

**Entrepreneurial Imagination in Detroit:
Ethnography of Nascent Entrepreneurship in the Post-industrial Economy**

by

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To Eleanor, and all the future generations
who deserve a more just, sustainable, and humane society

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One of the key lessons I learned by following nascent entrepreneurs for the past three years is that what they create is not really an individual creation, but an outcome of the collective efforts surrounding the entrepreneurs and their dreams. I see the same rings true to my dissertation. The completion of this dissertation owes so much to everyone around me who constantly provided unwavering support and guidance.

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TABLE OF CONTENTS

DEDICATION	ii
ACKNOWLEDGEMENTS	iii
LIST OF TABLES	x
LIST OF FIGURES	xi
ABSTRACT	xii
CHAPTER I. INTRODUCTION	1
Historical and Methodological Roots of Creation Myth in Organizations	3
Review of Existing Knowledge on the Inception of Organizing	6
Sociological Research on Entrepreneurship	6
Research on Organizational Imprinting	7
Literature on Entrepreneurial Opportunity	9
The Current Dissertation Research	12
CHAPTER II. METHODS	15
Methodology	15
Paradigms of Inquiry	16
What is the Nature of Data that I Generate through Qualitative Research?	18
How do I Derive Theoretical Insights from Qualitative Data?	20
What is the Nature of the Knowledge that I Generate?	23
Data Collection	26
Data Analysis	31
Coding	32
Mapping the Codes	34
Timelining and Case Writing	37

Theorizing	39
CHAPTER III. INCUBATOR-LEVEL ANALYSIS: ANTI-ISOMORPHIC CONSTRUCTION OF ALTERNATIVE PRACTICE	40
Overview	40
Review of Literature on Institutional Change	41
Historical Rise of Research on Institutional Change	41
The Remaining Question: Process of Constructing Alternative Logics	42
Industry Context: Emergence of Startup Incubation Field	45
Geographical Context: Post-industrial Detroit	48
Two Incubators: GREEN and ACCEL	49
GREEN, a Sustainable Business Incubator	49
ACCEL, a Business Accelerator	51
Comparing Different Approaches to Business Incubation	53
Program Structure	53
Underlying Principles	54
GREEN's Creation of Alternative Practice	62
Anti-isomorphic Construction of an Alternative Practice	62
Process of Anti-isomorphism at GREEN	63
Emergence of Specific Elements: Process of Anti-isomorphism	66
Why Anti-isomorphism?	71
Theoretical Implication	72
CHAPTER IV. STARTUP-LEVEL ANALYSIS: ENTREPRENEURIAL IMAGINATION	75
Overview	75
Existing View of the Early-stage Entrepreneurship: Opportunity Discovery	76
Developing a Preliminary Theory of Early-stage Entrepreneurial Process	77
Conceptualizing Entrepreneurial Imagination	78
Social Construction Process of Entrepreneurial Imagination	81
Entrepreneur Communicates Own Imagination	82
Interaction partners provide reflection	83
Entrepreneur Responds to Interaction Partner's Reflection	87
Entrepreneur and Interaction Partner Engage in Debates and Negotiations	90

‘Checking the Common Ground’ Marks Punctuation Points for Social Construction	93
Comparing Idea Development across Two Incubators:	96
Time and Entrepreneurial Imagination	96
The Entrepreneur in Echo Chamber: The Role of the Incubator Context	96
Different Temporal Orientations between GREEN and ACCEL	98
Temporal Orientation and the Trajectory of Idea Development	101
ACCEL: Imagination in a Space Void of Temporal Change	102
GREEN: Idea Development with the Flow of Temporal Change	111
Comparing Two Ways of Idea Development	120
Outcome of Different Processes: Ideas and Businesses with Different Nature	121
Theoretical Implication	123
Elaboration of Opportunity Creation View	123
Opportunity is Created not by Looking Forward, but by Looking Around and Back	124
Opportunity is Socially Constructed	125
Opportunity Creation is Affected by How Time is Understood	125
Advancing Entrepreneurship Research through Disciplinary Crosspollination	129
CHAPTER V. CONCLUSION	131
Addressing the Issue of Endogeneity	131
Comparability at the Business Idea Level	132
Selection Process in Incubators	132
Comparability in terms of Entrepreneurial Experiences	132
Within-incubator Variation	133
Counterfactual Scenarios	134
Entrepreneurial Imagination in Post-industrial Economy	136
APPENDIX. INTERVIEW GUIDE	141
Initial Interview with Entrepreneurs	141
Recurring Interview with Entrepreneurs	141
Interview with the Participants in Business Development Meetings	142
REFERENCES	143

List of Tables

Table 1 Data Collection	30
Table 2 Contrast between ACCEL and GREEN Incubation Approach	55

List of Figures

Figure 1 Medicine Pocket Business Idea Map	35
Figure 2 Medicine Pocket Business Idea Map at Week 5	36
Figure 3 Medicine Pocket Business Idea Map at Week 8	36
Figure 4 Process of Anti-isomorphic Construction of the Alternative Practice	63
Figure 5 Structure of Social Interaction for Substantiating Entrepreneurial Imagination	82
Figure 6 Entrepreneur's Response to Interaction Partner's Reflection	88
Figure 7 Debates and Negotiations between Entrepreneur and Interaction Partner	91
Figure 8 Checking the Common Ground	94
Figure 9 Framework for Dog Pound Idea Development	96
Figure 10 Idea Development Trajectory in ACCEL	103
Figure 11 Idea Development Trajectory in GREEN	112
Figure 12 Framework of Living Systems for Medicine Pocket	118
Figure 13 Framework of Animal Companionship Stages	119

Abstract

This dissertation research presents an in-depth, qualitative investigation of the early-stage process of organizing a new business. This process marks the inception of organizing, where the private insights of an entrepreneur transform into a social reality manifest in the form of a substantial plan for a new business. I study this process based on the two-years of ethnographic engagement in two Detroit business incubators. I first introduce this dissertation's methodology and specific methods for data collection and analysis, with a special focus on the original analytic method that captures the temporal evolution of the idea for a new business. The next chapter introduces the two incubator contexts, comparing in detail their organizational setting, history, composition, program structure, and principles underlying incubation approach. This is followed by the analysis of how one of the incubators (GREEN, a sustainable business incubator) organically developed its original incubation practice, in reaction to an increasingly dominant practice in the field (embodied by the other incubator – ACCEL, a business accelerator) and the unique local context of Detroit. The following chapter shifts focus to individual startup companies, and analyzes the idea development process of four nascent firms embedded in two incubators. This analysis suggests that the early-stage entrepreneurial process can be understood as a process of substantiating the entrepreneurial imagination, which is defined as an understanding of the present reality *in relation to* the desired future reality. I further describe how this entrepreneurial imagination is socially constructed through repeated interactions between entrepreneurs and incubator mentors, and further show how the temporal orientation of the incubator significantly affects the trajectory of substantiating the entrepreneurial imagination. Based on these findings, this dissertation research enriches the theoretical understanding of the early-stage entrepreneurial process, generates knowledge on how new practices emerge in the face of institutional pressure, and offers practical implications on how the local economies in the post-industrial cities can be revitalized through the means of entrepreneurship.

CHAPTER I

Introduction

Organization scholarship suffers from creation myths. Evolutionary biologist Stephen Jay Gould wrote in his 1989 essay about the creation myth of baseball. Even though the baseball as a sports game has gradually emerged through evolution from the older English game using a stick and a ball, Cooperstown, a small town in New York, is celebrated as the birthplace of baseball; the year of 1839 is remembered as the historic year when the baseball was first played in Cooperstown. Gould (1989) argues that everything including baseball is not created from nothing at a definable moment but comes to existence through an evolutionary process. However, creation myths are fabricated because of the cultural appeal – people have a psychological desire to have the sacred place and the creation story behind the beginning of anything they think important, like the national pastime.

Our understanding of the beginning of organizations is subject to a similar myth. At the macro level, the creation of a business is simply equated with the record of registration, incorporation, or initial public offering (in the case of public corporations), shedding little light to the gradual processes leading up to the official moment of organizational founding. At a more micro level, the creation of a successful business is substituted by the moment of epiphany in the founder's garage. Like Abner Doubleday, the purported inventor of baseball in Cooperstown, a particularly insightful and exceptionally 'alert' entrepreneur somehow discovers an unnoticed opportunity and exploits it by overcoming all the surrounding skepticism. People are eager to learn where the individual ingenuity of the great founder came from, while paying little attention to the gradual and prolonged process of creation that often involves multiple 'normal' people surrounding the 'insightful' founder.

This prevalent understanding of the inception of organizations is problematic for multiple reasons. First, it leads to a crippled understanding of the actual process through which organizations are created – the process that leaves a critical imprint in the subsequent developments of the organization. It is noted that new incorporations cannot be the representative

point to capture emerging organizations because those organizations could have existed for many years in the form of a sole proprietorship or a partnership (Birch & MacCracken, 1981). Similarly, a business could have been in operation long before the initial public offering, first customer, or even the first round of financing. It is possible that the official record of founding is not a record of the beginning but is instead a record of an end result of all the preceding processes. Equating organizational founding with official records leads us to lose focus on the rich and important process of organizational creation.

Second, understanding the inception of business based on successful entrepreneurs' retrospective accounts can lead to a serious survivor bias. Most entrepreneurial activities end up 'near-misses' (Vesper, 1983), and the stories of the numerous businesses that failed to reach the stage of being interviewed for the initial success will most likely never be told. This problem of survivor bias or the bias due to 'sampling on the dependent variable' prevents us from accumulating systematic knowledge about what leads organizations successfully come to the stage of official creation such as IPO or incorporation.

To address this creation myth in organization studies, this dissertation focuses on the process around the inception of organizing, the process leading up to the official beginning of an organization. By the inception process of organizing, I refer to the early-stage process of organizational creation prior to the points that are typically considered as organizational founding (e.g., first round of investment, formal registration, incorporation, or IPO). While this stage can include various activities necessary for organization building, one core characteristic that defines this stage is the transition from individual to social – the insight in the mind of individual entrepreneurs transforms into a social reality shared by those who are around the entrepreneurs. This dissertation research holds that these seemingly insignificant moments when the entrepreneurs first expose their raw idea to the sea of other consciousness mark the inception of organizing that precedes all the important milestones of emerging businesses such as first financing, first sales, and first hires (Reynolds & Miller, 1992).

Again, this act of 'socializing' an entrepreneurial idea does not happen at a definable point in time, but happens through a process. Through a prolonged and intensive engagement of the real-time processes of business idea development, this dissertation research seeks to build a richer understanding of the process, with the overarching research question of this dissertation: what is the process that turns an entrepreneur's private insights or even inklings into an initial

foundation of a business, manifested by a substantial business plan or a business model pitch. By doing so, this research aims to contribute to the field of organization studies that currently provides very little knowledge on the complex process leading up to the foundation of a firm (Aldrich & Ruef, 2006).

In this introductory chapter, I first examine why the inception process of organizing has not been sufficiently studied in the literature, and then I discuss how the recent trends in the entrepreneurship practice have opened up new possibilities to systematically research the process. Second, I survey diverse streams of relevant research, such as sociology of entrepreneurship, entrepreneurial imprinting literature, and entrepreneurial opportunity literature, to clarify what we have learned so far and what we have yet to find out about the inception process of organizing. Finally, I will lay out the structure of this dissertation with a brief preview of each chapter.

Historical and Methodological Roots of Creation Myth in Organizations

The lack of understanding of the organization creation process is attributable to the historical origins of the field, as well as the methodological challenges in studying such processes. The existing body of research in organization studies originated about a half-century ago from the intellectual efforts to understand and explain complex large organizations (e.g., corporations), which were then rising to become the central social institution of the post-war economy (Augier, March, & Sullivan, 2005). Naturally, the seminal pieces that heralded the emergence of this new field were all based on the theoretical accounts for large bureaucracies and corporations (e.g., Cyert & March, 1963; Thompson, 1967; Weber, 1968). This birth story of the field left an enduring imprint in the way the field has evolved. Its phenomenological focus has been directed to the behavior of individuals in a relatively stable employment context (the subfield of micro organizational behavior), and the behavior of organizations that are mostly big enough to have publicly available record through stock markets (the subfield of macro organization theory and strategy).

This historical trajectory of the field's development left one important area of research relatively understudied – the process of organizations-in-creation. The intellectual evolution of the field has neglected important questions such as: Where do these large corporations initially come from; what is the process around the inception of these organizations; how were the ideas

for these large organizations first conceived and what is the process of turning those ideas into fledgling organizational entities; and what are the contextual influences affecting these preliminary but consequential processes of organizing?

A careful examination of existing research reveals that the literature has not been completely void of efforts to address these questions. Katz and Gartner (1988), in their conceptual piece, called for serious research focus on the emerging organizations. They argued that “our theories begin at the place where the emerging organization ends (429),” and suggested a serious need for “studying organizations-in-creation, not just retrospectively studying organizations that exist (429).” In the same vein, Reynolds and Miller (1992) argued for extending the study of entrepreneurship to the gestation stage that links the conception and the birth of organizations. They identified four key activities during the gestations stage, including an entrepreneur’s commitment, initial hiring, initial financing, and initial sales.

Despite these early calls, systematic investigations of the process of organizational creation have not immediately followed, partly due to the methodological difficulties involved in such inquiries. The practical challenge for studying the process whereby organizations “evolve from nothing to something (Katz & Gartner, 1988: 433) “ stems from the difficulty in identifying the sample of emerging organizations and systematically following the process over an extended period of time. To aid this problem, Katz and Gartner (1988) proposed criteria to identify a large-N sample of organizations-in-creation, but this effort has not fully overcome the lack of publicly available data on the population of these small-scale, private firms. Reynolds and Miller (1992) also pointed out the difficulties in determining the point of organizational conception, because it is practically difficult to determine when the entrepreneur commits to the idea and begins to work seriously on the idea.

However, recent developments in the entrepreneurship practice offered a way to partially overcome this challenge, allowing a venue for researchers to get a peek into the inside of organizations-in-creation. Specifically, the proliferation of business incubators in recent years provides research opportunities that address some of these methodological challenges in studying emerging organizations. Business incubators help the creation and growth of startup companies by providing a selection of following functions: mentorship, education, networking, financing, provision of physical working space, legal assistance, and administrative assistance (Amezcuca, Grimes, Bradley, & Wiklund, 2013; Hackett & Dilts, 2004). Although it has existed since the

1950s, business incubators have recently proliferated in their size and scope (Amezcuca et al., 2013). As of 2008, there were over 1,400 business incubators in the U.S. hosting more than 11,000 startup businesses. In the year 2012, just in North America, nearly 600 startups were incubated in either incubators or accelerators, and the number has been increasing every year.

Business incubators provide a good setting for studying the inception process of organizing because it not only provides a pool of nascent entrepreneurs who are trying to turn their ideas into reality, but also offers a context where the social interactions involved in the creation process are concentrated physically and temporally (Grimes, 2012). Most incubators provide a time-bound program where entrepreneurs work intensively towards the predetermined goal of the program, be it an investor pitch, completion of a business plan, or establishing a foundation of the business. These programs provide a very useful window for research through which researchers can systematically observe the social interactions forming the growth of an entrepreneurial idea. Through observing the incubation meetings that serve as an anchor point to all the early-stage entrepreneurial activities, researchers gain not only the first-hand observations of the interactions between entrepreneurs and incubator mentors, but also the second-hand experience of other interactions external to the incubator meetings. Thus, incubators provide researchers a unique opportunity to observe the social process in a concentrated manner, which would otherwise have been temporally dispersed in the entrepreneur's prolonged, on-and-off pursuits, and spatially scattered in the entrepreneur's widespread social relations.

At the same time, I acknowledge that incubators do not offer a perfect solution to the methodological challenge, because it is entirely possible that entrepreneurs start their organizing endeavor long before joining the incubators, and incubated businesses may be different from non-incubated ones, making it difficult to generate a general argument about the organizational creation process based on the observations in incubators.

