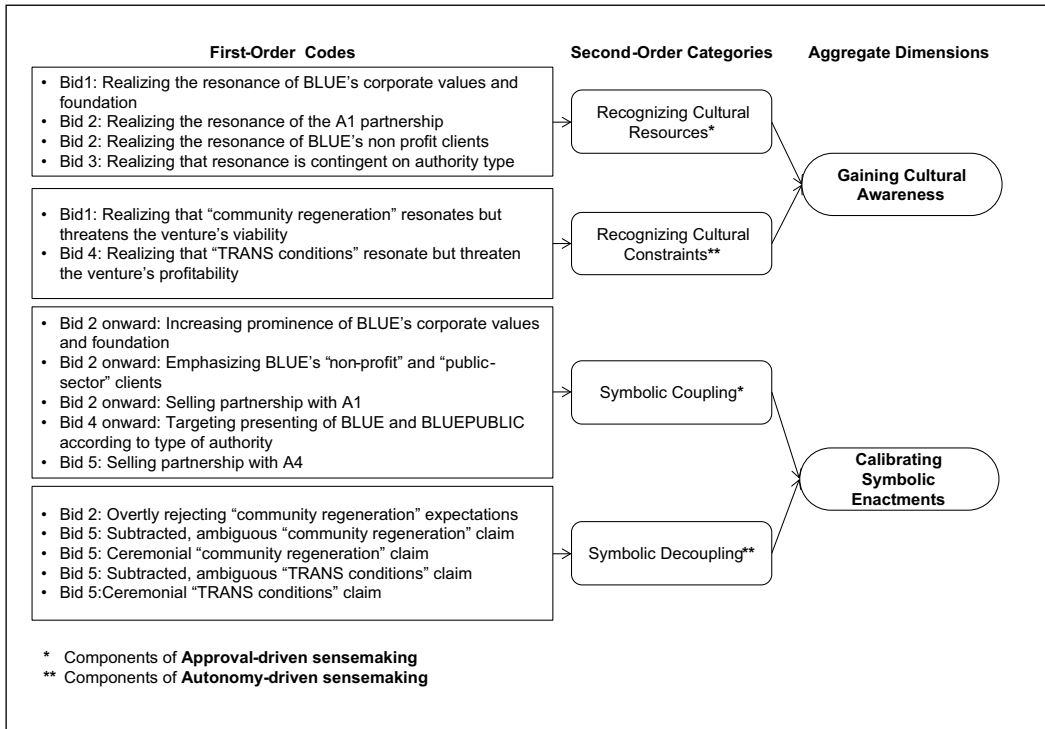


Figure 1. Data Structure.

Gibbs, 1990; Cornelissen & Clarke, 2010; Eisenberg, 1984; Sonenshein, 2006) and adaptive sense-making (e.g. Cornelissen, 2012; Danneels, 2003; Maitlis & Sonenshein, 2010). In this process, we juxtaposed, cross-checked and combined our different data sources to triangulate our findings and to reduce the risk of a certain retrospective bias. In the data structure depicted in Figure 1, we have visualized how, in this process, we developed theoretical second-order categories and overarching theoretical dimensions from our empirical analysis and first-order findings (see Gioia, Corley, & Hamilton, 2012).

We started our analysis with detailed readings of our data and by engaging with data transcripts that we considered particularly revelatory. Initially, we focused on the several interviews we had conducted with Frederic which we later complemented with a thorough reading of other interviews and of the bid documents. We discovered that Frederic's bidding skill and the way Frederic and his team were bidding had changed dramatically and, to use Frederic's own words, 'beyond recognition' across the five bids. Subsequently, the purpose of our analysis and our conversations was finding a general theoretical 'motor' that would enable us to broadly conceptualize these developments (Garud & van de Ven, 2002; van de Ven & Poole, 1995). We eventually agreed that an adaptive sensemaking lens (e.g. Child, 1997; Clark 2004; Maitlis & Sonenshein, 2010; Thomas, Clark, & Gioia, 1993) could provide us with the appropriate foci for digging deeper in our data analysis and for elaborating on the general claim that actors' strategic cultural capacity is contingent on their 'understanding' of their targeted environment (e.g. Fligstein, 2001; Ganz, 2000; Jasper, 2006). In line with an adaptive sensemaking lens, we thus tracked how Frederic attended to and interpreted 'discrepant cues' from the public sector outsourcing environment together with his team and other actors, and how he enacted this evolved understanding in subsequent symbolic representations of his venture (see e.g. Danneels, 2003).



Our initial hunches suggested that two core interests drove Frederic in attending to and interpreting such surprising cues, and in symbolically enacting his evolved understanding in subsequent bids: first, he aimed at signing further contracts by appealing to the expectations of authorities and differentiating his venture from competitors. Second, when bidding, he aimed at addressing his target audience's public sector-based aspirations in a way that would enable him to defend his scarce resources and realize his own private-sector-based aspirations (securing the financial viability and the profitability of his venture). These hunches sensitized us to the role that the entrepreneur's 'interests' or 'motives' may have had for explaining his cultural agency (Spillman & Strand, 2013) and his adaptive sensemaking in response to the interests and values of public sector authorities as important resource-holders (Cornelissen, 2012; van de Ven, Sapienza, & Villanueva, 2007; Weber & Glynn, 2006). Cycling repeatedly through our data and the literature, we further elaborated our empirical and theoretical understanding of Frederic's interests which we came to refer as 'approval motive' and 'autonomy motive'. While gaining approval and autonomy are considered important drivers in actors' symbolic management of exchange relationships (e.g. Ashforth & Gibbs, 1990; Oliver, 1991; Suchman, 1995), we specifically focused our analysis on how these impacted Frederic's adaptive sensemaking processes which we came to refer to as 'approval-driven sensemaking' and 'autonomy-driven sensemaking'.

Subsequently we focused our analysis more specifically on the *enactment* dimension of the entrepreneur's adaptive sensemaking. Empirically, this dimension is connected to how BluePublic was symbolically represented in bid documents and how such 'symbolic enactments' evolved across bids. We thus focused our analyses on the content of the bid documents to answer these questions. We specifically analysed the content and evolution of BluePublic's identity claims and the use of symbolic language therein. These claims included representations of Blue, BluePublic and their clients, as well as statements on how BluePublic would go about important public sector outsourcing issues, namely, 'community regeneration' and the conditions under which public sector employees would be 'transferred' to the private sector company as part of the outsourcing agreement. We uncovered that the content and style of these symbolic representations changed radically across the five bid documents. We found that, on the one hand, the representation of Blue, BluePublic and their clients became more and more based on symbolic language that aligned the venture more tightly with public sector frames while differentiating it from competitors. These symbolic representations also became increasingly embellished, amplified and emphasized (see Benford & Snow, 2000; Sonenshein, 2006). On the other hand, however, identity claims emphasizing how BluePublic would deal with the outlined public sector issues were increasingly loosened from public sector frames. The claims were also crafted in increasingly ambiguous (Eisenberg, 1984) and deemphasized or 'subtracted' ways (Sonenshein, 2006, p. 1160). We cross-checked this development with an analysis of our interviews and also uncovered 'ceremonial compliance' (Pache & Santos, 2013) as motivation behind the latter development. Iterating between our data and prior literature, we eventually labelled these two processes of symbolic adaptation 'symbolic coupling' and 'symbolic decoupling'. Since notions of 'coupling' are used in research on adaptive sensemaking (e.g. Danneels, 2003; Scheid-Cook, 1992), symbolic management (e.g. Ashforth & Gibbs, 1990; Fiss & Zajac, 2006), and in cultural-institutional research (e.g. Haack, Schoeneborn, & Wickert, 2013) for conceptualizing degrees of alignment with a targeted environment, we considered them particularly generative in our case. On an overarching theoretical level, we regard these two processes as elements of an aggregate dimension which we refer to as '*calibrating symbolic enactments*'.