While admitting these drawbacks, I believe incubators still provide the most practical means available to the current organization researchers for a systematic research on this understudied phenomenon. Although existing research found that incubated businesses exhibit lower life expectancy, higher sales and employment, compared to non-incubated counterparts (Amezcuca, 2010), there is no evidence suggesting the qualitative differences between incubated and non-incubated firms in terms of their idea development processes. Even when entrepreneurs develop their ideas outside the structured environment like incubators, they still need to let their

ideas grow in the social context through communications with their family, friends, personal mentors, potential customers, and loan officers in local banks. The entrepreneurs who create the ‘next big thing’ in their garage or dorm rooms only exist in the popular creation myths of entrepreneurship. Because the essence of entrepreneurial activities is turning private insights into a social reality, creating any organization, even at its idea development stage, is essentially a social enterprise. Therefore, I find very little reason to assume that only the incubated businesses evolve through a social process, while unincubated ones do not. It is more likely that what an incubator does is to provide an artificial context where such social processes are concentrated – like the Petri dishes in microbiology labs, which artificially culture the germs to study the germs that prevail everywhere in the natural environment.

Review of Existing Knowledge on the Inception of Organizing

Existing research on entrepreneurship highlighted the importance of studying organizations-in-creation, but still left some areas of research unattended, particularly regarding the early-stage process of entrepreneurship. Here I review the relevant streams of research, including sociological research on entrepreneurship, research on entrepreneurial imprinting, and research on entrepreneurial opportunity, and discuss the areas of research that requires further attention.

Sociological Research on Entrepreneurship

Sociological research on entrepreneurship significantly enhanced scholarly understanding of the mutual influence between the macro environment and entrepreneurial activities. Following Weber’s pioneering contribution (Weber, 2003) which emphasized the supporting cultural and institutional conditions of entrepreneurship, sociological studies on entrepreneurship focused on how characteristics of the macro environment affect entrepreneurial activities.

Studies have found that the organizational founding rate is affected by environmental factors such as carrying capacity, inter-population processes, institutional conditions, and regional environment (Aldrich, 1990; Pennings, 1982). Recent scholarship expanded the focus to the role of social network around entrepreneurial activities, such as the founder’s ties with suppliers and distributors (Uzzi, 1997), banks and venture capitalists (Stuart, Hoang, & Hybels, 1999; Uzzi, 1999), and universities (Owen-Smith, Riccaboni, Pammolli, & Powell, 2002).

Sociological studies on entrepreneurship have also shed light on the transformational effect of entrepreneurship (Hedström & Swedberg, 1998) – regarding how entrepreneurial activities create changes in macro environment. Studies have found that entrepreneurial activities lead to the introduction of new organizational forms (Romanelli, 1991), such as new technology sectors (Sine & Lee, 2009), a new product industry (Hiatt, Sine, & Tolbert, 2009), and multiple organizational forms in the health care sector (Ruef, 2000). In addition to new organizational forms, research has also highlighted the role of entrepreneurship in bringing changes to existing institutional conditions (Battilana, Leca, & Boxenbaum, 2009; DiMaggio, 1988). Research on institutional entrepreneurship showed that creating an organization can have a broad impact on the institutional environment, as shown in the case of consumer watchdog organizations (Rao, 1998) and social enterprises (Tracey, Phillips, & Jarvis, 2011).

The early-stage entrepreneurial process has constantly been a concern for sociological scholarship, and previous research generated knowledge on the environmental factors facilitating organizational creation as well as the macro-level consequences of building new organizations. Despite these contributions, the micro-processes involved in creating an organization have received little attention. This gap indicates that sociology of entrepreneurship has yet to direct more attention to the micro-level sociological process inside emerging businesses. The early-stage process of entrepreneurship is essentially a social process where the entrepreneur's private idea takes on the characteristics of a social reality. The prominent traditions of sociological inquiry into micro-interactions among people, such as symbolic interactionism, still have much to offer to advance the understanding of the inception process of organizations.

Research on Organizational Imprinting

Another stream of research that has attended to the impacts of early-stage process is the literature of entrepreneurial imprinting. This literature has shown that during particular periods of strong susceptibility, organizations develop characteristics reflecting the features of their environment, which persist over time despite significant environmental change (Marquis & Tilcsik, 2013). For such a particularly susceptible period, researchers focused on the early stage of organizational growth, finding that diverse aspects of organization creation process left enduring impacts on subsequent development of the organization.

Most imprinting effects were found regarding the individual attributes of the organization's founders or the founding team members. Studies have found the persistent

influence of the founding team members' background (Beckman & Burton, 2008; Burton & Beckman, 2007), the founder's distinct self-concept (Fauchart & Gruber, 2011), the founder's role identity (Hoang & Gimeno, 2010), the founder's models of employment relation and strategy (Hannan, Burton, & Baron, 1996), and the gender composition of founding team (Baron, Hannan, & Burton, 1999).

Simultaneously, the imprinting effects were not limited to the factors attributed to individual founders. It was found that the initial strategy of an organization also had an imprinting effect on the organization's strategy in subsequent years (Boeker, 1989), and the founding organizational structure affected the organizational structure in later periods (Beckman & Burton, 2008). The social network of initial partners was found to be deeply ingrained in the firm's DNA, affecting the contour of the ventures' subsequent alliance network (Milanov & Fernhaber, 2009). In addition, this imprinting effect was observed even beyond individual organizations, reaching to the level of the regional community (Greve & Rao, 2012) and industry (Dobrev & Gotsopoulos, 2010).

While most research on imprinting focused primarily on proving the existence of entrepreneurial imprinting effects through statistical associations of organizational features across different points of time, only a few studies have focused on understanding the actual process of imprinting. Johnson (2007) analyzed the historical process involved in the founding of the Paris Opera under Louise XIV, and shed light on the historical process whereby the external environment was imprinted in emerging organizations. Through a qualitative lens of imprinting process, she revealed that entrepreneurs' agentic actions selectively incorporated some environmental features, while not others. She also emphasized the importance of entrepreneurs' social relationships and powerful stakeholder's influence in this process. Baker and colleagues (2003) studied a similar process in the modern setting of tech ventures. Based on an inductive study of 25 knowledge-intensive startups, they showed that improvisational tactics at the start-up phase, which is heavily affected by the founder's contact network at the time of founding, were turned into enacted strategies in the subsequent period of the firm's growth.

These studies on entrepreneurial imprinting reinforce the importance of studying the early-stage processes in organizing, and elucidate the areas that need further research. The literature has long established the importance of the early-stage experience of organizations, and its enduring impact on further organizational growth (Marquis & Tilcsik, 2013). This provides

additional support for an in-depth investigation of how organizations are created from the beginning. Simultaneously, the current scholarship on imprinting has been quite vocal about which organizational features become imprinted, but contrastingly silent about *how* they are imprinted. Following the lead of a few inductive studies on imprinting process, more research focus needs to be directed towards what actually happens in the process of early-stage organizing that leads certain aspect of the idea and the context to be deeply ingrained in the DNA of the business and persist throughout the organizational growth.

Literature on Entrepreneurial Opportunity

The long stream of research on entrepreneurial opportunity has studied the phenomenon that is most closely related to the process of business creation. Currently, there is a fundamental debate going on in the literature between the two contrasting perspectives on entrepreneurial opportunity: the dominant view argues that opportunities are objectively discovered, and the emerging view asserts that opportunities are socially created (Suddaby, Bruton, & Si, 2015).

1. Opportunities are discovered

The traditionally dominant view, largely shaped by mainstream economics, sees opportunity as the gaps in the competitive landscape that exist independently of entrepreneurs' awareness or active pursuit (Kirzner, 1978). Opportunities are assumed to exist even if there is no economic actor and can be viewed as akin to "lost luggage at a train station, waiting to be claimed by some unusually alert individuals (Alvarez, Barney, & Anderson, 2013: 305)."

Based on this ontology of opportunity, the existing research in this view focused on explaining why some entrepreneurs are better than others in finding those hidden opportunities and what contextual factors facilitate these discoveries. Research focusing on individual differences between successful and unsuccessful entrepreneurs has searched for the factors that lead entrepreneurs to be in the right condition with the right knowledge. Kirzner (1978) argued that what fundamentally differentiated successful entrepreneurs from others was their extraordinary alertness. Other research found impact of the individual's history, such as past founding experiences (Bingham, Eisenhardt, & Furr, 2007; Simons & Roberts, 2008), experiential learning (Corbett, 2005), and previous associations with the focal industry (Sorenson & Audia, 2000). Other research also suggested that an individual's social capital led to more successful exploitation of an opportunity (De Carolis & Saporito, 2006), and that an individual's

affective state played a role by influencing subsequent perception and decision-making (Baron, 2008).

In addition, the context in which entrepreneurs were embedded also gained substantial attention. Studies suggest that an entrepreneur's access to resources determined the range of opportunities (Thakur, 1999), and entrepreneur's comprehension of the situation, such as the level of technology development, managerial capability, and stakeholder support affected the decision as to whether or not to exploit a discovered opportunity (Choi & Shepherd, 2004). The contextual factors such as firm size and industry were also found to moderate the positive link between entrepreneurial orientation and performance (Rauch, Wiklund, Lumpkin, & Frese, 2009).

This traditional view on entrepreneurial opportunity has provided little insight for understanding the process of organizational creation because its main goal has been to elucidate the factors determining the success of opportunity discovery and exploitation. For this view, the process whereby entrepreneurs discover the opportunity is nearly irrelevant because what matters for success is the entrepreneur's individual capability and knowledge coupled with the right circumstances. Therefore, it is assumed in this stream of research that when entrepreneurs discover the opportunity, it is known already in a full shape. In addition, opportunity discovery and organization creation are not always linked to each other in this literature (Shane & Venkataraman, 2000). It is assumed that opportunities are exploited in many different ways (e.g., exploitation by selling to existing organizations), and founding an organization is only one way of doing so. While not overtly denying the existence of a discovery process, this view has generated little knowledge on the early-stage process of entrepreneurship.

2. Opportunities are created

An emerging view in the entrepreneurial opportunity literature holds that opportunities are created through social processes. This view sees entrepreneurial opportunities not as an independently existing gap in the environment, but as the reality that is shaped by the very pursuit of the opportunity (Alvarez & Barney, 2010). An often-cited example is Edison's business opportunity with electric lights bulbs (Hargadon & Douglas, 2001). A close examination of the success of electric light bulbs reveals that Edison was successful not because electric bulbs were the opportunity that was meant to create an inevitable success, but because the technological innovation was supplemented by the effort to create the institutional conditions

that preferred electric lights over gas lights. Therefore, according to this view, the conditions for a successful business emerge not from the fact that the idea itself filled the preexisting gap, but from the very act of pursuing the opportunity.

Existing research under the opportunity creation view is rapidly increasing but still remains largely at the conceptual level with a handful of exceptions that involve empirical investigation. Sarasvathy (2001) proposed in her influential theoretical work that a more realistic way to understand the entrepreneurial process is the process of effectuation, not the process of causation. She argued that the process of causation – choosing the best means that leads to the predetermined ends – does not capture what entrepreneurs actually do, because in most cases, entrepreneurs themselves do not even know the ends of their journey. Sarasvathy argued instead that entrepreneurs engage in effectual thinking, where they first imagine different ends based on the means they have in their hands, and pursue what they can do at the moment as they move towards a very general and vague aspiration. Alvarez and Barney (Alvarez & Barney, 2007; Alvarez & Barney, 2010; Alvarez et al., 2013) also published multiple pieces that established the opportunity creation view as a competing perspective to the opportunity discovery view. Through a deeper level discussion on the nature of entrepreneurial opportunity, they presented a clear phenomenological and ontological distinction between the discovery view and creation view, emphasizing the incommensurable assumptions underlying the two perspectives. Dimov (2007) proposed a pioneering theoretical insight in which the entrepreneurial opportunity is reconceptualized as a creative product. In this conceptualization, entrepreneurial opportunities are no more just a single insight but an outcome of an accumulative ideation process; not a product of individual ingenuity but a product of social process.

Based on these groundbreaking conceptual platforms, empirical studies of opportunity creation are emerging slowly. One early example is Baker and Nelson's (2005) research that shed nearly the first empirical light onto the entrepreneurial process. Based on a field study of 29 entrepreneurial firms, they found that entrepreneurs actively construct their resource environment by refusing to enact environmental limitations and engaging in entrepreneurial bricolage. Another early empirical take on the opportunity creation perspective is Garud and Karnoe's (2003) comparative study of the wind turbine technology in Denmark and the U.S. In this paper, the authors proposed that the path of technological development can be altered by incremental actions of distributed and embedded agents, and therefore, the opportunity arising

from the technological advance is subject to the social construction of technology. A more recent empirical study focused on the role of entrepreneurial emotions in the process of opportunity creation. Jennings and colleagues' (2015) longitudinal content analysis of the superyacht industry suggested that emotional arousal, particularly of negative valence, can facilitate generating innovative solutions to the practical problems in new product development. Another empirical study on the product development process of multiple technology startups found that the interorganizational relationships evolve through the process of product development and sometimes these relationships go beyond a contractual relationship and cause problems to the later stages of product development (Marion, Eddleston, Friar, & Deeds, 2015).

This emerging stream of research with the opportunity creation perspective provides an important foundation for the research on the inception of organizations, because constructing an entrepreneurial opportunity involves the creation of an organization for most of the cases (even if the fledgling organization may be later acquired by a larger organization). However, the emerging literature has yet to fully address the process of creating organization from nothing (Katz & Gartner, 1988). Due to the broader observational period used in these studies (which is sometimes necessary to determine if an idea turned out to be an opportunity), the very early stage where the entrepreneur's insight initiates the organizing process was often glossed over or not sufficiently addressed. Marion and colleagues' (2015) study on the entire product development process of early ventures offers an exception but the focus of the study was not the development of the idea itself but the evolution of the relationships with external organizations. Therefore, while this stream of research lays an important groundwork for studying the phenomenon at interest, more work needs to be done that goes deeper into the specific and gradual process of turning private thoughts of individual entrepreneurs into a socially shared imagination of the future.

The Current Dissertation Research

In this dissertation research, I study the early-stage process of organizing a new business based on in-depth field research of business incubation processes embedded in two business incubators in Detroit. The process I observe is the inception of organizing, where the private thought in the mind of entrepreneur transforms into a social reality shared by those around the entrepreneur and a substantial foundation for a future business. By studying this process, this

dissertation research enriches the theoretical understanding of the early-stage entrepreneurial process, with a specific focus on how an idea for a future business grows through a social process. In addition, by comparing the contrasting incubation approaches in two incubators, this research also generates knowledge on how a new practice emerges in reaction to an institutionalized practice. Finally, by studying the contemporary entrepreneurship in Detroit, this dissertation offers practical implications on how the economy can be revitalized in post-industrial cities through the means of entrepreneurship.

This dissertation is organized in the following way. First, the second chapter introduces this dissertation's methodology and specific methods. I first articulate the methodology of this dissertation research, with an extensive discussion on how inductive ethnographic research contributes to theory. This is followed by a detailed description of how I collected data through the two-year-long ethnographic engagement in two Detroit incubators. I close the chapter by introducing in detail the original analytic methods I developed in this dissertation research. With actual examples of data analysis, I delineate every step I took to capture the temporal evolution of the complex meaning structure of business ideas.

The findings of the research are presented in the next two substantial chapters. In Chapter 3, I present the findings from the incubator-level analysis. The two incubator contexts will be described in detail, including organizational setting, history, composition, program structure, and underlying principles of business incubation approach, in light of the industrial context in the field of business incubation and the geographic context of Detroit. This will be followed by an analysis of how one of the incubators (GREEN, a sustainable business incubator) organically developed its original practice for business incubation. The chapter will end by discussing this finding's theoretical contribution to the research on institutional change.

Chapter 4 presents the findings from the startup-level analysis that focused on the idea development process of four individual startups embedded in the two incubator contexts. In this chapter, I propose that the early-stage entrepreneurial process can be conceptualized as a process of substantiating entrepreneurial imagination, which is defined as an understanding of the present reality *in relation to* the desired future reality. Through a real-time investigation of the idea development process, I show that this entrepreneurial imagination is socially constructed through repeated interactions between the entrepreneur and the interaction partners (e.g., incubator mentors). After describing the structure of this social process, I further argue that the temporal

orientation of the context significantly alters the trajectory in which entrepreneurial imagination is substantiated. By comparing different idea development trajectories in the two incubators, I explain the mechanisms that link each incubator's unique temporal orientation and its process/outcome of business incubation. This will be followed by a discussion of how these findings contribute to entrepreneurship research in general, and to research on entrepreneurial opportunities in particular.

The conclusion chapter addresses two important remaining issues: the issues of endogeneity and the practical implications of this dissertation research. Although the issue of endogeneity is unavoidable with this dissertation's research design, I discuss substantial reasons why the factors endogenous to individual startups cannot fully explain the observed differences across incubators. Following this, I discuss the meaning of this research's findings in light of the historical transition towards the post-industrial economy. This dissertation documented two real-time social experiments to revitalize Detroit's economy through entrepreneurship. The analysis of the two contrasting approaches offers insights into the creative reimagination of the new economy that can no more rely on large industrial corporations for jobs and economic progress.