Subsequently, we used a variety of other data sources – evaluation and feedback documents by authorities, interview data, and internal BluePublic documentation – to uncover the patterns of attention and reflection that drove these changes in how symbolic representations of BluePublic were crafted. In line with our adaptive sensemaking lens, we focused our analysis specifically on

the entrepreneur's attention to and interpretation of 'discrepant cues', that is, surprising and unexpected events, feedback, or experiences that challenged and updated his extant understandings (e.g. Maitlis & Christianson, 2014). This led us to eventually develop a further overarching theoretical dimension of cultural skill development which we labelled '*gaining cultural awareness*'. A thorough analysis of our data suggests that his drive towards approval and autonomy led Frederic to increase his cultural awareness of the public sector outsourcing environment in two ways: First, together with his team, he gauged discrepant environmental cues to better understand which elements of his company are particularly resonant with public sector authorities' interests and values. Aiming to yield a generative conceptual combination that combines notions of sensemaking (e.g. Danneels, 2010) with notions of strategic cultural agency (e.g. Weber & Dacin, 2011) and symbolic management (Zott & Huy, 2007), we conceptually referred to such processes as '*recognizing cultural resources*'. Second, following discrepant cues, Frederic also strove to better understand which public sector values conflicted with Frederic's own private-sector-based interests and aspirations so as to ensure the profitability and financial viability of his venture. Such empirical insights were in turn referred to as '*recognizing cultural constraints*'.

Based on these overarching theoretical dimensions and their second-order components, we elaborated a theoretical model to capture how Frederic became a more competent cultural operator. The model is depicted in Figure 2 and will be elaborated on in the paper's 'theory development' section entitled 'Toward a model of cultural competence development'.

### *Trustworthiness of research methods*

Throughout data collection and data analysis, we took several measures to ensure the trustworthiness of our research procedures (Lincoln & Guba, 1985). First, we carefully managed our data, including contact records, audio files of interviews and meetings, transcripts, field notes and documentary data as we collected them. Second, we undertook reviews of our emergent findings with Frederic and other key informants as well as with our academic peers. For the former, we went back to Frederic and senior managers at BluePublic to discuss our thoughts and emerging results in order both to gauge their validity and to refine our understandings of BluePublic's evolution. For the latter, on several occasions we undertook peer reviews to gain the perspective of experienced outsiders. Peer review here included engaging researchers not involved in the case study in order to discuss emerging conceptualizations and process descriptions, to act as a sounding board and to point out critical issues throughout the data collection and analysis process. Peers included both departmental members as well as senior scholars at other universities. Finally, we asked two independent experts in qualitative research methods to evaluate and audit our analysis procedures so as to help secure the robustness of our analysis and emerging theoretical interpretations.

### **Field Analysis**

This section is developed around the first-order codes depicted in our data structure (Figure 1). In the subsequent 'theory development' section, we will revisit these findings in more abstract and theoretical ways so as to elaborate a theoretical model of how entrepreneurs become competent cultural operators. The present section is structured according to two general developments that we observed in the way BluePublic was symbolically represented across the five bidding processes we analysed. On the one hand, we uncovered a gradual albeit increasing alignment of the venture's identity claims with some public sector frames that Frederic considered particularly 'enabling' in terms of gaining differentiation from competitors and authorities' approval. On the other hand, there occurred a gradual loosening of the venture's identity claims from other, more 'constraining' frames that Frederic realized as threatening his venture's profitability and viability. Together, these

two developments show an increasing skilfulness in the way the BluePublic identity claims were crafted. They evidence a gradual improvement in the claims' 'customization' and 'reflexivity' (Zott & Huy, 2007), that is, a better targeting of public sector authorities as resource-holders, as well as more awareness of constraints and abilities. Following the general logic of adaptive sensemaking scholarship, we detail both developments according to how Frederic repeatedly attended to and interpreted discrepant environmental feedback supported by his team and other actors, and how these interpretations translated into updated symbolic representations of his venture, BluePublic.

### *Toward aligning the venture more tightly with enabling public sector frames*

In this section, we show how Frederic came to gradually realize that two cultural frames – a certain 'public sector ethos' and the concept of 'reference-ability' – provided opportunities for more tightly aligning his venture's identity claims with the values and interests of public sector authorities. In these claims, he particularly highlighted specifics of Blue's legal status and corporate values as well as the client base of Blue and BluePublic as important stakeholders (see Lounsbury & Glynn, 2001; Zott & Huy, 2007).

*Toward more effectively mobilizing BluePublic's 'public sector ethos'.* Blue, BluePublic's parent, is one of the internationally leading providers of outsourcing services. Blue has almost 100,000 employees across more than 50 countries, and achieves an annual turnover in excess of US\$20 billion. Despite its size, Blue can be characterized as a family company. For various reasons, including tax matters, the legal status of Blue is that of a 'non-public stock corporation'. The majority of shares are owned by the owning family's foundation which also engages in philanthropy. Information about Blue's financials, legal status and the foundation is included in Blue's annual report – as is information about Blue's official corporate values: partnership, innovation and citizenship. As a corporate venture, BluePublic prominently included information about its parent company in every bid document. The characterization of Blue, however, changed greatly across the five bids we analysed.

Our analysis suggests that the first bid was not particularly customized to a public sector audience. It was rather shaped by Frederic's and his team's experience of what resonates with private sector clients. The focus was entirely on Blue as an international outsourcing powerhouse. In a presentation that would have impressed a prospective private sector client, the document stressed the number of Blue's employees, the number of subsidiaries, the number of countries served, as well as the consistently large annual turnover achieved. However, information on Blue's legal status was completely absent from the bid document and Blue's corporate values were mentioned only in rudimentary and private-sector-focused ways, namely that there are 'corporate values which all group companies are obliged to follow: One is partnership ..., a relation of partnership between shareholders, management and employees'. The three most recent annual reports of Blue were submitted as attachments in the first bid.

In responses to BluePublic's bid, and this came as surprise to Frederic, authority A1 was particularly positive about the foundation and the corporate values that it associated with BluePublic – information that had not been strongly communicated in the bid. As the entrepreneur remembers, 'they particularly liked the foundation, the whole concept and the *values* coming from that. They felt that our organization is therefore *alike*.' Based on this feedback, it became clear to Frederic that the foundation and the corporate values could be used effectively both to achieve alignment with the values of public sector authorities and to differentiate BluePublic from other players in the public sector outsourcing market. As a member of Frederic's team reflects:

That the company is majority owned... effectively a social foundation, that goes down incredibly well with the public sector. It aligns incredibly well with the values that the authorities have ... that we are not

owned by a venture capitalist or by shareholders who look for short term return [unlike some of BluePublic's competitors]... The public sector has a sort of similar ethos. They are there to serve the public rather than to make money. Their business is to spend the money.

From the second bid onward, the characterization of Blue indeed looked very different. The presentation of the Blue foundation and the corporate values became increasingly prominent and embellished. Already in the second bid document, several paragraphs were included on the Blue foundation and how this 'unique ownership differentiates us from other players'. In bids three to five, this representation was further amplified and clarified. For instance, in bid 4, several appendices on the foundation were attached, and it was emphasized that, due to its specific ownership, 'Blue is not driven by the need to maximize shareholder value... The majority of all dividends go into the non-profit sector.'

Regarding the presentation of Blue's corporate values, a similar pattern toward closer alignment with public sector values is visible after the first bid. While barely mentioned in bid 1, the second bid highlighted 'the power of our corporate values as a framework for the behaviour of every member of our organization as well as for how we interact with the society we belong to'. Moreover, from bid 2 onwards, these corporate values were mobilized to show, in increasingly detailed and clear tables or juxtapositions, similarities between the 'ambitions' of BluePublic and those of the respective public sector authority. From the second bid onward, also, a certain 'public sector ethos' of BluePublic was prominently abstracted from the Blue foundation and corporate values. As the bid 5 document emphasizes, 'we are special in that we combine our world-class private sector experience with a powerful public sector ethos'. According to the authority's feedback documents as well as Frederic's and other bidders' own reflections, consistently positive evaluations from authorities were received on such presentations of BluePublic.

*Toward making BluePublic more 'reference-able'.* How Frederic came to represent the clients of Blue and BluePublic to make his venture more 'reference-able' for a public sector client largely follows a similar development towards closer alignment of the venture's identity claims with public sector expectations, albeit a more gradual one involving more trials and mishaps:

Blue has some of the best-known corporations and non-profit organizations among its clients. Our analysis suggests that in bids 1 and 2, Frederic may implicitly still have targeted a private sector client instead of customizing the presentation for a public sector authority. Apparently, he considered Blue's private sector clients as a particularly valuable asset. In the first bid, several private sector 'blue chip clients' were profiled and a large table was included which displayed the logos of Blue's high-profile outsourcing clients in different industries, such as automotive or telecommunications. Public sector or non-profit clients that had long-term outsourcing agreements with Blue were not mentioned in this document. The analysis of the second bid document equally suggests that, even though BluePublic had already won a first public sector contract with A1, Frederic may have still considered Blue's private sector clients particularly valuable and resonant. While the contract with A1 is highlighted and A1 is qualified as 'top performer' and as 'rated "excellent" by the central government', there is again a clear emphasis on Blue's 'blue chip' clients in the private sector both in the submitted bid document as well as in a PowerPoint presentation that the Frederic gave before A2 officials.

When authority A2 submitted a written notice to reject BluePublic's bid, it qualified its decision. The authority stressed that 'we felt that the focus [of the bid] was more on what [Blue] had done in the private sector rather than what has been done in the public sector or what would be done here in [A2]'. Supported by his team, Frederic sought to make sense of this unexpected feedback. Frederic's main conclusions are summarized in a detailed memo that he developed and

emailed to his team. Accordingly, public sector authorities would be fairly risk-averse. They would prefer to collaborate with those private sector companies on a long-term basis who have 'reference-ability' for them. In addition to describing Blue and its high-profile private sector clients, one would thus need to provide more evidence that Blue in general and BluePublic in particular were capable of effective and reliable service delivery in the public sector. As Frederic reflected, 'It's in the whole [public sector] procurement process a very important point that you demonstrate that you've done it before. From their perspective that reduces the risk of procuring you... because if it all goes wrong they will say: Well, we followed the procedure.' Accordingly, it would be key to 'improve our reference-ability' in future bids. According to the memo, he thought this could be achieved first and foremost by better selling the partnership with A1 in future bids. Moreover, one could also search for and provide 'evidence/examples of [Blue's] Public Sector work (no matter how small)'.

Frederic's evolved understanding is evident in the bid submitted to A3, a large metropolitan authority which governs one of the country's largest cities. On the one hand, the information on Blue's clients included both descriptions and tables on some well-known 'non-profit' and 'public-sector' clients that other Blue subsidiaries served. On the other hand, the main emphasis was now on extensively selling distinguishing aspects of the partnership with A1. The bid highlighted that 'in ... delivering services to [A1], we are extremely proud of what we have achieved', including a 'seamless transfer' of public sector employees to BluePublic, 'over 99% of KPIs achieved', and 'outstanding employee satisfaction'. It also emphasized the 'PPP [public private partnership] of the year award' that this partnership had received the previous year. In addition, the document contained statements by the chief officers of A1 aimed at underlining BluePublic's achievements and emphasizing that BluePublic had 'more than fulfilled' the authority's expectations, and that the company 'has set the standard for others to follow'.

However, A3 evaluated BluePublic's presentation negatively since it did not see the fit between what BluePublic had done in its partnership with A1, a small rural authority, and the expectations of A3, a large metropolitan authority. In an interview, the entrepreneur reflected extensively on this puzzling experience and how he made sense of it:

They looked at us and... [A3] is much bigger than [A1]... When we said, we work with [A1], they said: Who is [A1]? We are [A3]!!! So there are two points: One is: Who is [A1]? Not interested, too small, not important. And secondly: Are you aware that [A1] is a rural authority while we are a metropolitan authority? Just totally different challenges. And now I accept that. So the reference-ability again was rather weak, because we had a story but it was the wrong story. And the one who won it, [name of competitor], they have had a similar deal with [an authority of similar size and status than A3], and you can already see how someone can relate to that story. So, I discovered it is quite important to have the *right* story [for each type of authority].