CHAPTER II

Methods

In this chapter, I describe the methods of this dissertation research. The chapter has three parts. First, in the *methodology* part, I present my view on how one can contribute to theory through qualitative research and elaborate this based on this dissertation's approach. This is followed by a detailing of the process of *data collection* for this dissertation research. The chapter ends with a focus on *data analysis*. I delineate the analytical procedure that generated the finding of this dissertation research.

Methodology

Contributing to theory in qualitative research is not as straightforward as doing so in quantitative research (Timmermans & Tavory, 2012: 524). In this section, I articulate my view on what it means to contribute to theory through qualitative research (particularly of an ethnographic kind) in organization studies, and describe how I implemented this view in this dissertation research. Qualitative research by its nature contributes to theory in a different way than quantitative research. In quantitative research, the way a theoretical idea advances is more straightforward. Following the model of natural science, hypotheses are deduced from existing theories through abstract reasoning informed by the researcher's personal experience (which does not necessarily show up in the paper), and then these hypotheses are tested based on a statistical analysis of empirical data. Existing theories are expanded and enriched by either proving or disproving the hypotheses. Qualitative data, which is less amenable to statistical analyses by nature, is connected to theory in a different way. At times, a similar logic of theory testing can be applied, as qualitative evidence, such as negative cases, can be used to repudiate and improve existing theories (Burawoy, 1998). However, qualitative research also contributes to current scholastic knowledge by theoretical discovery (Charmaz, 2006; Locke, 2011). While quantitative researchers engage with data in the later stage of the process when they test the hypotheses derived from "arm-chair theorizing," qualitative researchers get immersed in the data

in the early stage of the process, and substitute the implicit “arm-chair theorizing” with a rigorous analysis of empirical data. Through this process, they generate knowledge on understudied phenomena and develop a novel conceptual tool, which would further inform subsequent research by laying the foundation for specific propositions or testable hypotheses. In this section, I elaborate on this stylistic description of theoretical contribution in qualitative research by answering three specific questions: What is the nature of data that is generated through ethnography? How does one derive the theoretical insights that connect the spheres of empirics and theory? What is the nature of the knowledge generated from qualitative research in organization studies?

Paradigms of Inquiry

Qualitative researchers have identified various paradigms about the nature of qualitative inquiry, which I believe are important to review in clarifying the meaning of theoretical contributions in qualitative research. Guba and Lincoln (1994) explain that these different paradigms are defined by the answers to three broad questions: ontological (what is the form and nature of reality?), epistemological (what is the nature of the relationship between the knower and what can be known?), and methodological (how can the knower go about finding what can be known?). They emphasize that the different paradigms are neither right nor wrong, but the paradigms represent different viewpoints. In other words, the answers to the three questions form a set of beliefs, which is not subjected to logical proof but ultimately needs to be evaluated by the persuasiveness and utility of each of them.

Three broad paradigms of inquiry, although in constant evolution, are identifiable in the contemporary qualitative research (Guba & Lincoln, 1994; Lincoln & Guba, 2000; Lincoln, Lynham, & Guba, 2011). First, the positivist or postpositivist paradigm represents the view of the conventional scientific inquiry and has long been the dominant view in the qualitative research tradition. The positivist paradigm assumes the existence of objective “true” reality, which is found by an independent inquirer. This act of inquiry is not assumed to influence or be influenced by the object of inquiry. The true reality is found mainly through experiments or any other means that enable the inquirer to explain the observed variance, consequently making causal explanations. The ultimate purpose of this type of inquiry is to accumulate these explanations with a hope of developing a nomothetic causal law of social phenomena.

In recent years, this positivist paradigm has faced various criticisms (see Guba & Lincoln, 1994: for a review), and as a result, the postpositivist paradigm emerged as a revision of the positivist paradigm. It still largely holds the view that the true reality exists out there but admits that the reality can only be approximated due to human limitations. While the paradigm largely abandoned the notion that the inquirer and the object of inquiry are completely independent, it still assumes that the reality can be known objectively (or socially constructed). In turn, this objectivity is evaluated by the new knowledge's fit with the existing knowledge (critical tradition) and by the assessment of peer scholars (critical community). The methodological scope has also expanded to include not just deductive testing of existing theories, but also the discovery of novel theories grounded in the (allegedly) theory-free engagement with empirical phenomena (grounded theory; Glaser & Strauss, 1967).

The second paradigm, critical theory, is an umbrella paradigm for many alternative traditions including Feminist, Marxist, and queer theories. This paradigm's most important departure from the positivist paradigm is epistemological: it assumes that the inquirer and the object of inquiry do not exist independently, but instead the value of the inquirer inevitably affects the act and the outcome of the inquiry. In this paradigm, the ultimate purpose of inquiry is transforming ignorance and misapprehension (that the given structure is immutable) into more informed consciousness that enables action for structural change.

Finally, the constructivist paradigm breaks away from the positivist or postpositivist paradigm by embracing ontological relativism, which states that there is no single truth but many truths which are socially constructed. The acknowledgement of multiple realities affects the purpose of inquiry as well. Essentially, the inquiry based on this paradigm aims at documenting socially constructed understandings of the world by diverse actors and refining these social constructions. The epistemological assumption is also quite different in this paradigm. With the constructivist paradigm, the inquirer's more active engagement in the inquiry process is embraced and encouraged. The outcome of inquiry is understood to be co-created through interactions between the knower and what is to be known. Here the ultimate goal of inquiry is to refine constructions in a way that leads to some consensus where "everyone formulates more informed and sophisticated constructions (Guba & Lincoln, 1994: 113)."

I intend to engage with these existing paradigms of inquiry not by claiming a membership in one particular camp of thought, but by utilizing them to inform the construction of my own

thought. Above all, the paradigms are constantly changing. Historically, the dominance of positivist paradigm has been eroded over time as alternative paradigms gain more recognition among qualitative researchers of diverse traditions. The competition among the paradigms is ongoing, and the paradigms themselves continue to dynamically change over time. For example, the number of qualitative inquiry paradigms identified in the Handbook of Qualitative Research increased from three to seven in the past fifteen years as the textbook itself was revised four times. While I strongly believe it is important to be clear about the ontological, epistemological, and methodological assumptions of research, I do not believe that it is equivalent to claiming to adopt one particular paradigm and dogmatically following its precepts. Choosing one paradigm over another may also be practically irrelevant, given that different paradigms are increasingly proliferating and the boundary among them is dynamically changing (Lincoln et al., 2011). Rather, the true value of being knowledgeable of diverse paradigms comes from the researcher's conscious effort to self-reflect on the nature of what one does throughout the research process, in lieu of diverse viewpoints. Therefore, instead of choosing a particular paradigm and demonstrating allegiance to a particular camp, I attempt here to clarify my own view and approach in this dissertation research in light of the existing discussions and debates on inquiry paradigms. With a clear awareness of the different paradigms as well as dynamic boundaries among them, I will articulate how this research links empirical phenomena with theoretical conversations, and discuss later how my view is related to existing paradigms. In light of these previous thoughts on qualitative inquiry, I elaborate my own view in this research specifically by answering the following three questions.

What is the Nature of Data that I Generate through Qualitative Research?

In this dissertation research, I aim for an in-depth understanding of the less understood phenomena of business incubation based on rich descriptions of incubator contexts as well as the process whereby a new business idea is developed. I achieve this through my ethnographic engagement in two Detroit business incubators. Ethnography is essentially a writing about one's interpretation of a culture that was obtained by both close observations and direct experiences (Van Maanen, 1988). Ethnography is a written representation of a culture, experienced and interpreted by a cultural foreigner who immersed him/herself long and deep enough to grasp the perspectives and thoughts of the cultural natives. Geertz (1974: 30) put this point succinctly when he described ethnography aims "to figure out from what the native says and does, what the

devil he thinks he's up to, the result being an interpretation of the way a people live which is neither imprisoned within their mental horizons, an ethnography of witchcraft written by a witch, nor systematically deaf to the distinct tonalities of their existence, the ethnography of witchcraft written by a geometer.”

This nature of ethnography offers two important points for the process through which I collected data for this dissertation. First the interpretation of a culture based on an in-depth understanding of natives inevitably involves a close and extensive interaction with those who are observed. Therefore, in collecting data, I do not subscribe to the notion of complete separation of observing inquirer and observed phenomena. Rather, by embracing postpositivist or constructivist epistemology, I develop the understanding of the phenomena through frequent and deeper-level engagement with those who constitute the phenomena.

Second, the representation of a culture should be authentic to what has actually happened and how natives interpret and attach meaning to their experience. Ethnography being an interpretation of a culture does not necessarily mean that a researcher is given full discretion in terms of choosing what she wants to see and how she wants to observe. The interpretive aspect of ethnography is a natural and unavoidable nature of the enterprise, following from the fact that the researcher is not an omniscient observer but a participant with a contextually defined identity and role (which implies that the observations are necessarily limited and colored with the researcher's own perspective). This by no means exempts the researcher from the rigorous data collection. An ethnographer is expected to record the observed phenomena as authentically as possible, and to collect the views of as many cultural natives as possible. Following this, I made extra efforts to rigorously capture what happened as it happened (e.g., detailed field notes that capture the gist of every utterance during meetings and voice-recordings of business incubation meetings), while simultaneously acknowledging that by nature, this data collection is influenced by my role, identity, perspective, and my interaction with informants.

In addition, this dissertation employed a research design that combined ethnography with multiple case study methods, consequently providing a comparative description of two different cultures. I collected data on two separate cultures that were formed around essentially the same kind of work, and my observations provide a detailed account of real-time processes whereby people in different cultures differently engage in a work designed for a more or less similar purpose: building a business. This makes this dissertation research follow the comparative case

study logic, which allows researchers to identify the variance across cases and make conjectures about the factors explaining the variance (Eisenhardt, 1989). Therefore in the current research, the differences in the outcome of each incubation process are explained by the differences in the processes of business idea development.

However, the ethnographic aspect of my data collection enables me to go beyond this experimental logic by not only identifying the causal factors but also lending insights into possible causal mechanisms at work. Extensive engagement in the field fostered observations of the cultural processes as they unfolded over time, and this empirical process data provided an opportunity to understand the mechanisms underlying causal relationships (Lin, 1998). At the incubator level, I conducted an in-depth exploration into how two different cultures formed over time through their critical formative stages. This ethnographic engagement allowed me to theorize not only what caused the different cultural outcomes but also how the differences come to exist, which became the core theoretical contributions of the incubator-level analysis. Also at the startup level, a prolonged engagement with each startup gave me an opportunity to make a detailed log of the development processes in use in these nascent organizations. These unique data (based on real-time observations) ultimately allowed me to form a novel conceptualization of the *process* of entrepreneurship and permitted going beyond the extant understanding of entrepreneurship, which is mostly about retrospectively-understood causal explanations of successful enterprises.

How do I Derive Theoretical Insights from Qualitative Data?

Having generated a rich description of different cultures, my next step involved analytic engagement with the data to derive more general insights that hopefully are transferable to different contexts. By constructing a rich description of the two business incubators, I intended to extract insights from this description to inform the more general processes beyond my specific observational context, and these insights, in turn, constitute building blocks for further theorizing (Weick, 1989). Then the question becomes how I derive insights from the specific data. What is the specific process whereby the descriptions of phenomena are linked to theory? The guiding principle for this process can be found from the recent progress in qualitative theorizing that places a special emphasis on abductive reasoning (Locke, Golden-Biddle, & Feldman, 2008; Timmermans & Tavory, 2012).

Abductive reasoning or abduction was first introduced by the pragmatist scientist-philosopher Charles S. Peirce (Peirce, Hartshorne, & Weiss, 1935), and it denotes the mode of inference where researchers creatively produce hypotheses based on surprising evidence (Timmermans & Tavory, 2012). Abductive reasoning is distinguished from traditional inductive or deductive reasoning by the ways that existing theories are associated with observed phenomena. In contrast to an inductive process promoted by grounded theory that strongly discourages researchers from bringing theoretical preconceptions to the phenomena, researchers engaging in abductive reasoning come into the field with knowledge of diverse existing theories. However, the way these researchers apply theories to the phenomena is also different from deductive reasoning because the purpose of bringing in the existing theory is not to confirm or refute a particular theory. Rather in abductive analysis, existing theories provide possible lenses through which researchers comprehend their observations and multiple ways in which researchers can enrich meanings of the observed phenomena. Wearing the lenses of existing theories enables researchers to see that some of their observations do not necessarily fit with the existing explanations, or that existing theories do not provide sufficient explanations for the observed phenomenon. These “surprises” lead researchers to propose possible alternative explanations, which in turn leads to modifications of existing theories or discoveries around a new theory (Snow, Morrill, & Anderson, 2003). This abductive process is used more widely than we are aware of, in areas outside of the social sciences. For example, in medical diagnosis, abduction is a predominant mode of reasoning where physicians come up with a hypothesis that best explains a patient’s observable symptoms (Josephson & Josephson, 1996).

Although the exact term was not used, a similar abductive process is found in Weick’s (1989) description of the theory construction process. He describes theory construction as an evolutionary process, where one defines the problem or what needs to be explained, generates multiple conjectures to explain the phenomenon, chooses one of these conjectures by consistently applying certain criteria, and produces theory that can be further retained or rejected. Weick’s idea complements the ongoing progress of abductive reasoning by providing specific criteria for researchers to use in evaluating and selecting from multiple tentative conjectures. He argues that selecting a “best” explanation should not be based on the validity of the explanation because “the contribution of social science does not lie in validated knowledge, but rather in the suggestion of relationships and connections that previously had not been suspected, relationships

that change actions and perspectives (Weick, 1989: 524).” Instead of empirically validating conjectures, Weick proposes to adopt alternative criteria that highlight cognitive and emotional resonance of the conjecture, which is represented by the subjective feeling of ‘that’s interesting (Davis, 1971).’ He suggests that this feeling indicates the conjecture achieved both novelty and plausibility simultaneously.

These plausible explanations or conjectures arising from the abductive process are further linked to theoretical development in multiple ways, including theoretical discovery and theoretical refinement. Snow and colleagues (2003) specified the multiple ways through which ethnography contributes to theoretical development, including theoretical discovery (creating a new conceptual tool through grounded theory approach), theoretical extension (extending existing theories to different contexts), and theoretical refinement (repudiating a theory or modifying a theory based on deviant cases). These different modes of theoretical development are closely related to how researchers generate conjectures in the process of abductive reasoning. Facing an empirical observation that is not fully explained by an existing theory in the relevant domain, a researcher sometimes draws on theories from other domains to generate a conjecture or a possible explanation (Golden-Biddle & Locke, 2007). Through this act of cross-pollination of theories, not only the theory of the given domain becomes refined and enriched (theoretical refinement), but also the empirical reach of the imported theory becomes extended (theoretical extension) (Burawoy, 1998). In other times, generating a conjecture from a “surprising” empirical fact may require inventing a new conceptual tool, which alters the way the phenomena in the given domain is understood. This leads to theoretical discovery (Charmaz, 2006; Glaser & Strauss, 1967; Locke, 2011).

Based on this synthesis of the existing views on theorizing through qualitative research, this dissertation research utilizes abductive reasoning to turn in-depth understandings of different cultures into fodder for theoretical development. In my analysis, I constantly compared what I saw in the field with what I know from the existing theories of sociology and organization studies that are related to the phenomenon of interest. From this comparison, I identified aspects of my observations that are not fully explained by existing knowledge, and this triggered a process of abductive reasoning. I tried to come up with different ways to explain what I see, and in this process, theoretical tools from distant domains or disciplines were applied to create tentative explanations, or conjectures. These conjectures were developed and evaluated by their

fit with the empirical observations as well as with the existing theoretical discussions regarding the general phenomenon ('critical tradition' critical from postpositivist paradigm). Through iteration of this generation and evaluation of multiple conjectures, I developed building blocks for my theorizing, ultimately leading to a theoretical discovery or refinement.

What is the Nature of the Knowledge that I Generate?

The final question that guides my quest for 'how my dissertation contributes to theory' is the very fundamental one about 'what I mean by theoretical contribution.' Ultimately, I believe theoretical contributions generate new knowledge to enhance our understanding of the world, and the following characteristics represent the nature of knowledge I am pursuing in this dissertation research: first, context-specific knowledge that enhances the understanding of important organizational phenomena of the present time (e.g., specific workings of contemporary entrepreneurship in the post-industrial economy), and second, general implications that enrich the toolkit of social mechanisms (e.g., how institutional diffusion process is affected by local conditions, how an organization is created through a social process).