Our analysis suggests that A3's feedback and the team's subsequent reflections led Frederic to more clearly anticipate and differentiate among different types of authorities and to focus his and his team's attention on customizing and tuning the presentation of their company's clients and prior achievements accordingly. This is visible both in the documents submitted to A4 and A5 as well as in reflections by Frederic and his team. For instance, for A4, a rather left-wing authority with strong unions, the bid again included an extensive case study on BluePublic's partnership with A1. This time, however, the focus was in particular on BluePublic's excellent treatment of the A1 staff who had been transferred to BluePublic as part of the partnership and how such treatment is unique in the public sector outsourcing industry. One of the bidders reflected on the positive evaluation such presentation triggered from A4 decision makers:

[A4] being very unionized, a big driver for key decision makers is keeping your back free of unions. So there was a fight about ‘who should be the provider? Who’s the best to the staff?’ The staff – all of whom are union members there – went over to [A1] and saw what we do with our staff there. And they came back and they just liked us most of all three bidders – we were up against the big names. It was definitely a key factor that if you would have chosen [BluePublic], that you will not have this endless debate with the unions, that they will give up the fight.

After the successful closure of bid 4 which resulted in the finalization of BluePublic’s second major public sector outsourcing deal, the bid for A5 followed. The preparation for this bid began as Frederic assembled his team in an internal meeting which one of us observed. The task was to create a first ‘picture’ of this authority. The meeting centred on the understanding that BluePublic were facing a ‘district authority’ for the first time, that is, an exceptionally small rural authority. As such and given its potentially limited experience with private sector organizations, this authority would rather dislike and distrust the large public sector outsourcing companies in the field, afraid that these may only dedicate limited attention to a district authority. Consequently, when presenting BluePublic and its two local deals with A1 and A4 rather than emphasizing the ‘big, worldwide Blue story’, Frederic thought that such a customized representation of their company could yield them a competitive advantage in this bid. This thinking, which is manifest in the bid document, indeed resonated very well with A5, as one of the authority leaders emphasized in an interview after BluePublic and the other companies had submitted their bid documents:

We have a very clear evaluation process for selecting partners. One thing that interests us very much is that the partner that we want to work with values our contract. And if you look at some of the big players, whilst they have some advantages, advantages to scale, there are also issues because they may not really place our contract as very high value... So, if we’re to have a sort of a cultural fit with a partner who’ll be delivering a significant proportion of our services for us, we need to be confident that they value us, that we’re one of their important contracts... So it probably tends towards pushing us towards a smaller player.

Eventually, BluePublic was selected as ‘preferred bidder’ by A5 and Frederic signed a third public sector outsourcing deal.

### *Toward shielding the venture more effectively from constraining public sector frames*

In this section, we detail how Frederic came to realize that aspects of two further cultural frames – relating to public sector authorities’ interests in ‘community regeneration’ and the ‘TRANS conditions’ for the transfer of public sector employees as part of the public sector outsourcing contracts that Frederic was bidding for – constituted threats to his goal of making BluePublic profitable and viable. These realizations gradually and iteratively led Frederic toward mobilizing identity claims that distanced and shielded BluePublic better from these two frames. In this way, he sought to protect his venture’s resources and to ensure that the contracts he aimed to sign would not threaten to his aspirations.

*Toward more effectively shielding BluePublic from ‘community regeneration’.* When looking for a partnership with a private sector company, public sector organizations frequently evaluate whether the company is willing to engage in ‘community regeneration’ which predominantly involved creating jobs in the region that a particular authority governs. A1, the first public sector authority that Frederic was bidding for, had included such a regeneration component in its tender. As is typical for public sector procurement processes in this country, A1 stated its aspirations in a specification



document (the so-called spec.) that each interested bidder received. Amongst other requirements that were outlined in the spec., A1 expected its future partner to create at least 600 jobs.

When Frederic started bidding for a partnership with A1 and had no public sector outsourcing experience, his bid considered the abilities and constraints of his venture only in marginal ways. Frederic and his team were largely unaware of this partnership component, the authority's evaluation criteria, and how competitors dealt with them. In the private sector, bidders had never been confronted with such demands. Hence the authority's questions on whether and how the bidding company intends to 'regenerate' A1's community led to considerable puzzlement among Frederic and his team. As the entrepreneur remembers, 'We suddenly had public sector debates basically in a private sector organization – and that was *very* unusual for us!' In turn, as the entrepreneur emphasized, he tried to cope with this situation by asking his bidding team to 'copy the spec.'

In [the first bid] we didn't know how to write. You can have a look at some of the responses, ... they are just repeating... I remember that the people [the team] asked me 'What do we write? What do we write?' And I said, 'Well, start with repeating what they said in the spec!' That was my response! I didn't know better... We just, basically, took the whole spec and said, 'We will, we will, we will'.

The bid document that BluePublic submitted is indeed fully compliant with A1's specifications. In terms of 'community regeneration', the bid document highlighted that BluePublic 'intends' to create 'at least 600 jobs in [A1]'.

Largely unaware of the consequences at that time, such compliance nevertheless contributed largely to A1 awarding BluePublic a first public private partnership. A1's feedback was overwhelmingly positive, stressing that the company's 'responsiveness' was 'unique' and 'very different' from what the other players had offered. Frederic soon realized, however, that these job creation targets were far beyond reach. Accordingly, penalties they had agreed to kicked in, dissipated resources and threatened the financial sustainability of his new venture. Frederic became aware that it is mostly new players aiming to enter the market that comply with authorities' job creation targets. Established players would typically decline them. Frederic felt 'pushed over' and 'exploited' by A1. As he reflected, 'we had signed up to a deal that we probably would never sign up to again... in terms of the leverage that the authority had over us ... but that was down to us trying to get into the market, our experience, and our understanding'. The entrepreneur emphasized explicitly that 'They can ask for 600 jobs, 1000 jobs, whatever... We are not a machine! We don't do this anymore!'

This evolved understanding is manifest in the bidding document submitted to A2. The BluePublic bid clearly and overtly declined A2's regeneration efforts, highlighting the 'significant commercial commitments' and the 'substantial financial risks' and that 'Any form of contractual guarantee on job creation has first to reflect these risks' (something that A2's spec. clearly did not).

A2's response to the bid was negative. It stressed BluePublic's declining of A2's regeneration targets as one of the key reasons that had led A2 to reject BluePublic's bid. For BluePublic, both complying with as well as rejecting regeneration demands had thus yielded negative outcomes, large costs for the former and lost deal opportunities for the latter. Frederic subsequently brought in a consultant to help him make sense of how to proceed. According to Frederic's 'Conclusions' document, BluePublic bids would be 'too honest' while other players would not be. 'We need to treat it [a bid] more like a job interview: give them confidence and tell them what they want to hear.'

With regard to community regeneration, the implications of this understanding are evident in bid 5 when BluePublic faced a spec. from A5 which included a community regeneration component. BluePublic's written bid response to this demand was much more ambiguous and



open-ended – aimed at evoking approval while avoiding commitment and loss of resources: ‘[BluePublic] fully appreciates [A5’s] requirement to attract inward investment. In our other partnerships, we have committed to a similar approach. We will determine the level of inward investment based on: available budget and the assumed profit levels, availability of investment budgets within the affordability envelope, the strategic opportunities that arise ...’. In an interview, a member of Frederic’s team emphasized the ‘ceremonial’ rationale behind this response: ‘[A5] felt it was important that we look at the redevelopment of the authority, creating jobs, that sort of thing, whereas, in all honesty, we are not really interested in that. But we have given a commitment that “we will look at it within time”... We needed to say that to get through [and sign the third deal].’