I formed my views on the nature of knowledge based on the recent advances in thoughts about knowledge and knowledge accumulation in social sciences. For a long time, the dominant view of knowledge creation and accumulation in the social sciences adopted the view of natural sciences where the purpose of inquiry is developing law-like causal accounts through hypothetico-deductive methodology. The main critique of this 'covering-law' view states that the knowledge in social sciences is often conceptual abstractions of concrete historical events and tends to be significantly limited by cultural and geographical boundaries (Zald, 1993), and there has been "embarrassing scarcity in covering laws" in the history of social science (Hedström & Ylikoski, 2010). In response, diverse paradigms propose alternative views on what knowledge means in the social sciences and how it accumulates or advances over time. Based on ontological relativism (i.e., there is no single objective truth), the constructivist paradigm considers knowledge as socially constructed understanding of the world that achieved a certain level of consensus. These constructions are expected to travel across contexts to a limited extent. This paradigm posits that the ultimate purpose of research to constantly refine these social constructions and reach the state where there is a general consensus of sufficiently sophisticated social constructions (Guba & Lincoln, 1994). Similarly in the postpositivist paradigm, the emerging notion of mechanism-based explanation largely abandoned the pursuit of universal

causal laws in favor of searching for social mechanisms whose generalizability is limited by time and context. Mechanism-based explanations detail the cogs and wheels of the causal process, delineating how participating entities' properties, activities, and relations produce the outcome to be explained (Hedström & Ylikoski, 2010). In this view, knowledge accumulation is not about perfecting a law-like account that covers the entire social phenomena, but about generating “mid-range” theories that sit somewhere “between highly abstract theory and the multitude of minuscule substantive studies,” (Glaser & Strauss, 1967: 97; Merton, 1957) and constantly enriching the toolkit of social mechanisms that can be transferred to other areas. These two emerging views are still inconsistent at the philosophical level, but at least show different paradigms are approaching each other in their understanding of the nature of knowledge and knowledge accumulation. Both increasingly agree with the notion that at least in social sciences, eternal law-like truths that govern all social phenomena across all times do not exist and instead, scholarly pursuits should aim for constantly perfecting the toolkit of explanations (either assumed to be social constructions or ‘objective’ truth) that necessarily have limited generalizability.

In this dissertation research, I follow these revised views on the nature of knowledge and knowledge accumulation. Qualitative methods, especially ethnography, has been regarded as particularly well-suited to uncover social mechanisms (Lin, 1998). Hedström and Ylikoski (2010) emphasize that statistical evidence is not the only relevant evidence to assess causal claims. Qualitative evidence is particularly good at explaining process rather than variance (Langley & Tsoukas, 2010), so ethnographic methods are useful in developing process-based mechanisms. Furthermore, macro-level causal relations ought to involve underlying micro-level dynamic processes that link macro-level antecedents and consequences (Hedström & Swedberg, 1998; Hedström & Ylikoski, 2010). Ethnography allows researchers to have real-time observations of such micro dynamics in action, consequently helping the enrichment of descriptions of social mechanisms.

This emphasis on social mechanisms and knowledge with limited generalizability is also consistent with the nature of the object of my inquiry: organizational phenomena. Organizations are not so much objects in the natural world as the products of human efforts shaped by specific conditions of particular time and space, so there is “little reason to expect law-like statements to hold up across situations, any more than a ‘theory of diesel trucks’ was likely to produce

enduring scientific truths (Davis, 2015: 311).” In the same vein, Zald (1993: 515) has rightly pointed out that organizational researchers’ efforts to model natural sciences not only brought in the “belief in the value of systematic observation and experimentation” but also mistakenly imported the “belief in the value of strong theory-nomothetic propositions linked together to explain a wide range of phenomena.” The knowledge on organizations is, therefore, less like a law-like causal theory that should explain and predict universal organizational phenomena, but more like descriptive regularities of organizational phenomena that may be observable at certain places and certain point of time, providing implications for social mechanisms that could be applied to other contexts in other times.

Defining the nature of knowledge in this way has implications for the identity of organization scholars. Zald (1993) argued that as organization studies depart from the natural science model, the focus of research shifts from perfecting a grand theoretical perspective through a normal scientific accumulation to explaining important organizational phenomena of the time with the aim of informing practical efforts of organizing, a shift from an engineering mode to an enlightenment mode of scholarship. This shift is also related to the change in research orientation towards the problem-based research rather than perspective-based research (Davis, 2010, 2015). The focus of research moves toward providing explanations for important organizational phenomena and problems, while simultaneously applying and advancing the toolkit of social mechanisms derived from multiple theoretical perspectives in organization studies. In addition, this shift is consistent with the aforementioned principle of abduction. Weick (1989) articulated the distinction between theoretical generalists and specialists. He emphasized that more conjectures, leading to better research would be possible by “generalists,” who have a moderate attachment to many ideas and strong commitment to the problem to be explained, rather than by “specialists,” ‘who have a strong attachment to fewer ideas and easily lose direction when their initial conjecture is interrupted. Timmermans and Tavory (2012) also emphasize that to foster more effective abduction and theory construction, “we must be neither theoretical atheists nor avowed monotheists, but informed theoretical agnostics (169).”

Embracing this emerging shift, this dissertation research follows the model of problem-based research that enriches our knowledge of social mechanisms, while simultaneously shedding light on important organizational phenomena. Clearly, my goal is not to develop a universal and unchanging truth about early-stage entrepreneurial process generalizable to the

population of all incubated businesses of all times. Instead, this research focuses on generating contextualized knowledge on the process through which business ideas develop in Detroit incubators, with a recognition that this knowledge would speak to a more general process of contemporary entrepreneurship in post-industrial urban contexts.

However, this research does not stop at describing specific phenomena. Based on the detailed understanding of business development in the particular time and place (post-industrial Detroit), I intend to further derive multiple implications for social mechanisms. Different chapters in this dissertation exhibit different ways I achieve this. For example, the chapter on incubator-level analysis (“anti-isomorphism” chapter) proposes a refinement of institutional theory, by proposing an alternative diffusion mechanism for institutional practice. The chapter provides a thick description of the organizational phenomenon – different cultures of two Detroit incubators and how they are constructed over time, but it also suggests an implication for the social mechanism of institutional diffusion – an isomorphic adoption may not be the only response to institutional pressure; actors may also react by creating an anti-isomorphic alternative, especially when the institutional force meets a very different local context. This parallel is also intended in the chapter on startup-level analysis (“entrepreneurial imagination” chapter), which takes the route to theoretical discovery. It provides an in-depth description of how four startup companies were incubated. This description further leads to the revision of existing understandings of entrepreneurship, which focused on the individualistic and linear process of early-stage business development. Out of careful analysis of the phenomenon, this chapter provides a novel conceptual tool that proposes a different way to understand entrepreneurship, highlighting the social and processual nature of entrepreneurial endeavors.

Data Collection

I collected data for this dissertation through two years of ethnography in two business incubators in Detroit. One is GREEN, a business incubator for sustainable businesses, located in Midtown Detroit, and the other is ACCEL, a business incubator focused on fast-growing tech startups, located in Downtown Detroit. The detailed descriptions of the two incubators will be presented in later chapters. I started my engagement in GREEN with a different research question – I wanted to understand the origin of novel organizational forms that offer alternatives to profit-centered corporations. When starting at GREEN, I expected to see how entrepreneurs

decide to adopt alternative organizational forms for social enterprises, such as Certified B Corporations or Low-profit Limited Liability Companies (L3Cs). However, soon after my engagement, I realized that such decisions on organizational forms are made in much later stages in their development, and what I was observing in a series of incubation meetings was a very early stage of entrepreneurial development where the tendency for adopting alternative forms is seeded. Through this realization, my focus has evolved from the origin of social entrepreneurship to the investigation of the early-stage entrepreneurial process whereby an entrepreneur's insight is transformed into a substantial business plan. With this shift, I also realized that business incubators provide a revelatory context (Yin, 2008), offering a unique window to an important but less understood phenomenon – the social process of early-stage idea development for nascent entrepreneurship. At the inception of a business idea, an entrepreneur, as a social being, inevitably develops his or her idea through social interactions. However, in the past, these interactions were hard to trace because they were dispersed in the entrepreneur's private communications with friends, mentors, and loan officers at local banks. The recent emergence of business incubators (discussed extensively in the next chapter) provided a venue in which these social interactions are concentrated physically in the series of incubation meetings, allowing a focal point for researchers to follow and unpack the process that used to be considered as a black box. In this dissertation research, I exploited this less understood opportunity through an intensive and extensive engagement with the real-time social process of business incubation.

At GREEN, I conducted participant observations of Seed Design (name of GREEN's business incubation process) for multiple businesses over an extended period of time. Specifically, from July 2012 to April 2014, I followed four startup companies that went through the Seed Design process. I sat in all of the weekly business development meetings, as well as some of the internal meetings of each business (meetings among the entrepreneurs without GREEN mentors). In addition to the business development meetings, I observed incubator events that were not directly related to individual firms I followed, including workshops for entrepreneurs, weekly discussions on sustainable business practices, and other social events at the incubator. Because of confidentiality issues, I was not allowed to audio-record the meetings (except for the last business I followed). In order to capture the social interaction during meetings to the fullest extent, I wrote up the detailed field notes in which I tried to capture the gist of every utterance during the meeting. As a result, the field notes took the form of pseudo-

transcripts some of which was verbatim of the informant's words, while others are my own paraphrasing of participants' speech.

To supplement the observational data, I conducted recurring interviews with the entrepreneurs as well as with the participants in the process. I interviewed entrepreneurs multiple times during the incubation process, such as before the beginning of the sessions, at important points during the process, and after the end of the incubation sessions. When interviewing entrepreneurs, I inquired about their perceptions of the development process with a specific focus on how this process shaped the evolution of their perspectives and their business ideas. GREEN's incubation process also involved the incubator mentor as well as community participants (e.g., other entrepreneurs in the incubator, people from the local community). I interviewed them with a specific focus on their reflection of the process by asking what the memorable aspects of the process were, and how those peculiarities would affect the development of the focal business (See Appendix for the interview guide). Finally, in order to track the subsequent growth after the incubation sessions, I regularly conducted post-process interviews with the entrepreneurs and continued to observe key events that marked the milestones of each business's growth. To complement observational and interview data, I also compiled second-hand data, such as documents on business idea development, photos and artifacts of incubation outcomes (e.g., conceptual drawings, pitch decks), and email communications.

After a year of engagement in GREEN, I began to understand that GREEN's incubation process is significantly different from typical processes in other business incubators, but also realized that I did not fully understand how it was different. I needed to have information about more typical business incubation approach of other incubators. This realization led me to conduct field research in another incubator in Detroit, which has a completely different approach than GREEN. ACCEL's incubation approach represented a more standard and mainstream model of business incubation, because it has recently adopted the approach of business acceleration that is rapidly embraced as the standard model of developing startup companies (see the next chapter for more detailed explanation). Therefore, ACCEL provided a great context against which the peculiarities of GREEN approach become salient. In ACCEL, I followed three startups that went through their incubation process called 'Accelerator Program.' The type of data collected was

essentially the same as GREEN: observations of every business development meeting as well as incubator-level events, recurrent interviews with entrepreneurs and mentors, and archival data.

Along the ethnographic engagement, my role in the context evolved over time. In the beginning of my observation, I assumed the role of distanced observer, silently typing my field notes, usually in the corner of the meeting room (I was often referred to as a “court reporter.”). However, as I followed the growth of each individual business for an extended period of time (for almost three years for the longest one), my role also evolved. I became an active participant with whom entrepreneurs shared their ideas, a “map maker” who archived the history of their journey with the business, and a friend and “therapist” who provided emotional and motivational support to the entrepreneurs during their hard times. This evolution of my role gave me rich opportunities to better understand the native perspectives of participants, as well as to develop trust, which is essential to access the authentic and in-depth understanding of the culture. Simultaneously, I was conscious of the possibility that my engagement may exert a significant influence over the idea development (which actually turned out to be very unlikely due to my status as a naïve observer and supporter, rather than a business expert in entrepreneurship), and tried to minimize this inevitable trade-off involved in ethnographic methods.

This prolonged data collection resulted in the observation of 206 one-to-five hour meetings/events of three types (128 in-process business development meetings, 18 post-process meetings/events, 60 incubator-wide meetings/events), and 76 one-to-two hour interviews of four types (i.e., 23 in-process entrepreneur interviews, 6 in-process participant interviews, 32 post-process entrepreneur interviews, 15 interviews with incubator mentors). As explained earlier, every meeting was documented with extensive field notes (if not audio-recorded and transcribed) and all the interviews were audio-recorded and transcribed. Table 1 presents more comprehensive information about the data collection, including the names of organizations and main characters.

Table 1 Data Collection

Incubating context	GREEN				ACCEL		
Incubator mentors	Ted (founder), Bernard (mentor), Nick (community participant)				Amber (mentor), Charles (mentor), Larry (mentor)		
Name of business	Good Food Network	Medicine Pocket	Dog Pound	Pocket Neighborhood	Save Time	ShoplocL	New Essential
Founders	Julie	Mike & Jennifer	Anna	Kelly	Jack	Robin & Mary	Aaron
Incubating period	May 2012 to Oct 2012	Nov 2012 to Mar 2013	Mar 2013 to Sep 2013	Oct 2013 to Apr 2014	Sep 2013 to Jan 2014	Sep 2013 to Jan 2014	Sep 2013 to Jan 2014
Service/product description	Organizing supporting network of sustainable food businesses in Detroit	Finding solutions to better the relationships between elders and caregivers through community-based process	Providing a counseling service on the relationship problem between human and animal companions	Creating a complex of small cottages for intentional communities	Providing a software that collects and broadcasts real-time wait time for sports and entertainment venues, and restaurants	Creating online fashion portal that connects online customers and brick-and-mortar local boutiques	Manufacturing and distributing health supplements (multivitamin and fish oil) through online and offline health clubs
Service/product category	Business support/ consulting service	Product, activity design	Counseling service	Real estate development	Software development	Web portal, search engine	Pharmaceutical manufacture and retail
Related industry	Food service, restaurant	Senior care, pharmaceutical	Pet care, vet medicine	Real estate	Entertainment, restaurant	Fashion retail, women's apparel	Dietary supplement, pharmaceutical
Number of founders	1	2	1	1	1	2	1
Founders' experience in the related industry	1-2 years	none	20 years	10 years	none	5 years	none

Data Analysis

I analyzed this body of data through an original analytic procedure that captures the temporal process of the data. I developed this novel procedure by applying and advancing multiple existing approaches to analyzing qualitative process data. The area of qualitative process research is still underdeveloped, but recently gaining a significant interest (Langley, Smallman, Tsoukas, & Van de Ven, 2013). Not all qualitative data collection is capturing the actual temporal processes on the real-time basis. In most extant qualitative research, the data usually are qualitative accounts of a particular topic collected from multiple sources (interview studies), or a description of a series of events and the researcher's interpretation of them (ethnographic studies). In these qualitative studies of a more traditional format, some temporal processes could be implicitly involved and identified, but a rigorous analysis of a temporal process is rarely the central concern of the research. Recently, however, process qualitative studies are growing in significance (Langley & Tsoukas, 2010), as are the research methods to analyze process qualitative data. This increased interest in process qualitative research is exhibited by the recent special edition of *Academy of Management Journal*, which exclusively featured articles using process qualitative research applied to various topics in organizational studies (Langley et al., 2013).

Building on these existing analytic approaches that preserve the temporal process in qualitative data, I developed a novel analytic procedure through a prolonged attempt marked by numerous trials and errors. This procedure is still a work in progress, and I am revising it as I apply this to different cases in my data. The conceptual goal of this procedure is to capture the temporal evolution of a complex conceptual entity that is composed of many discrete meaning elements. In this dissertation, one major example of this conceptual entity is the idea for a future business. One of the early realizations in the data collection process was that a business idea is in fact a constellation of many discrete meaning elements that can be classified into larger groupings such as "product/service," "problems," "values," "marketing/revenue," and "competition/partnership." Through the incubation process, this constellation of meaning elements evolve over time to form a tight structure, like a living organism – new meaning elements were added in relation to the existing meaning elements, while some other existing elements were retained or rejected. All these were constantly occurring at definable moments

during the conversations in idea development meetings. What I wanted to achieve in developing the following procedure was tracking this evolution as close as possible to the actual process.

This tracking process involved a few steps that were devised by creatively repurposing and recombining existing analytic techniques in qualitative process research (the detailed explanation of each step will follow). First, I needed to extract the meanings from the observed conversations. For this, I relied on the traditional coding procedure in grounded theory (Charmaz, 2006; Corbin & Strauss, 1990). The assigned codes were used as the meaning elements, the basic unit constituting the business idea. Next, I wanted to visually represent and understand how these meaning elements were related to each other to form a structure, so I applied the mapping strategy (Langley, 1999: ; a strategy that uses visual representations to depict the process) to create the network map of codes. Then, the temporal evolution of this map was captured by creating a timeline, which identified and listed in chronological order all the discrete moments when meaning elements were added, retained, and rejected. To create this timeline, I utilized the insights from the temporal bracketing strategy (Langley, 1999: ; a strategy that decomposes data into distinct periods and examines how the periods are related to each other) and the sequence analysis introduced in MIRP (Minnesota Innovation Research Program; Van de Ven & Poole, 1990). Finally, I translated this timeline into a narrative form by writing up a detailed case, relying on the method from comparative case study (Eisenhardt, 1989; Yin, 2008). By following these steps, I was able to capture how the business idea, as a complex conceptual entity, was expressed in the form of a relational structure of meaning elements, how such a structure evolved over time during the incubation process, and how such evolution took place at specific moments of concrete social interaction.

Coding

As with most qualitative data analysis, I started by coding the data. I coded the data following the standard coding procedures of grounded theory, which is most widely used among the contemporary qualitative researchers. ‘Coding’ in qualitative research refers to the researcher’s interpretive act, constituted by bracketing a segment of data (usually a chunk of text) and attaching a short phrase that captures an abstract and generic meaning embedded in the data (Charmaz, 2006). I created and applied multiple categories of codes to capture different aspects of the data; these included a group of codes describing the evolution of a business idea, a group

of codes representing the incubator's approach to developing a business, and a group of codes capturing the nature of observed actions during the business development meetings.

One of my early realizations was that most of the conversations during the observed meetings were either about the business idea at hand, or about the incubator's peculiar approach to business idea development. Therefore, my analysis naturally generated two major categories of codes. Whenever the participants discussed the future business, I assigned codes that captured the particular aspect of the business idea. For example, in a business development meeting for Dog Pound, Anna, the founder, said the following:

“What we can do in my business is to say, ‘you can stop worrying about whole bunch of things’... when people first own the dogs, they say, ‘oh crap, I have to figure out whole bunch of things’ and we can reduce some of those worries.”

To this sentence, I assigned the following three codes: ‘*adoption counseling service*,’ ‘*animal behavioral counseling/education service*,’ and ‘*provide accurate information in pet care*.’ As I created, refined, and made a structure of these codes, they constituted the specific building blocks or meaning elements of the emerging business idea.

I followed the same coding procedure when coding the parts of conversations in meetings where participants discussed the incubator's particular approach to business incubation. These codes captured specific aspects of the incubator's incubation practice, including a perspective on how a business should be developed, and what counts as a successful business. For example, in one of the incubation meetings for Medicine Pocket, Ted, GREEN's founder, made the following comment, to which I assigned the code ‘*rooted in specific context*’:

“‘done in context’ is a really important point... the solution lies within the people and not given from the outside. Also we’re addressing the real problem... All the innovative solutions are meaningful when they are sought for in the context of a real problem.”

In addition, I created a category called “action codes” to capture ‘*who was doing what to whom*’ at the focal moment of observation. As analyzing the flow of a conversation, I found that participants' actions and responses could be categorized into generic types, and that identifying these types would help in describing how the nature of social interactions is related to the development of a business idea at the moment. For example, the following excerpt from my field notes captures the discussion between Amber (the mentor at ACCEL) and Robin (the founder for ShoplocL) about the feasibility of one of ShoplocL's services that allows shoppers to hold clothing items for the later in-store purchase.

Amber kept saying, “I’m not saying don’t do it, but I have a hunch that [hold-in-store service] will get phased out in the long run.” Robin argued back as indicating that from her past work experience, she was able to see these retailers “who are specialists and really like people, and they get women who wanna try on”. Robin argued that for such retailers and customers, putting items on hold for in-store purchase could make sense.

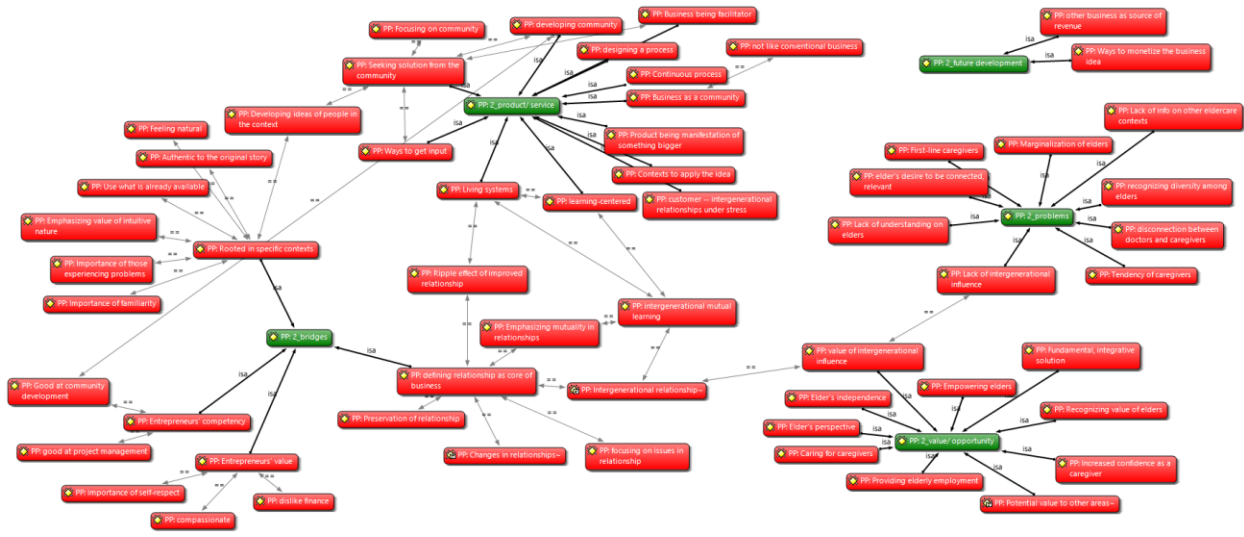
To Robin’s response to Amber’s critique, I assigned an action code ‘entrepreneurs pushing back to mentors.’

Mapping the Codes

After completing the coding process, I created a network map of codes that allowed me to see at a glance the overall structure for the entire set of codes for a case (e.g., the entire business idea codes for Medicine Pocket). This network map of codes was created using the network function of the Atlas.ti, software for qualitative data analysis. I created the map through an inductive and iterative process. As I created and assigned codes to the data, I tentatively grouped the individual codes based on the similarity of their meanings. As I continued coding, new codes emerged or a different way to group the codes emerged, and then I revised the map. A full version of the map emerged as I continuously went back and forth between the data and the evolving map in an iterative fashion. I followed the same procedure to create the map for incubation approach codes (one for each incubator), as well as the action codes. The only difference in these maps from the business idea map is that they were created across individual cases. That is, the incubation approach map for GREEN was constructed across my analysis of Medicine Pocket and Dog Pound incubation meetings.

The final map of codes visually represented the structure of each category of codes. The map for business idea codes can be conceptually understood as a “DNA map” ‘for an emerging business. It describes specific elements that constitute the entire business idea, including the description of product/service, the problems that the business idea is addressing, and the value proposition of the business idea. The map also shows the overall structure of a business idea by specifying how specific meaning elements are related to other elements. Figure 1 presents the final business idea map for Medicine Pocket.

Figure 1 Medicine Pocket Business Idea Map



As shown in Figure 1, the codes representing meaning elements of the Medicine Pocket idea are categorized into multiple higher-level groups. In this specific example, there are five major groups: a group of codes describing Medicine Pocket’s product/service, a group on the problems of the eldercare industry, a group on the anticipated value of Medicine Pocket, a group on how Medicine Pocket can be further developed, and a group representing the discussions that provided the foundation of the final product/service idea. One notable feature of this map is that it specifies the meaning connections between codes that are clustered under different groups. For example, the code ‘lack of intergenerational influence’ is clustered under the group ‘problems,’ but at the same time its meaning is also related to the code ‘value of intergenerational influence’ that is grouped in the ‘value’ group. By specifying these connections at the level of individual codes, the map not only shows the grouping structure but also identifies the way in which the higher-level groups are connected to each other. The maps for incubation approach and action codes were created in the same way.

This procedure is logically similar to the process of creating a tree structure of codes, which is one of the most widely accepted procedures in the existing qualitative analysis (Corley & Gioia, 2004). Essentially, both a network map and tree structure are the outcomes of clustering, with different representational formats. However, mapping can provide some additional advantages. One notable advantage is that as explained in the Medicine Pocket example, it allows the researcher to think about the relation between codes that are clustered under different

groups. Under the tree structure format, it is hard to represent the relation between the code A under group 1 and the code B under group 2, even when the meanings of code A and B are related. However, when these codes are expressed in the form of a network map, the relation between codes A and B, despite the different group membership, can be specified, capturing additional complexity underlying the meaning structure. This can give an important benefit especially when analyzing the temporal evolution of the map. From the relation between codes A and B, one can actually trace how group 1 led to the emergence of group 2.

Figure 2 Medicine Pocket Business Idea Map at Week 5

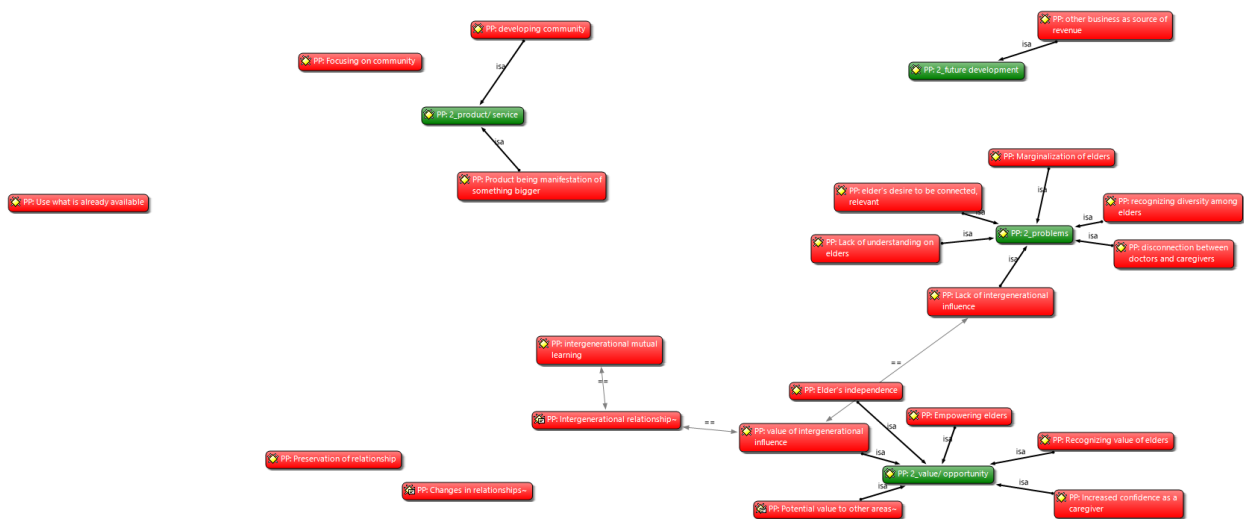
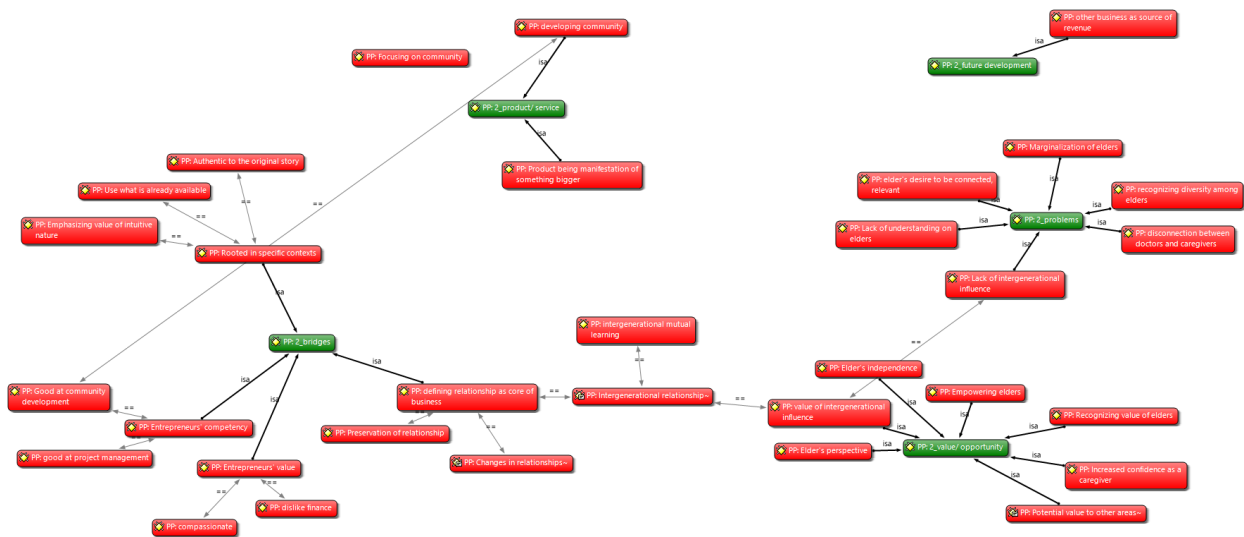


Figure 3 Medicine Pocket Business Idea Map at Week 8



For example, consider Figure 2 and 3 showing the two maps that represent the Medicine Pocket business idea map at Week 5 and Week 8, respectively. A comparison of these two maps shows that the code ‘intergenerational relationship’ played an important role linking the ‘value’ group and the ‘grounding’ group (a substantial meaning of this transition will be explained in the later chapter). In other words, specifying the connections between codes under different groups allowed me to track how one group led to the creation of another group. This provides an important implication regarding the specific path through which the business idea grows over time. In these early-stage meetings, the participants frequently made comments about intergenerational relationships, which led to the emergence of a collective focus on relationships. This focus on relationships in turn, later constituted the core basis of the Medicine Pocket product/service idea. The mapping technique here enabled me to trace this temporal progression of the meaning structure, which may not have been available using a traditional tree structure.

Another advantage of this mapping procedure is its capacity for including codes that are difficult to cluster under one particular group. In analyzing complex meaning systems, I sometimes found it difficult to categorize a particular code into one of the existing groups. Code A may seem to fit with both groups 1 and 2, and this perception of fit may also change over time. In this case, when the structure is expressed in the form of network map, the researcher can tentatively place the code somewhere on the map between the two categories. This ambiguous categorization may later be resolved with further analysis, or provide the thrust to alter the overall grouping scheme (e.g., creation of a new group). In summary, this method of creating a network map of codes may offer some benefits over creating a tree structure of codes by relaxing inevitable structural rigidity of the traditional tree structure and adding flexibility to the researcher’s interpretation process.

Timelining and Case Writing

Once a network map of codes is completed, I created a timeline that captured the temporal process through which the map evolved over time. When completed, the map of codes provided only a static view of the code structure at the end point of my observational period. While significantly informative, the static map was not able to show the evolutionary process of itself. Informed by innovative techniques used in analyzing longitudinal qualitative data in MIRP (Van de Ven & Poole, 1990), I created a timeline that allowed me to reconstruct the temporal

process whereby the network map of codes was created over time. The timeline can be constructed for any of three types of maps I created, but for this dissertation research, I created timelines for the idea development of each individual business, delineating the process whereby the idea DNA map for each business was constructed over time.

I created timelines through the following steps. First, I went back to the coded texts and identified every moment in which each business idea code was assigned (either first created or reassigned). Then, in an Excel spreadsheet, I created a row that summarized the details of the moment: when it happened (i.e., date), what was the occasion (e.g., at a strategy meeting or at a business model presentation), what was the specific interaction (e.g., to argue back Amber's criticism, Robin proposed other values of her business idea), and what the codes were that were assigned to the moment. I created multiple columns for each higher-level group of codes (e.g., product/service, problem, value, business process), which later allowed me to have a more macro view on the process whereby the entire map was constructed. Whenever business idea codes were assigned in the text, I created these rows describing the moments, and then I listed each of them from top to bottom following a chronological order, essentially creating something similar with a historical timeline laid out vertically.