*Toward more effectively shielding BluePublic from the ‘TRANS conditions’.* The conditions under which an authority’s employees are transferred to the private sector company as part of the outsourcing arrangement – the so-called ‘TRANS’ conditions – is an important component by to which public sector authorities evaluate incoming bids. How BluePublic’s identity claims incorporate public sector interests and values regarding the transfer of employees largely follows similar development toward more effectively shielding BluePublic from a constraining frame – albeit one triggered later in the process.

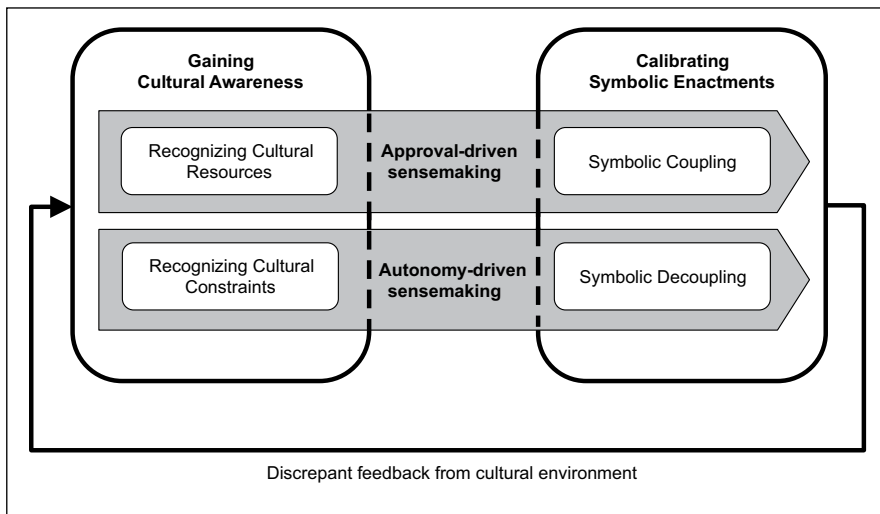
In the first bid for a partnership with A1, Frederic’s decision to ‘copy the spec.’ led to a bid document that was excessively compliant with ‘TRANS’ conditions as well as with several further conditions that A1 mentioned in the spec. The bid stressed that BluePublic ‘accepts TRANS regulations... the ADPN guideline ... for new personnel ... under the partnership agreement’... and that the company ‘will join the local government pension scheme for transferred staff and will offer the scheme to all new recruits servicing the authority’.

As emphasized in the previous section, A1’s feedback to BluePublic’s bid was extremely positive, highlighting the venture’s uniqueness and its difference from competitors. Subsequent bids (bids 2, 3 and 4) in turn stressed the ‘TRANS plus ethos’ of BluePublic as Frederic aimed to capitalize on such ‘competitive advantage’ without being fully aware yet of the consequences of such a ‘TRANS plus ethos’ for BluePublic. After the successful completion of bid 4, however, the entrepreneur realized that they had been ‘too compliant’ with the authority’s employee transfer expectations. Such compliance would imply, as Frederic recognized, that the venture would ‘never get the margin right’. Moreover, he came to realize that other players in the market were more ‘ruthless’ when it came to the transfer of public sector employees. Consequently, he concluded that one should become ‘less bending over backwards’ in future bids and also try to exploit some of the ‘grey areas’ of TRANS legislation. One way to go about this could be ‘experimenting with private sector employment conditions’ such as those prevalent in call centres that Blue operates.

In the resulting bid 5 document, BluePublic’s claim was much more subtracted and ambiguous: ‘Employment will be protected under TRANS legislation.’ Frederic’s aim behind this phrase was to play to the authority’s interests and values in more cost-effective ways. Moreover, as Frederic reflected, there was also a motivation to comply with A5’s expectations in more ‘ceremonial’ ways while actually aiming to pursue other, private-sector-based goals and practices: ‘Although we had promised to make no one redundant, we actually had other plans’, namely, to make some of the transferred public sector employees redundant soon after the ‘go live’ of BluePublic’s third major public sector outsourcing contract. ‘If we can make a few people redundant, we can drastically improve our savings and margins’, which Frederic considered critical to secure BluePublic’s financial viability.

## Theory Development: A Model of Cultural Competence Development in Entrepreneurs

In this section, we develop a theoretical model of *how entrepreneurs develop cultural competences in the market domains where they situate their new organizations*. The model, depicted in Figure 2, revisits our field analysis and first-order findings in more abstract and theoretically general ways. In general, the model points to the repeated instances in which Frederic's symbolic actions triggered discrepant cues from the public sector outsourcing environment as well as to the reflection processes in which Frederic, supported by his team and other actors, interpreted such experiences. During these processes, the entrepreneur could iteratively and gradually refine his understanding of this cultural environment and how to symbolically locate his venture more effectively within it.



**Figure 2.** Theoretical Model: How Entrepreneurs Develop Cultural Competences.

Following up on our data structure (Figure 1), our model involves the theoretical dimensions and categories which we abstracted from our first-order findings. On an overarching dimension, we thus regard two processes of adaptive sensemaking – an *approval-driven sensemaking* process and an *autonomy-driven sensemaking* process – as jointly necessary for entrepreneurs to develop their cultural skills. By helping the entrepreneur ‘gain cultural awareness’ and ‘calibrate symbolic enactments’, these two sensemaking processes iteratively and gradually enabled the entrepreneur we studied to craft identity claims that were more ‘customized’ and more ‘reflexive’ of the entrepreneur’s abilities and constraints (see Zott & Huy, 2007). Through repeated trials, setbacks and experiments they facilitated more effectively gaining legitimate distinctiveness for his venture (Navis & Glynn, 2011) in a way that better protected the venture’s autonomy and resources (Oliver, 1991; Pfeffer & Salancik, 1978) from constraining interests and demands of targeted resourceholders. Below, we elaborate on the overarching dimensions of our model, their components, and their interplays in more detail.

### Gaining cultural awareness

Becoming aware of one's external environment is a key component of adaptive sensemaking (e.g. Maitlis & Sonenshein, 2010) and necessary for strategic agency (Child, 1997; Zimmerman & Zeitz, 2002) and competent cultural entrepreneurship. Expanding and adapting the entrepreneur's cultural knowledge, gaining cultural awareness is a process that led to a refinement of Frederic's understanding of BluePublic's cultural environment and of the implications of this environment for the venture. It enabled the entrepreneur to better discern the cultural frames and discourses that the targeted public sector authorities were relying on and to better understand how these frames could enable and constrain him and his venture in productive and unproductive ways (see Fairhurst, 2010, pp. 36–57). Frederic gained cultural awareness repeatedly as he interpreted discrepant cues from the public sector outsourcing environment that his symbolic enactments triggered.