By scrolling down the timeline, anyone can understand a summarized version of the history through which the business idea transformed from the entrepreneur's initial insight to a detailed business plan. At the micro level, the timeline provided the information about the context in which specific meaning elements of the business idea were introduced, reinforced, or rejected. At the more macro level, the timeline provided a birds-eye view on the evolution of code structure constituting the business idea (e.g., for Medicine Pocket, earlier meetings generated mostly the codes about the current problem and potential value propositions, which led to the later meetings that introduced mostly service/product codes).

The final step in the data analysis involved writing up the individual cases (Eisenhardt, 1989). The timeline provided a rigorous basis for a detailed case on the process of business idea development for each sample startups. As another step for data reduction (Miles & Huberman, 1994), I created detailed cases for each startup by identifying stages of development and visually presenting the business idea map at each stage. I wrote up the case by identifying important changes in the map in each stage, explaining how such changes were made based on the timeline, and adding the meaning of such changes in lieu of the entire idea development process. This case

write-up marked the final stage of data reduction that transformed the observations of the more than twenty meetings per business (in total, 83 meetings) into 55 pages of summary, while rigorously preserving the logical structure and temporal evolution of meanings.

Theorizing

Theorizing occurred concomitantly all along these analytic stages, mostly in the form of memos (Charmaz, 2006). Relating back to the aforementioned methodology, these memos essentially captured the micro moments of abductive reasoning. The observed phenomena were constantly compared to existing theories, and whenever I saw an ‘interesting’ discrepancy between the phenomenon and the theory, or I found plausible ways through which the phenomenon can inform the theory, I noted them in memos. This happened throughout the analytic process; during the coding, the mapping, the timelining, and the case writing. The accumulation of these memos led to the emergence of multiple theoretical leads. Some leads recurrently came into my analytic attention at different stages of analysis, consequently forming the main theoretical story of this research.

In conclusion, the multi-step analytic procedure employed in this dissertation allowed the theorizing process to be tightly grounded in the empirical data. Furthermore, I expect the procedure developed in this research could be applied to other research contexts, thereby helping other researchers navigate the complexity and messiness that is inherent in qualitative process data.

CHAPTER III

Incubator-level Analysis: Anti-isomorphic Construction of Alternative Practice

Overview

In this chapter, I present the findings of the incubator-level analysis that compared the two business incubators where I conducted field research. This chapter has two main purposes. First, this chapter provides a thick description of the two incubating contexts, which shapes the groundwork for the next chapter on the startup-level analysis. The following sections explain in detail each incubator's history, composition, structure of the incubation program, and the major principles of the incubation approach. Second, this chapter describes the process through which GREEN's unique incubation approach has emerged. While ACCEL adopted the prevalent approach of business acceleration from the leading players in the field, GREEN developed its original approach organically. By analyzing this process of creating an alternative approach for business incubation, this chapter offers an implication to the theoretical understanding of institutional change. Specifically, the findings of this chapter suggest anti-isomorphism as one outcome of institutional process, in which a new practice is constructed as an opposite to the institutionalized practice. This chapter raises a possibility that a combination of rapid institutional diffusion and peculiarity of local context can result in this novel consequence of institutional process.

The chapter is organized in the following way. I will first provide a brief review of the literature on institutional theory and institutional change, which will clarify the key theoretical question this chapter addresses. Next, I will describe the dual context – the industry context of the emerging field of business incubation and the geographical context of post-industrial Detroit. This will be followed by the detailed comparison of the two business incubators in Detroit: ACCEL and GREEN. Following the comparison, I will describe the detailed process whereby GREEN's alternative practice has emerged. The chapter will end by discussing how this chapter's findings contribute to our existing understanding on the process of practice emergence and institutional change.

Review of Literature on Institutional Change

Historical Rise of Research on Institutional Change

The research focus of institutional theory has undergone an historical shift. At the inception of new institutional theory in 1970s, its central question was why organizations are so similar to one another. The answer, supported by years of rigorous research in diverse empirical contexts, was that organizations in the same field become isomorphic as they conform to similar institutional pressures, which in turn gives them legitimacy (DiMaggio & Powell, 1983; Heugens & Lander, 2009). However, as the theory matured, researchers began to focus on the organizational phenomena that institutional isomorphism was unable to explain: the persistent diversity among organizations in the same field, as well as dynamic changes in the institutions themselves, such as the fall of existing institutions and the rise of new ones (Barley, 2008). In response, the focus of institutional theorists has gradually expanded from the old question of similarity and stability to incorporate newer questions about diversity and change.

The impetus for this emerging focus on institutional change was provided by early thinkers such as DiMaggio (1988), who suggested that increased institutionalization can be a stimulus for acts of deviance, and Oliver (1991) who raised the possibility that organizations strategically respond to isomorphic pressures by compromising, manipulating, and even resisting them. Various ideas on the impetus for institutional change subsequently developed. Friedland and Alford (1991) theorized that the potential for institutional change comes from the fact that actors inhabit multiple, overlapping institutions, each having a distinct logic. Greenwood and Hinings (1996) proposed that organizations may conform to or deviate from institutional prescriptions, depending both on the insularity of the field and on the internal dynamics of organizations such as conflicting interest or commitment to deviant values. Clemens and Cook (1999) extended these possibilities by suggesting that institutional change is more likely when the institutional rules and scripts are mutable; when institutions exhibit internal contradictions; or when a field is populated by multiple institutions. Building on this idea, Seo and Creed (2002) proposed that individual actors can pursue radical changes to institutionalized rules through human praxis that is enacted by the internal contradiction within an institution or through the conflicts among multiple institutional orders.

In addition to identifying the structural conditions for institutional change, scholars also elaborated the underlying process of change. Giddens (1984) proposed the notion of ‘structuration,’ that a social structure is not given to actors as a static entity but is constantly coevolving with the actions of embedded actors through the repetitive sequence of enactment and reconstruction. Applying this idea to institutional theory, Barley and Tolbert (1997) theorized that institutions not only provide a platform for social actions by defining rules, norms, and cognitive schema, but they are also simultaneously interpreted by reflexive individual actors, whose subsequent actions contribute to the next evolution of the institutional structure, creating recursive cycles of structuration (Scott, 2014).

These foundational works on the conditions and processes of institutional change blossomed at the beginning of the 21st century with the proliferation of empirical studies on institutional change. Extending the idea of inter-institutional system and multiple logics (Friedland & Alford, 1991), researchers studied institutional change by identifying different institutional logics in a given field and showing the historical transition from an old to a new logic in the book publishing industry (Thornton & Ocasio, 1999), French gastronomy (Rao, Monin, & Durand, 2003), corporate governance (Zajac & Westphal, 2004), and early thrift industry (Haveman & Rao, 1997). The potential of institutional contradictions to provide a thrust for change (Clemens & Cook, 1999) was also further examined in the studies of competing logics where the ongoing contention between the incumbent and alternative logics drove the field- as well as organizational-level changes in university recycling programs (Lounsbury, 2001) and in community banking industry (Marquis & Lounsbury, 2007). The earlier focus on the process of change was further extended by the emerging focus on institutional work, which provides a micro-level description of how institutions are created, maintained, and disrupted through individual actors’ purposeful action based on their awareness, skill, and reflexivity (Lawrence, Suddaby, & Leca, 2009). Studies on institutional work have shown how an introduction or transition to a new logic occurs through a rhetorical strategy to gain legitimacy in the accounting industry (Suddaby & Greenwood, 2005); the identity work to resolve internal contradiction of LGBT priests (Creed, DeJordy, & Lok, 2010); and the work that shapes both the boundary and practice of the field (Zietsma & Lawrence, 2010).

The Remaining Question: Process of Constructing Alternative Logics

Although the existing literature has significantly enhanced our understanding of institutional change - represented by the transition or contestation between multiple logics - there has been little research on the process whereby a new logic in a field is constructed over time. Institutional logics are defined as a socially and historically constructed pattern that encompasses abstract meanings, ideas, values, and beliefs, as well as material structures and practices. Through these logics, individuals “produce and reproduce their material subsistence, organize time and space, and provide meanings to their daily activities (Thornton, Ocasio, & Lounsbury, 2012: 51).” Therefore, institutional logics provide overarching principles for organizing, as well as detailed guidance for practical actions in the course of organizing. In addition, Institutional logics are defined at multiple levels. They can be defined at the societal level as a logic of particular institutional orders (e.g., family, religion, state, and market), but are also defined at the field level, such as industry. Following recent studies of institutional logics that mostly focused on the field-level logics, this study also focuses on the construction of a field-level logic, with a particular emphasis on the early-stage process through which an idea derived from an external field gradually evolves into an alternative logic in the field of startup incubation.

The construction of a logic naturally takes time because an institutional logic is a vertically deep social structure that provides not only the system of guiding beliefs and values at an abstract level, but also the material structure and practice that guides everyday activities at a concrete level (Krasner, 1988). Defined as a coherent set of activities infused with cultural meanings (MacIntyre, 1984), material practice constitutes a core part of institutional logics connecting higher-level social structures and cultural belief systems with actions concretely grounded in the everyday reality. Institutions are considered ‘dead’ unless “they are ongoingly ‘brought to life’ in actual human conduct (Berger & Luckmann, 1966: 75),” and an abstract theory not embodied in concrete practices is not considered as a logic (Thornton et al., 2012). However, substantiating an abstract idea into a concrete practice requires a process that takes time and effort through which proper actions in various situations are derived in accordance with the abstract principle.

This process becomes more salient when an external logic is introduced to a field dominated by an incumbent logic. In this situation, multiple logics vary in their “vertical depth” (Krasner, 1988), meaning that while the incumbent logic provides a detailed template for practical actions to the ‘ground’ level, the emergent logic may only offer high-level guiding

principles whose concrete instantiation at the ‘ground’ level has not yet been specified. Therefore, in order for this emerging logic to grow to the level where it can coexist with, compete with, or even replace the incumbent logic, it has to be populated with a coherent set of specific guidelines that are both grounded in the practice of the field and aligned with its abstract ideal. For example, Rao and colleagues’ (Rao et al., 2003) research on institutional change in French gastronomy offers a detailed description of how Classical French Cuisine was replaced by Nouvelle Cuisine through a movement-like process. However, the study does not tell us how Nouvelle Cuisine, developed over time to become a ‘vertically deep’ alternative logic. Although the authors suggested that the abstract guiding principle of the Nouvelle Cuisine was derived as a ‘spin-off’ movement of other contemporary social movements, we still lack a detailed understanding of how such radical ideologies of 1968 Paris were instantiated in the forms of specific culinary practices constituting Nouvelle Cuisine (e.g., the role of chef, archetypical ingredients, the contents of menu, etc.).

This lack of attention is understandable given the existing literature’s predominant ‘institution-centric’ focus (Lawrence et al., 2009). Most previous studies provided retrospective explanations of the logic transitions that occurred in the past or the multiple logic contestations that were already ongoing, where the alternative institutional logic is identified as a more or less complete set. Although studies occasionally provided historical backgrounds of logic creation, the main focus of research has been the theoretical processes involving ‘matured’ multiple logics that are presumed to have achieved a reasonably ‘full vertical depth’. Therefore, the real-time process through which a new logic is introduced to a field and gradually develops to form an alternative logic has largely remained outside the central research focus. Consequently, there have been calls for research that clarifies “the processes of translation and adaptation and their roles in the generation of field-level logics (Thornton et al., 2012: 162).” Addressing this gap in research is important because this lack of understanding leaves critical early moments of institutional change largely unknown. In addition, understanding alternative logic’s construction process may also help understand later stages of institutional change, because early processes of logic building can leave an important imprint in the alternative logic, which in turn affects later dynamics between multiple logics. To fill this important gap in the current literature, this study employs a ‘work-centric’ approach to institutional work, which focuses on actions or practices

aimed at creating and transforming institutions whose actual impact on institutional change is not fully known (Martì & Mair, 2009), and examines the real-time process of logic construction.

It is important to note that the actors involved in constructing new logics find themselves in a highly problematic situation, where they are committed to the abstract value of the alternative logic, but yet their knowledge of the material practice is still based on the existing logic – a mismatch between idea-level divergence and practice-level embeddedness. This situation evokes the age-old question in institutional theory, the paradox of embedded agency (Battilana et al., 2009; Seo & Creed, 2002), which asks how agents who are constrained by an existing structure can conceive an alternative structure. This question is deeply related to the dual nature of institutions as regulative and constitutive (Scott, 2014). Institutions not only regulate individual actors' behavior, but also constitute the entire basis of the embedded actor's existence. Institutions not only provide the rules of the game, but also define the game itself, including the purpose, details of the playing field, specific practices of the game, and participants' thoughts and feelings about who they are during the game. For this reason, it is extremely difficult, if not impossible, for embedded agents to come up with something completely outside the cognitive domain constituted by the existing institution. Granted, the regulative nature of institutions does not preclude the possibility that actors develop a motivation to deviate; however, due to the strong constitutive grip of institutions, these defiant actors will be in a very troublesome situation where they want to diverge but do not know how, because they are usually unaware of the cognitive territory beyond what is constituted by the existing institution. The key question is how do they deviate from the 'matrix' when all they know is constituted by the 'matrix'?

Industry Context: Emergence of Startup Incubation Field

One of the earliest stages of business growth is the 'idea gestation' stage that transforms entrepreneurial insights and ideas into an initial foundation of a business that is ready for seeking the first investment, first hire, and first sales (Reynolds & Miller, 1992). Since the first incubator emerged in the 1950s, business incubators have provided a venue in which this important stage of entrepreneurial development takes place (Amezcuca, 2010). However, the field of startup incubation itself has long remained an obscure quasi-industry that lacked a shared perception of a clear field structure or consensus on a widely-shared approach to their work. Until the latest 'accelerator boom,' business incubators all over the world shared only minimal, basic attributes

(i.e., provide starting or small-scale businesses with some combination of physical space, administrative and legal services, financing, networking opportunities, and training/mentorship, very broadly defined), lacking a coherent and standardized set of principles and practices (Bergek & Norrman, 2008).

With the recent proliferation of business accelerators, however, the field of startup incubation is undergoing the process of rapid structuration (DiMaggio & Powell, 1983). First, its rate of expansion in terms of number, industry coverage, and the type of sponsoring entity is remarkable. The worldwide number of accelerators surged from less than 20 in 2009 to more than 200 by 2012 (Koetsier, 2013). Though originating from the high-tech industry, the business accelerator approach has been diffused to numerous other industries. The TechCrunch database shows that business accelerators span more than 25 industries, ranging from hardware manufacturing to cleantech, entertainment, healthcare, and food businesses. With this rapid growth, business accelerators are increasingly considered as a vital part of a regional economic ecosystem, and cities are trying hard to attract or create business accelerators to keep their regional entrepreneurial talent from migrating to other entrepreneurial hubs (Sentementes, 2011). In a similar vein, an increasing number of large corporations (e.g., Facebook, Google, MasterCard, Sprint, Boeing, Disney, and Coca-Cola, to name a few) as well as major universities have begun to implement in-house business accelerator programs.

Second, a clearer sense of the field structure has increasingly been established and shared by participants (i.e., business accelerators) as well as observers (i.e., media, academia). With the notable success of their early ‘graduates,’ the pioneering accelerators such as Y Combinator from the San Francisco Bay Area (whose alumni include prominent tech firms, such as Reddit, Airbnb, and Dropbox) and Techstars from Boulder, Colorado have established themselves as the major players defining the field’s boundaries, setting the standards and best practices of the field. In 2014, academic researchers released the first public ranking of all major accelerators, establishing the 15 best accelerators in the country (Cohen & Hochberg, 2014). Along with this, major business media (e.g., Wall Street Journal, the Economist, Forbes, and Businessweek) started to cover the field, focusing on its increasing influence on shaping the dominant notion of how businesses are created.

Third, and most importantly, a coherent set of principles and practices guiding the specific behaviors in the field is emerging to facilitate structural isomorphism among actors in

the field. Influential works by successful former entrepreneurs, investors, and academics such as Steve Blank and Eric Ries (Blank & Dorf, 2012; Ries, 2011), coupled with the practices of early accelerators (e.g. Y Combinator, Techstars), constitute a widely-shared approach in the field (Miller & Bound, 2011). Notably, this increasingly dominant approach is closely aligned with the dominant logic of corporate governance, which is a finance-centered conception of businesses. Sociological research has extensively documented how the U.S. economy has undergone an historical transformation towards ‘financialization’, which denotes the historical surge of financial stakeholders’ influence on corporate governance and the financial industry’s share of the overall economy (Davis, 2009; Krippner, 2011; Useem, 1999). The notion of ‘shareholder primacy’, or the principle that maximizing payoffs to financial stakeholders is the sole purpose of a firm, has become the dominant logic in the domain of corporate governance (Stout, 2012; Zajac & Westphal, 2004).

The prevalent template of business accelerators embodies crystallization of this finance-centered logic in the domain of entrepreneurship. The concept of business acceleration initially originated from angel investors and venture capitalists, as a structured ‘farm system’ that feeds portfolio startups to venture capital funds (Cohen & Hochberg, 2014). Typically, venture capital firms or a consortium of angel investors sponsor these accelerators, whose primary purpose is to prepare entrepreneurs for the first-round fundraising. The growth of selected businesses will be ‘accelerated’ through the infusion of capital. Typical accelerator programs usually start with some seed funding from the accelerator, which takes a certain amount of firm equity in exchange. Through a three-to-six-month-long program, entrepreneurs receive intensive training and mentorship, connect to potential investors and other ventures, and usually conduct a beta-test of their “MVP (minimum viable product).” After months of idea development and tests, the program reaches its culmination at the “Demo Day” event, which usually occurs at the end of the program. In this event, trained entrepreneurs are given ten to fifteen minutes on the stage to showcase their product/service ideas via well-polished pitches to a group of potential investors.

In sum, through the rapid growth in size and industrial/geographical coverage, maturing of the field structure (i.e., major players, rankings, media coverage), and the diffusion of standardized principles and practices, the field of startup incubation is showing increasing signs of structuration. Proliferating business accelerators all over the world are becoming isomorphic to one another as they adopt the prevalent practice that embodies the logic of finance-centered

business organizing. In the following section, I introduce the local context of post-industrial Detroit and how this growing trend of accelerators manifests differently in two business incubators in Detroit.

Geographical Context: Post-industrial Detroit

The city of Detroit provides a unique context to study entrepreneurship. Every corner of its crumbling streets embodies the rise and fall of American manufacturing, from which the 20th century industrial corporations originated, thrived, and fell. With the decline of the corporations that built and defined the city, Detroit has been experiencing a gradual and painful deterioration, which culminated in the recent government bailout of two of the “Big Three” automakers, and later, the largest municipal bankruptcy in the U.S. history.

Some statistics reveal the dismal picture of the current state of the city. Ford Motor Company’s River Rouge Factory Complex once employed more than 100,000 workers in its heydays (1930s), and now only about 5,000 workers are stationed in the same complex which has been significantly reduced in scale. This well symbolizes the economic history of the city. From 1947 to 2007, the manufacturing job in Detroit has dropped from 338,400 to 22,692, and the city lost some 80% of the jobs in the automotive industry. Lost jobs in manufacturing were not replaced by other industries but resulted in high degree of joblessness. The official unemployment rate of the city reaches 29%, and its unofficial unemployment rate is considered as much as 50%. It is estimated that 49.8% of Detroit residents between the ages of 16 to 64 do not work (Solomon, 2013). This lack of jobs is closely related to the lack of proper education; nearly a half of all Detroit adults lack the basic ability to read and write. This leaves most of Detroit households in the extreme poverty. The US Census data from 2009 to 2013 show that nearly 40% (39.3%) of Detroit population are currently living under the poverty line, which is more than twice of the national average (14.5%). One in three Detroit households relies on Federal Supplemental Nutrition Assistance Program (SNAP; formerly known as the Food Stamp Program) to purchase basic food.

Along with this economic collapse, the city has become increasingly empty, and Detroit’s housing market has collapsed. Median single-family residential sales price stayed at slightly above \$7,000 in 2009. By 2010, nearly 23% of the entire homes in Detroit went vacant, which amounts to nearly 80,000 units. This trend is coupled with increasing vacant land in the city --

12.3% of the city territory is vacant. Offices are unoccupied, too. More than one third of office space in Downtown Detroit was empty by 2012.

And yet, at the alleged bottom of this decades-long decline, the city is experiencing an influx of young entrepreneurs experimenting with new possibilities to make a difference in the city. This fledgling movement of revitalization is happening around some ‘pockets of hope’ in the city, mostly Downtown and Midtown area. Although the city lost 25% of its population between 2000 and 2010, downtown Detroit gained the population most of whom are young and college-educated. 42% of the population in between ages 25 and 34 are college educated in Downtown Detroit, compared to 11% in the entire city. Since 2013, 77 new restaurants opened up in Downtown Detroit, and the occupancy rate of residential rental units is 98% in Downtown and 97% in Midtown. Very slowly, the city’s vital sign is strengthening.

With its dramatic history and dire economic and social reality, Detroit provides an interesting context to study entrepreneurship. Detroit is indeed a unique place to talk about entrepreneurship. It is not the Bay Area, Boston, or New York where most of the entrepreneurial actions take place. At the same time, Detroit shares the same historical narrative with other rust-belt cities, such as Pittsburgh, Cleveland, and Buffalo, all the places struggling to find the ways to maintain themselves after the decline of manufacturing and the industrial capitalism. In this sense, a research on entrepreneurship in Detroit is expected to offer a special implication that goes beyond identifying success factors of individual entrepreneurs and ventures. It has a potential to give a more historical and social meaning to the study of entrepreneurship. I expect that understanding how a new firm and a new economy is ‘imagined’ in the context of Detroit would provide a deeper implication to how the economy can be reimagined after the decline of industrial capitalism, when there is no large corporations to undergird the economy by providing large-scale local employment.

Two Incubators: GREEN and ACCEL

GREEN, a Sustainable Business Incubator

Green Incubator Detroit (referred to as “GREEN” here) is a sustainable business incubator located in Midtown Detroit. GREEN was established in 2012 by its two founders and their family and friends. GREEN is an independent for-profit organization (registered as an LLC) wholly owned by the founders. Its revenue comes from renting the co-working space to the

businesses-in-residence. GREEN currently houses about 50 startups and established small businesses that are devoted to the principle of ‘triple-bottom-line’ business, aiming at simultaneously creating values on triple bottom lines including planet (environment), people (community, employees), and profit. Upon joining, entrepreneurs go through informal interviews with the founders through which both parties examine whether they share similar values regarding the multiple bottom line approach. The incubator itself employs only a few staff members who perform essential functions such as property management and administrative tasks, while volunteers from the local community perform most of other functions needed to manage the operation. For example, volunteers take turns to manning the “welcome desk,” which would be the role of a receptionist at traditional offices. Also, volunteers manage GREEN’s “sustainability library” where entrepreneurs and community members can borrow books on various topics including Detroit history, sustainability, social entrepreneurship and urban development. Volunteers take care of the rooftop garden as well, where they grow various types of vegetable in an organic way (they are sold to their next-door neighbor, a microbrewery).

GREEN exhibits their commitment to social and environmental issues in multiple ways. For example, before it started its operation, the founders spent three years to completely overhaul its historic building, which was originally a showroom for the Ford Motor Company in the 1920s and 1930s. After years of careful renovation, they turned the building into an environmentally friendly structure whose operation requires only about 10% to 15% of the energy consumption of typical office buildings with a similar size. Also, in addition to the function as a business incubator, it runs the “Sustainability Lab” which meets every week to monitor and continuously improve the environmental footprint of their building and operation. Recently, GREEN launched a sustainable residential project, where they purchased an abandoned, historic apartment building in Midtown Detroit, and transformed it into a residential property to experiment with its model of “urban sustainable living.”

As a business incubator, GREEN provides various types of business development services. First, there are personal coaching sessions (“one-on-one sessions”) in which individual entrepreneurs meet with the GREEN’s founder and other mentors to discuss ongoing challenges of their businesses. Second, there is a larger-scale business development process called “Seed Design”, which was the main focus of my observation. This process typically consists of two-hour weekly meetings that last for about 15 to 20 weeks for a single business. The meetings

involve discussions among the entrepreneurs, GREEN's mentors, and the participants from the community (e.g., other entrepreneurs in the incubator or outside volunteers). A more detailed explanation of the process is provided in the following section.

There are two main characters in charge of the business incubator function at GREEN. One is Ted, one of the co-founders of GREEN. Ted spent most of his career in one of the global consulting firms from which he retired as a senior partner. The other person is Bernard, an accountant, lawyer, and an entrepreneur. Bernard founded multiple startup companies and has an extensive experience in traditional, technology-based startup incubation. Both are originally from Detroit and earned their degrees (MBA, JD) from one of the major public universities in the region. Since the beginning of GREEN's operation in 2012, they have been working together to develop an original approach to startup incubation that is aligned with GREEN's mission of developing sustainable, 'triple-bottom-line' businesses. Thus far, they have been refining and expanding their approach by working with more than 20 businesses. The division of labor between the two is quite clear. While Ted, a charismatic leader, leads the idea development aspect, Bernard provides entrepreneurs with practical training and mentorship in the area of accounting and finances.

ACCEL, a Business Accelerator

ACCEL is a business incubator affiliated with a larger corporation headquartered in Downtown Detroit. The incubator went through a significant organizational transformation in the beginning of 2012. Before then, ACCEL used to be called ACCEL University, and had a longer-term entrepreneurial development program that lasted for more than a year. They used to take in several future entrepreneurs and develop their business ideas with a longer time frame, which involved sending them to take introductory business classes from local universities. In 2012, based on a critical assessment of this model, ACCEL turned itself into a business accelerator by fully adopting the practice and structure of other successful business accelerators. In an interview, Amber, who was at the center of this transformation, said ACCEL adopted most of its practices from Techstars, a leading business accelerator that has global franchise offices. Through this effort, ACCEL reshuffled their business development process, relying heavily on the Lean Startup methods that originated from Silicon Valley tech startups (e.g., all the entrepreneurs coming into the accelerator program are required to read Steve Blank's book on the process of

startup creation). As an outcome of these efforts, ACCEL ranked as one of the top 20 seed accelerators in the country in 2014.

ACCEL is a non-profit organization, which reinvests all of its investment return from previous graduates to later incubatees. It also receives funding from the local government, so it emphasizes its strong commitment to the economic revitalization of Detroit through creating a strong entrepreneurial ecosystem. Reflecting this commitment, ACCEL requires its entrepreneurs to report every month how many jobs they created within the City of Detroit. Moreover, ACCEL is part of a bigger vision of the founder of the parent corporation, who aspires to turn Detroit into the next Silicon Valley within a decade. Although its accelerator program (which I will describe in detail in the following section) is only six-month-long, once the business is selected for further investment by ACCEL, the entrepreneurs are allowed to stay, and ACCEL continuously provides not only the physical workspace but also the ongoing support and mentorship. At the time of my observation, ACCEL had about 10 businesses-in-residence in addition to the five incoming businesses participating in the accelerator program.

ACCEL has 8 regular employees: the executive director who directly communicates with the parent corporation, five mentors (“business leaders,” three specialized in incubation and two in recruiting) and two administrative staff members. In the following, I introduce three business leaders who are directly involved in developing startup companies through the accelerator program.

First, Amber is in charge of designing and implementing ACCEL’s accelerator program. She was one of the main people behind the 2012 transformation towards Techstars’ accelerator model and Lean Startup methods. She is engaged with incoming businesses mainly from the start of the accelerator program till the final pitch, mostly focused on the idea development stage. She holds weekly business strategy meetings with each individual entrepreneur. Once businesses are determined to be ready for the initial fundraising, Charles takes them over. Amber majored communications in college and worked at the parent corporation’s communication and training function for several years before joining ACCEL.

Charles is the Business Leader in charge of developing investor pitches and financial projection. Once the incubatees pass through the idea development stage with Amber, Charles takes them over and helps entrepreneurs prepare for the first-round financing. Although he is engaged mostly with individual entrepreneurs beyond the final pitch, he still meets entrepreneurs

during the idea development stage on the basis of individual request. Charles himself started multiple successful tech startups before joining ACCEL, and was recruited by the founder of the parent corporation. With his long experience and successful records in the domain of technology entrepreneurship, he is recognized by the ACCEL entrepreneurs as a person who “knows the s***.”

Larry is specialized in marketing and sales. He runs marketing and sales workshop for entrepreneurs, give marketing advice, and conduct initial sales calls with entrepreneurs. Along with Amber’s strategy meetings, he also sporadically holds meetings with individual entrepreneurs especially when the business needs some advice on sales and customer acquisition. He has years of experience in the parent corporation at the frontline sales function.

Comparing Different Approaches to Business Incubation

Program Structure

ACCEL’s accelerator program follows the archetype of other business accelerators, which typically have a cohort system, a predetermined time plan, and a clear end point. ACCEL admits a cohort of four to six businesses, twice per year (spring and fall), through a competitive process involving business idea pitches in front of all the ACCEL staff. Upon joining, ACCEL gives each business \$25,000 seed money in exchange of 8% equity. For as long as six months, businesses develop their idea through the intensive mentorship by the ACCEL business leaders as well as outside mentors (whom entrepreneurs meet through “Mentor Matchups”), business training through diverse workshops (e.g., sales, marketing, financing, storytelling, etc.), and monthly business model presentations. During the program, participating startups are expected to conduct a market test with their beta product (MVP: Minimum Viable Product) and consequently gain market validation of the idea. At the end of this process (usually four months in), entrepreneurs give final pitch to the business leaders, through which it is determined whether the startup is ready for the first-round financing. Once passing the hurdle, businesses go through an intensive process of developing the investor pitch and the financial projection for about a month, which leads to the opportunity to present in front of the ACCEL Investment Committee for a \$100,000 first-round fundraising. If businesses fail to move on to this stage in six months, they are given an option to either stay in ACCEL on a fee (renting fee for the space) or leave.

GREEN's Seed Design process is structured in a contrasting way. Only one startup goes through the Seed Design at a time. Also, the length of the process is not predetermined, but varies depending on the pace of the idea development. The process starts with the community design sessions that involve 10-15 people from the community (e.g., other entrepreneurs in GREEN or participants from the local community). These community participants are different every time, because they are volunteers or invitees who are interested in the particular entrepreneur and the business idea. During the first four weeks of community design where everyone participates, the group conducts a general survey of the domain of business idea. For example, during the community design for Medicine Pocket, the group compiled comprehensive information about the current state of the elders in our society and the eldercare industry. What follow the community design are the detailed design sessions that span ten to fifteen weeks. Detailed design sessions typically involve the entrepreneurs and the GREEN mentors, as well as a small number of community participants who are willing to continuously follow the idea development. These detailed design sessions aim to produce multiple key outcomes of Seed Design: "Seed Statement (statement of business identity)," "the way (conceptual description of business process)," and the stories (hypothetical narratives that describe how the future reality will be changed by the focal business). These key outcomes are later reported back to the original group (those who participated in the community design) through the two weeks of "reunion" sessions at the end. In these sessions, entrepreneurs describe how the business idea has advanced through detailed design sessions and seek for feedback from the original group.

Underlying Principles

The contrast becomes clear when it comes to the principles underlying the different incubation approaches of the two incubators. They are summarized in the following Table 2.

Table 2 Contrast between ACCEL and GREEN Incubation Approach

Major Dimensions	ACCEL	GREEN
Growth Strategy	Borrow – Achieving 10x return on investment within 3-5 years through fundraising up front, encourage full-time commitment	Don't borrow – Bootstrapping, slow-paced, and low-risk (no borrowing of money up front), encourage staying with the current job
Nature of Idea	Universal application – Idea has to be quickly scalable through wide geographical expansion	Concrete grounding – Idea has to be grounded firmly in entrepreneur's personal identity and specific local context
Primary Stakeholder	Financial stakeholders – Venture capital, angel investors	Non-financial stakeholders – “Original group (participants in the community design)”
Customer Acquisition Strategy	Push – Market validation, customer development, pivoting the business following market demand	Pull – Right “Seed” attracts right people, say no to the demand that is not in your “Seed”
Entrepreneur-business Relationship	Ownership – Entrepreneur owns the solution	Stewardship – Entrepreneur is a steward of collective efforts to find the solution
Nature of Incubation Process	“Startup factory” – Cohort system, closed-ended process, emphasis on standardization	“Maternity ward” – One firm at a time, open-ended process, emphasis on customization
What It Means to Organize a Business?	Project Management – Entrepreneurship as managing investment project aimed at creating a required return on investment through a quick growth and a lucrative exit	Organization Building – Entrepreneurship as building an ongoing organizational entity constituting a part of local ecosystem, and creating yields on triple bottom-lines

1. Growth strategy

One of the fundamental differences between ACCEL and GREEN's approaches lies in the way of growing a business. Essentially, the fundamental premise of business accelerators is ‘accelerating’ business growth by quickly scaling the business “from one state to fifty states”

within three to five years, mainly through a massive infusion of capital. Therefore, getting investment from venture capital firms or angel investors is the paramount goal of the accelerator program. This expectation of quick growth may seem unrealistic but actually entirely reasonable under the logic of venture capital investment. Venture capital funds are investing in the assets that are a lot riskier than others, such as assets constituting a standard index (e.g., S&P 500). To make up for the high risk, venture capital investors normally require high return of investment – 10x return of investment within five years as a rule of thumb (Rachleff, 2014). This requirement leads 58% internal rate of return, and if 20% of the investment portfolio achieves this goal, then the overall return becomes about 15%, a little higher than the typical return of S&P 500 (12%).