Frederic also actively and strategically searched for such discrepant experiences in order to increase his cultural awareness and strategic capacity (see Smircich & Stubbart, 1985). For instance, after bid 2, he brought in a consultant to help him and his bidding team reflect on the second bid process, on the feedback of A2, and on how and what to write in future bids. Moreover, he used bid 3 as an 'experiment' in order to garner feedback and symbolic influence, and to improve on his understanding of this symbolic environment. As Frederic reflected: 'We approached [bid 3] with a view of: we don't expect to win, but we will learn something out of this. We did sit down at the end of that process and talked about it. We went through a conscious evolution stage around that time.'

In Frederic's case, 'gaining cultural awareness' included two component processes, 'recognizing cultural resources' and 'recognizing cultural constraints'. Two different motives – an 'approval motive' and an 'autonomy motive' – guided Frederic during these two adaptive sensemaking processes and shaped what feedback cues he attended to, and how he reflected on them with his team in order to update and better calibrate future symbolic enactments.

*Recognizing cultural resources* involved Frederic repeated realization that some aspects of his company could serve as resources for constructing identity claims that would improve on the resonance of BluePublic with targeted public sector audiences. Frequently, this sensemaking process yielded Frederic awareness of unexpected *similarities* between his company and the cultural frames and expectations of public sector authorities and awareness of unexpected *contrasts* between his company and competing private sector companies (see Etzion & Ferraro, 2010). These processes were induced as part of the acknowledgement that BluePublic had been 'sold short' in previous symbolic enactments. Recognizing cultural resources was an important aspect of the entrepreneur's broader 'approval-driven' sensemaking. His 'approval motive' (see Cornelissen, 2012) was manifest in the entrepreneur's desire to better understand how to symbolically represent BluePublic and how to craft identity claims that would align the venture more tightly with the frames of the public sector authorities while differentiating the venture from competitors. In these processes, the positive or negative feedback of the targeted public sector authorities had considerable symbolic and 'editing' influences on Frederic's sensemaking (Weber & Glynn, 2006) and repeatedly helped him gain cultural awareness and recognize cultural resources for updated symbolic representations of BluePublic.

*Recognizing cultural constraints* in turn involved Frederic's repeated recognition that some BluePublic's identity claims – while aligning the venture with public sector frames and differentiating it from competitors – actually dissipated too many resources and constituted threats to the entrepreneur's goal of securing the profitability and viability of his venture. Frequently, this sensemaking process yielded Frederic awareness of unexpected *contrasts* between his company and the cultural frames and expectations of public sector authorities as well as a joint realization of unexpected *similarities* between his company and competing private sector companies (see Etzion & Ferraro, 2010).

These processes were induced as part of the entrepreneur's realization that BluePublic had been overly compliant with according public sector values and expectations in prior symbolic enactments, as for instance in claims around how BluePublic would go about 'community regeneration', and that outright negation or rejection of such public sector frames was not be beneficial either (see Werner & Cornelissen, 2014). Recognizing cultural constraints was a component of the entrepreneur's broader 'autonomy-driven sensemaking'. Here, Frederic's 'autonomy motive' (see Oliver, 1991; Pfeffer & Salancik, 1978), his interest in developing alternative symbolic enactments that would better protect BluePublic's discretion, its private-sector-based aspirations, and its long-term viability, came to override and balance his approval motive when making sense of cues received from the public sector outsourcing environment. This reduced the 'editing' effect of public sector authorities' feedback on Frederic (see Weber & Glynn, 2006). Remote from the audience's view and supported his bidding team and other actors such as consultants, Frederic rather sought to question the feedback, to resist the demands conveyed and to find alternative symbolic responses that would better shield the venture from public sector frames that constrained BluePublic and conflicted with Frederic's own private-sector-based goals and aspirations.

### *Calibrating symbolic enactments*

As Zott and Huy (2007, p. 85) argue, skilful symbolic action requires entrepreneurs to 'translat[e] their conceptual awareness of symbolism into actual symbolic actions'. Using a term frequently used by adaptive sensemaking scholars (e.g. Clark, 2004; Danneels, 2003), they refer to this process as 'enactment' (Zott & Hay, 2007, p. 85). Gaining cultural awareness enabled Frederic to 'calibrate' symbolic enactments, that is, to better adapt and tune the crafted BluePublic identity claims to the contingencies of the cultural context of the targeted public sector authorities. Gaining cultural awareness thus yielded Frederic cultural agency. It included 'reflective deliberation resulting in nondeterministic responses' (see Archer, 1988; Emirbayer & Mische, 1998) and led him to more creatively combine and 'laminare' public sector and private-sector-based symbols in his 'toolkit' thereby yielding more strategic manoeuvrability and versatility (Fairhurst, 2010, pp. 36–57; Rindova, Dalpiaz, & Ravasi, 2011).

More specifically, calibrating symbolic enactments iteratively and gradually led to two types of change in the way symbolic representations of BluePublic were crafted. We refer to these processes as 'symbolic coupling' and 'symbolic decoupling'. Together, these developments reflected the entrepreneur's increasing ability to enact his cultural awareness in more skilful ways. They gradually and iteratively changed the features of the venture's claimed identity so as to more effectively convey the venture's legitimate distinctiveness (Navis & Glynn, 2010, 2011) while better protecting the venture's autonomy and economy (Oliver, 1991; Pfeffer & Salancik, 1978; Wry et al., 2013).

*Symbolic coupling* refers to the gradual process of more tightly 'aligning' the symbolic representation of BluePublic with enabling public sector frames (see Benford & Snow, 2000). Frequently, this involved the mobilization of analogies to create similarities between aspects of BluePublic and public sector frames as well as mobilizing contrasts to emphasize BluePublic's difference from competitors (see Etzion & Ferraro, 2010). Symbolic coupling was manifest in an increasing clarification, 'embellishment' (see Sonenshein, 2006) and 'amplification' (Benford & Snow, 2000) in some BluePublic identity claims, i.e. those around Blue's foundation and corporate values as well as those emphasizing Blue's and BluePublic's public and private sector clients. Symbolic coupling is an enactment process that aims at mobilizing the cultural resources and seizing the cultural opportunities Frederic had become aware of following discrepant environmental feedback. As an approval motive led this adaptive sensemaking process, Frederic aimed at better emphasizing those claims that he thought would yield his venture legitimate distinctiveness (see Lounsbury & Glynn,

2001; Navis & Glynn, 2011) by resonating with public sector authorities in a way that differentiated BluePublic from competitors.

*Symbolic decoupling* in turn refers to a simultaneous process of gradually but increasingly ‘loosening’ the symbolic representation of BluePublic from target audiences’ constraining cultural frames. Symbolic decoupling was observable in an increasing ambiguity and ‘subtraction’ (see Eisenberg, 1984; Sonenshein, 2006) of other BluePublic identity claims, i.e. those responding to public sector interests in ‘community regeneration’ and the ‘TRANS conditions’ for the transfer of public sector employees. Moreover, at later bids, symbolic decoupling was also joined by ‘ceremonial compliance’, that is, by symbolically espousing values that ‘go down well’ with targeted public sector audiences while actually aiming to implement other practices in line with the entrepreneur’s own private-sector-based goals and aspirations (see Ashforth & Gibbs, 1990; Brown, 1994; Pache & Santos, 2013). As an autonomy motive led this adaptive sensemaking process, symbolic decoupling aimed at avoiding recognized cultural constraints by symbolically ‘shielding’ the venture from cultural frames (see Gray et al., 2015) that threatened the viability of BluePublic. While such symbolic decoupling led to forfeiting some legitimate distinctiveness vis-a-vis competitors, it nevertheless enabled Frederic to better realize his aspirations and to more effectively protect BluePublic’s resources and autonomy.

## Discussion

The aim of our paper has been to develop theory on *how entrepreneurs develop cultural competences in the market domains where they situate their new organizations*. In answering this question, we conducted a longitudinal, in-depth exploration of an entrepreneur’s attempts to acquire critical (financial and human) resources from resource-holders in an established market domain (the public sector outsourcing market of a large European country). Based on our analysis we developed a theoretical model (Figure 2) which emphasizes entrepreneurs’ approval-driven and autonomy-driven sensemaking processes as jointly necessary for entrepreneurs to become more skilful cultural actors. Based on the discrepant feedback that their symbolic actions trigger, these two adaptive sensemaking processes iteratively and gradually help entrepreneurs ‘gain cultural awareness’ and deepen their understanding of the cultural frames that prescribe the interests and values of their target audiences. By means of ‘recognizing cultural resources’ and ‘recognizing cultural constraints’, gaining cultural awareness can enable entrepreneurs to better ‘calibrate their symbolic enactments’ so as to improve on their ventures’ ‘symbolic coupling’ with enabling and ‘symbolic decoupling’ from constraining cultural frames. Together, ‘gaining cultural awareness’ and ‘calibrating symbolic enactments’ thus allow entrepreneurs to improve on their cultural skills and to make their symbolic actions more ‘customized’ and ‘reflexive’ of their own abilities and constraints (see Zott & Huy, 2007): their ‘symbolic coupling’ attempts gradually enable entrepreneurs to more effectively claim their venture’s legitimate distinctiveness and gain audience approval (Navis & Glynn, 2011) while ‘symbolic decoupling’ attempts eventually enable better shielding the venture from cultural constraints (see Gray et al., 2015) and retain more autonomy from those demands and expectations of targeted audiences that conflict with an entrepreneur’s own goals and aspirations (e.g. Oliver, 1991; Pfeffer & Salancik, 1978; Wry et al., 2013).

### Theoretical implications

Our study stands to make the following contributions to cultural perspectives on entrepreneurship. As a first contribution, our study refines existing cultural explorations of entrepreneurs that type-cast entrepreneurs as skilful cultural actors, or not (e.g. Lounsbury & Glynn, 2001; Martens et al., 2007; Navis & Glynn, 2011; Rao, 1994; Zott & Huy, 2007) – perhaps already at the time of

entering their target market and when creating their new organizations. Rather, our study has sought to highlight the iterative, adaptive sensemaking processes that entrepreneurs – and particularly those who enter target markets that are initially foreign to their cultural experiences – may need to go through in order to develop and expand their cultural competences. Becoming a skilled cultural operator accordingly entails for an entrepreneur to gradually become aware and deepen their understanding of context-specific cultural resources, opportunities and constraints, and to translate their evolved understanding into updated and better calibrated strategic actions.

For at least two reasons, prior research might have repeatedly assumed entrepreneurs as skilful cultural actors from the outset. First, prior studies (e.g. Cornelissen & Clarke, 2010; Martens et al., 2007; Navis & Glynn, 2011; Santos & Eisenhardt, 2009) may have envisioned more *domain-general* layers of culture compared to the more detailed, context-specific picture of culture that we present here. For instance, Santos and Eisenhardt (2009) referred to entrepreneurs as skilfully drawing on very general concepts that may be shared across domains in Western society (such as ‘store’, ‘shopping cart’, or ‘checkout’) for making their new organization (an ‘online shop’) appear comprehensible and valuable to resource-holders. What we add to this strand of inquiry is that we highlight first of all the importance of investigating how entrepreneurs come to draw on domain-specific layers of culture such as the culturally contingent frames of a specific type of resource-holding organization. In our case, these complex domain-specific frames of resource-holders (i.e. public sector authorities) were not evident or even salient from the outset and what this suggests is that entrepreneurs need to evolve their understanding before they can mobilize cultural resources, seize cultural opportunities and avoid cultural constraints as they create and grow their ventures.

A second reason to assume entrepreneurs as cultural strategic operators at the time of venture creation and market entry might be that scholars have studied new ventures and resource-holders in domains of low cultural complexity and/or low cultural discrepancy to the focal entrepreneur’s experiences (see Molinsky, 2007). Yet, we believe that the higher the complexity of the cultural domain and the higher its discrepancy to the cultural background of the entrepreneur, the lower the likelihood that entrepreneurs show cultural awareness and the more difficult it may be to engage from the outset as a skilful cultural operator in this domain. Hence, if cultural complexity and cultural discrepancy act as acute initial barriers – as in our case – entrepreneurs may start out as culturally naive, or with very little knowledge, and may have to gain the requisite cultural awareness and skills in order to appropriately and strategically act and interact with others.

Moreover, by expanding the cultural entrepreneurship perspective with insights on how actors symbolically manage their resource dependencies and constraints (e.g. Ashforth & Gibbs, 1990; Oliver, 1991; Pfeffer & Salancik, 1978; Wry et al., 2013), our study complements extant research on what entrepreneurs’ cultural competences may entail. Our study shows and theorizes that skilful and strategic cultural action may not only include entrepreneurs’ ‘ability to induce cooperation’ and approval in targeted audiences (Fligstein, 2001) by mobilizing cultural strategies and identity claims that are aimed at achieving legitimate distinctiveness (see Lounsbury & Glynn, 2001; Navis & Glynn, 2011; Zott & Huy, 2007). Rather, successful cultural entrepreneurs may need to cultivate not only their ‘approval motive’ (Cornelissen, 2012) but also their ‘autonomy motive’ (Oliver, 1991; Pfeffer & Salancik, 1978) when making sense of their environment and developing cultural strategies (see Jasper, 2006). Consequently, effective cultural entrepreneurship may also require entrepreneurs to construct cultural ‘defence mechanisms’ in order to protect a venture’s autonomy, resources and long-term viability when aiming to acquire further resources from targeted resource-holders (see Hallen, Katila, & Rosenberger, 2014). Entrepreneurs accordingly need to develop and mobilize identity claims that ‘shield’ the venture from cultural frames or logics that turn out to be constraints and threats to organizational viability rather than cultural resources or opportunities (see Gray et al., 2015). In this regard, our study has emphasized and theorized how an entrepreneur’s evolved cultural awareness enabled him to improve not only on his venture’s symbolic



coupling and legitimate distinctiveness but also on its symbolic decoupling and autonomy. Developing both cultural competences appears necessary for entrepreneurs to overcome the potential vulnerabilities of their ventures' 'adolescence' (see Bruederl & Schuessler, 1990) get their way, realize their goals and make their projects successful and sustainable (see Jasper, 2006).

Additionally, our study also offers implications for research on entrepreneurs' symbolic actions and symbolic management. First, we refine extant scholarship on the symbolic management activities of entrepreneurs (e.g. Granqvist et al., 2013; Zott & Huy, 2007) and, by extension, leaders (e.g. Fiss & Zajac, 2006; Westphal & Zajac, 2001) by highlighting the adaptive sensemaking processes that underlie the use of skilful symbolic actions and influence activities. As such, we have theorized that the development of skilful symbolic actions depends on whether and how an actor benefits from discrepant environmental cues for updating, tuning and recalibrating symbolic enactments. Making sense of discrepant feedback that their symbolic actions trigger can enable strategic actors to become more 'reflexive', that is, more aware of resources, opportunities and constraints (Zott & Huy, 2007, p. 83), and to translate their evolved knowledge into more customized and skilful symbolic enactments (Zott & Huy, 2007, p. 83).

Second, our study complements prior research on entrepreneurs' symbolic management activities (e.g. Lounsbury & Glynn, 2001; Zott & Huy, 2007) by emphasizing the critical role of 'decoupling' as entrepreneurs create, locate and grow new organizations in their external cultural environments (see Pache & Santos, 2013). As such, we have shown how an entrepreneur symbolically endorsed the cultural frames prescribed by their target audiences while actually aiming to pursue actions promoted by other frames that were more aligned with his own goals and expectations. Our study theorizes how an entrepreneur gradually became aware of the need to better decouple his venture from constraining audience demands and expectations so as to make sure that his private-sector-based goals of making the venture profitable and sustainable could be realized. According to our theorizing, decoupling – and coupling – thus constitute not only longitudinal symbolic processes and outcomes (e.g. Haack et al., 2013; Tilcsik, 2010) but also key symbolic competences that entrepreneurs may need to develop and master.

### *Limitations and future research*

While the entrepreneur, his venture and the market context he entered were sampled and selected for theoretical reasons, any such choices have limitations and thus hold opportunities for future research.

First of all, we suggest that an entrepreneur's development of cultural competences co-varies with their prior cultural experiences and their motivation to adapt and expand their existing cultural awareness and skills (see Masgoret & Ward, 2006). We specifically selected an entrepreneur whose locally appropriate cultural competences were at best limited when he created his new venture. Future research could accordingly compare our findings with a sample of entrepreneurs who had some experience with the cultural contexts they entered in order to trace how their cultural competences evolved further in this setting. Relatedly, although the cultural experiences of the entrepreneur we had selected were distant from his target setting, his technical knowledge of business process outsourcing requirements and solutions were highly developed. This situation similarly opens up questions for future research to explore. What happens when technical and cultural competencies are not equally developed in entrepreneurs? When does the skill in the one potentially offset the limitations in the other? Moreover, in our study, the entrepreneur apparently was well motivated to adapt his cultural competences and develop a locally appropriate cultural repertoire. As such, future research should further extend our findings by sampling entrepreneurs who perhaps have a lower motivation to gain approval and adapt their cultural skills in order to nuance our



findings further and to detail how varying levels of entrepreneurial motivation lead to different processes and patterns in the development of cultural skills.

Second, we selected for our study a specific corporate venture and a corporate entrepreneur. This selection criterion obviously begs the question of how our findings would have differed had we sampled a different type of entrepreneurial venture (i.e. a start-up) and other types of entrepreneurs instead. Start-up entrepreneurs and corporate entrepreneurs may possess differential skill-sets and different cultural 'resource-bags' when it comes to strategically influencing their audiences and legitimizing their ventures (e.g. Starr & MacMillan, 1990). As such, future research may need to investigate whether the patterns of developing and adapting cultural competences may differ among corporate entrepreneurs and start-up entrepreneurs. Moreover, at least initially, our corporate entrepreneur had access to corporate resources (i.e. he could convince his supervisors to donate initial resources for his bidding endeavour and he was allowed to assemble a small bidding team from among some of his colleagues). In turn, as a start-up entrepreneur, he would have had to assemble these resources from other types of investors or he would have had to enter the first bidding process without bidding support. As such, our corporate entrepreneur likely availed of a larger pool of initial resources at the time of market entry. This begs the question of whether entrepreneurs who are equipped with very different initial economic or social resource endowments can adapt and expand their cultural competences in similar ways. Perhaps, as Bourdieu (1986) would have suggested, entrepreneurs with larger economic and social endowments can quickly convert such resources into cultural capital, thus speeding up the process of cultural competence expansion and market growth. Or, perhaps, future research might observe the opposite effect, namely, that larger endowments of financial and social capital constrain entrepreneurs' expansion of their cultural competences. As there may be theoretical resources to support several lines of argument, larger-scale empirical research may be needed to study how different types of entrepreneurial capitals interact as entrepreneurs aim to enter markets and grow their ventures.

Third, we selected a case of an entrepreneurial entry into an *established* market environment where the major cultural frames and expectations were relatively institutionalized and stable. As recent research has mainly focused on the strategic cultural actions of entrepreneurs in emerging settings, it would be worthwhile for future research to investigate whether and how entrepreneurs develop locally appropriate cultural competencies in industries or markets during expanded periods from the settings' nascence throughout their growth periods. As we know, during these periods, industry and market settings are characterized by rapid and repeated changes in populating organizations, consumer tastes and regulatory frameworks. We also know that in nascent settings, skilful entrepreneurs draw on the registers of neighbouring and more developed cultural settings (e.g. Santos & Eisenhardt, 2009) and try to 'hedge their bets' by drawing on cultural resources from diverse contexts until a dominant, locally appropriate register of frames emerges (e.g. Granqvist et al., 2013). What we do not know, however, is how entrepreneurs evolve their cultural actions in such settings and whether and how the processes of cultural skill development differ from the model that we have elaborated from our investigation of an entrepreneurial process in an established, major and complex cultural setting. Future research may usefully explore a greater variety of entrepreneurial contexts to further advance a research agenda on the cultural skills of entrepreneurs and their effectiveness in various settings.

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## Notes

1. A pseudonym. All names – and where necessary other aspects – have been altered in deference to our informed consent confidentiality agreements with the organization and our informants.
2. The fact that Frederic was a corporate entrepreneur rather than, for instance, the founder of a start-up was of minor importance to us when selecting this specific setting. We surmise that even as a start-up entrepreneur, Frederic would have been forced to adapt to the mores in this cultural setting in order to create and grow a sustainable organization.

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