ACCEL's approach reflects this logic, and the consequent focus on quick scalability determines the type of business that the ACCEL process creates. Amber explained about the type of business that ACCEL expects:

“My concern is that human-intensive, consulting like idea cannot be scalable... you'll get a lot of questions like this from investors... you have to think about what type of business you want to make... if it's consulting-based business, it's not what ventures or angels are looking for... they are looking for something that can grow really quickly.”

In this comment, Amber explained to Robin that in order to fit with ACCEL's ideal type of business, Robin needs to design her business accordingly, meaning that some of the ideas that are not scalable have to be avoided. This is directly related to the second contrasting point about the desired nature of ideas.

In contrast, GREEN's approach is characterized by a longer time frame and the pursuit of “organic”, “low-risk”, slow-paced growth. This unique philosophy is well expressed in the remarks of an entrepreneur at the end of the incubating process in response to a question about scaling: “You can't speed up an oak tree to suddenly become a hundred years old... we are not trying to accelerate what we are currently doing now.” Unlike accelerators that typically mandate the full-time commitment, GREEN recommends that entrepreneurs do not quit their day job until the business brings in enough revenue to sustain themselves. At the same time, receiving investment or getting loans early in the process is strongly discouraged. The design process at GREEN is geared towards finding a way in which the business can grow without a large investment up front, even at a slower rate.

2. Desirable nature of business idea

In ACCEL, it is emphasized that the business needs to be easily decoupled from peculiar capabilities of the entrepreneurs and a particular local context. As explained earlier, ACCEL's process is structured to realize the maximum investment return, typically through a quick geographical expansion followed by a lucrative exit event (e.g., acquisition). To achieve this, the service or product idea is encouraged to be universally applicable and free from any particularities of the local context from which the idea originated. Therefore, a business idea grounded in specific individuals or context is usually discouraged, because it is less likely to be scalable. This orientation is well captured in Amber's following statement to entrepreneurs:

“Prove it out and then scale... you also have to think about how you get these things done in all fifty states... you'll expand to these other areas... how long does it take to get the region up and running, dollar-wise and people-wise? Think about and track how much time it takes for you. Think through how I would scale that in other areas.”

Following this orientation, some ideas are discouraged because they are not readily replicable to multiple geographic areas in a short time. For ShoplocL, Robin proposed diverse ideas to help local boutique owners, such as hosting local fashion events and providing the styling advice to users. These ideas were criticized by ACCEL mentors because they were not easily replicable to different regions and relying too much on Robin's idiosyncratic expertise. A labor-intensive idea is deemed problematic as well. Jack, the entrepreneur of Save Time, proposed an idea of Brand Ambassador, a plan to hire a group of interns who manually update the wait time for diverse functions within a sports stadium (e.g., wait time for restrooms and concession stands). Larry discouraged Jack from pursuing this idea because of the increased complexity stemming from unpredictable human factors:

“You have to figure out the cost. You have to hire these people. You have to do background checks, insurance, and so on. Let's say you hire 20 people, what if 5 don't show up at the game? How are they gonna hold you during the game? There are more questions... if you don't have X amount of people, then what happens? These are critical questions.”

In addition, the ideas are also designed with the specific expectation of growing quickly. Early on, ACCEL mentors encourage entrepreneurs to design their business so that it can quickly grow with little difficulty. For example, Amber persuaded Robin to develop an automatic algorithm that determines which retailer will be featured on ShoplocL. Amber requested this expecting that Robin will have many retailers on ShoplocL to the extent that she cannot

manually choose who will be featured. Amber emphasized, “we have to figure out how complicated it will be if you have 2,000 stores on ShoplocL.”

GREEN adopts an opposite approach based on the notion that business should grow naturally out of the identity of founders and “the soil” of the local ecosystem. Its process emphasizes consciously cultivating the core of the business based on the entrepreneur’s personal identity, values, and beliefs. The primary purpose of GREEN’s Seed Design is finding “the deep root” of a business, which refers to the entrepreneurs’ unique personal philosophy or the specific relational and geographical context from which the business idea originated. This purpose manifests in specific practices that are designed to put entrepreneurs at the center of the idea development. For example, the “detailed design” sessions are devoted to “filtering” all the inputs from the preceding community design “through the entrepreneurs’ passion and competence”. In addition, GREEN’s template emphasizes seeking solutions rooted in the concrete context, based on the notion that with the emergence of large corporations, business has been historically separated from the local context and community. Therefore, the idea development process in GREEN is heavily affected by Detroit’s local context. For example, one of the first exercises in Seed Design is mapping the local ecosystem in which “the business will be planted.” In this exercise, the group identifies all the local actors who will be affected by the future business, and discuss how the business can benefit these actors. Through exercises like this, the concern for the local context becomes imprinted in the business idea from the very early stage. GREEN advocates this approach based on its philosophy that different social ecosystems have their own unique ecological demands or niches that could only be met by unique organizational species customized for the local context.

3. Primary audience

ACCEL’s and GREEN’s approaches differ also in terms of defining who the primary stakeholder is. Since the ultimate purpose of the ACCEL process is helping entrepreneurs be prepared for fundraising, the major focus is constantly directed to how investors would perceive the business idea. Disciplining entrepreneurs and directing idea development is often achieved by reminding entrepreneurs of how investors will react. For example, the following interaction marked the beginning of Jack’s first meeting with Charles:

Charles started the conversation with a cold face, “So, why do I care about Save Time?” Jack seemed somewhat stunned and could not respond immediately. Then, Charles smiled and said, “You’re gonna hear a lot of this in the future. Investors are very

testing... every minute, they look for every thoughtful response... I want you to develop the attitude... they ask you the questions in three or four different ways to get at the same response... you are gonna have to be tuned up."

This description of a brief interaction shows that socializing entrepreneurs is part of the accelerator program, and the socialization is directed to getting entrepreneurs "tuned up" for investors. This focus on investors is also closely related to the nature of business idea. In another meeting, Charles again emphasized what investors look for from the business model:

"Investors want you to focus on one simple thing and do it extremely well... I want you to have 'rifle shot approach' versus 'shot gun approach.'"

This statement gives a good example that the preference of investors is the main driver of idea development at ACCEL. Whether the idea is good or not, investors are always there as the default audience for the whole process. As giving a compliment to Jack's idea progress, Amber said enthusiastically:

*"There is a huge potential in this business, which means that if you f*** up, you will give a huge disappointment to investors!"*

In GREEN, this focus on investors is replaced by the focus on the "original group," or the collection of people who participated in the Seed Design process from the beginning. The entire process of startup incubation at GREEN is structured to make the business accountable to those of the original group. Specifically, the first four sessions of Seed Design are devoted to large group sessions where 10-15 people work together to lay the groundwork for the detailed design sessions, and the last two sessions are for the "reunion" in which the entrepreneurs report back to the original group how they developed the business idea through detailed design sessions. Naturally, this process imprints in the emerging business the sense of duty to the original group, and they are further utilized as a tool that ensures the entrepreneur's allegiance to their initial vision or "the seed". During and after the Seed Design, entrepreneurs frequently ask for inputs from the original community members and continuously update them with how their business is developing. For the major decisions (e.g., partnering with external organizations), entrepreneurs often reconvene the original group and consult with them to check if the firm's next move is consistent with the seed that they created collectively.

4. Market development strategy

Another dimension of contrast between ACCEL and GREEN is the strategy for bringing the product/service to the market. Following the tenet of “lean startup methods,” the default market development strategy for ACCEL is the ‘push’ strategy, where entrepreneurs are encouraged to put forward their early-stage product/service or “MVP (Minimum Viable Product)” to the market as soon as possible and revise the product/service until the customer validation. Specifically, when entrepreneurs received negative feedback from the market, they are encouraged to “pivot,” which means to significantly adjust their service or product to what customers want. Sticking with the original idea in the face of negative market reactions is, therefore, highly discouraged. This orientation is well captured in the following comment by Larry, who complained about one of the ACCEL entrepreneurs for not actively pushing the product out to the market:

“He’s got his product. It works, it goes, it’s cool... But he still hasn’t asked anyone to use it yet... part of [creating a] startup is to get the product out there, get people using it. See what they like or don’t like and making the changes. He’s got no one using it yet. He just keeps adding to it.”

This criticism well represents the market development strategy of ACCEL. According to its approach, the product or service idea should be in the constant contact with the external market and customers. From the early stage, the market is expected to drive the growth of an idea.

In contrast, GREEN adopts a ‘pull’ strategy. In meetings, Ted often emphasizes his “spiritual belief” that “once you get your ‘seed’ right, the right kind of people and customers will be naturally attracted to you.” One corollary of this approach is the reverse of pivoting. Entrepreneurs are constantly encouraged to be ready “to say no” to the market demands that do not correspond to the business “seed.” This leads to GREEN’s characteristic avoidance of designing a business idea based on the immediate financial viability. Through the Seed Design process, entrepreneurs internalize this notion and come to believe that if they do the right work, money will follow. This is shown in what Anna said during the Seed Design process:

“I don’t think you really have to worry too much about making money at this point... if you go into the community and provide something they need, that part [of making money] will be taken care of... when you’re ready to find the money, the money will find you”

Her statement reflects GREEN’s emphasis on decoupling the idea development from the immediate proof of customer validation, or financial viability. GREEN’s process is focused on

first defining a business that the time, society, and community needs, and then find a way to make it economically sustainable.

5. Entrepreneur-business relationship

The relationship between the entrepreneur and the business is also differently understood. In ACCEL, like in all other entrepreneurial settings, entrepreneurs own the business as a majority equity holder. Individual property rights are treated very seriously, as manifest in the fact that all participants (i.e., entrepreneurs, mentors, observers) in the process are required to sign the non-disclosure agreement. ACCEL also strongly emphasizes the importance of keeping the equity of the business, by constantly cautioning entrepreneurs to be extremely careful about giving away the equity in exchange of additional investment. When entrepreneurs introduce the opportunity for fundraising, ACCEL mentors instruct entrepreneurs to carefully review the investment term with Charles and to have specific reasons for why the business needs extra investment now, “before giving out any part of the company.”

In GREEN, entrepreneurs develop a contrasting notion of how they are related to their business, characterized by the term, “stewardship.” Entrepreneurs are understood not as the owners of the business but as the stewards of the collective effort to find the solution for the focal problem. In line with this notion, entrepreneurs emphasize that the outcome of the incubation process is a product of collective efforts, not their personal creation. This has a few important consequences. First, the issue of the company ownership is rarely discussed during the idea development process. Second, this notion of ‘collective creation’ further strengthens the company’s embeddedness in the local community.

6. Different understanding of what organizing business means

These contrasts between the two incubators imply that the business incubation process not only shapes the ideas for products or services, but also leaves a critical imprint in nascent companies regarding what ‘type’ of business they will become. That is, startups developed in each context are likely to be infused with vastly different views on what ‘organizing a business’ means, consequently being subjected to divergent measures of success. In ACCEL, businesses are shaped to become a time-bound collective project, where “serial entrepreneurs” develop new products or services with hopes for a quick scaling and a lucrative exit, consequently creating a 10X return on initial investment within three to five years. In GREEN, through its contrasting approach, startups are nurtured to be an ongoing organizational entity that constitutes an essential

part of the local ecosystem, possibly with lower profitability and scalability compared to their counterparts in ACCEL.

GREEN's Creation of Alternative Practice

While ACCEL adopted the business acceleration practice that is becoming increasingly prevalent in the field of business incubation, GREEN created its own practice from the ground and refined the practice as it incubated individual businesses. The following section describes in detail how GREEN developed its own approach, and as doing so, how the alternative practice was ironically affected by the prevalent practice.

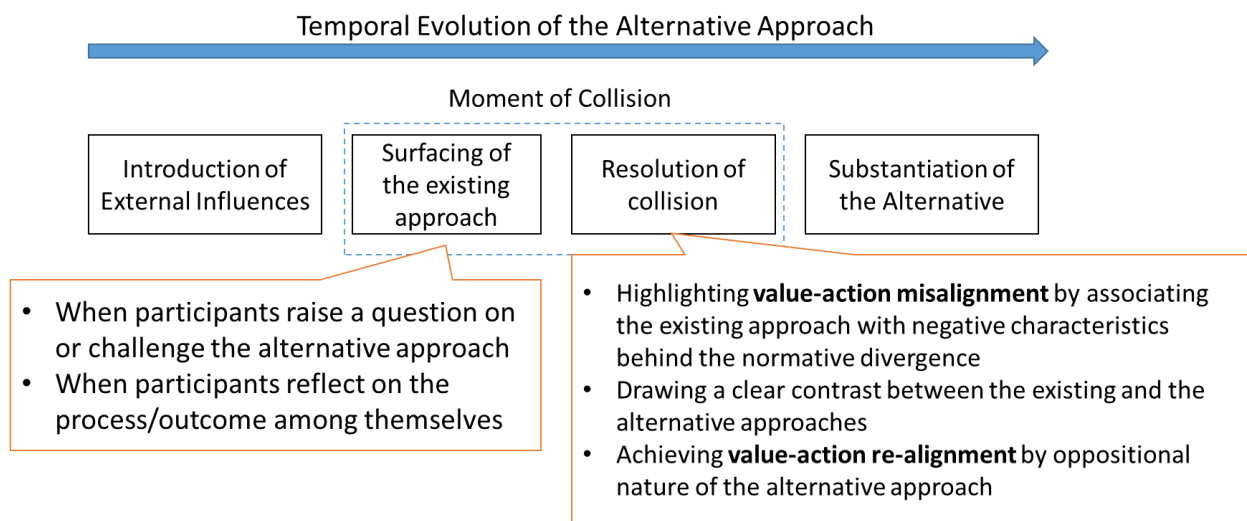
Anti-isomorphic Construction of an Alternative Practice

As shown in the previous section, GREEN's alternative practice was developed by organically incorporating the *opposite* of the specific elements of the business acceleration approach, which can be described as 'anti-isomorphic' to the existing practice. In formal mathematics, when two mathematical structures are anti-isomorphic, it means that each structure is defined as an opposition to the other. GREEN's alternative practice for startup incubation gradually took form in an anti-isomorphic fashion, meaning that their practice was constituted by the inverse or opposite of the specific elements constituting the existing logic's practice. Unlike formal mathematics, the anti-isomorphism of a social practice is not uniquely defined. However, anti-isomorphism is still a useful concept because it well captures the observed pattern of alternative construction: developing alternative components in reaction to, or even in negation of, the existing practice's components.

My observation suggests that this outcome did not simply result from intentional deviation. In other words, it is not the case that the actors in GREEN constructed their practice by purposefully taking all the elements of the accelerator practice and simply flipping them. My observation suggest that what actually happened was that the alternative emerged over time as the actors in GREEN tried to develop an original approach and the specifics of such an approach was articulated through repeated struggles against the existing approach. Specifically, GREEN's actors started with their unique foundational idea that was drawn from diverse external influences. The substantiation of this foundational idea, though, was significantly affected by the existing practice of typical business accelerators, which naturally surfaced in the course of meetings due to the participants' embeddedness in the existing way of doing work. As the

participating individuals try to understand and articulate their alternative practice in reaction to these naturally-surfacing accelerator practices, GREEN’s alternative becomes substantiated in a way that its oppositional or “anti-isomorphic” nature is repeatedly elaborated. In this section, I describe this process of emergence described in Figure 4. I first lay out the general process model at a more abstract level and then substantiate the model through examples of how each anti-isomorphic component of GREEN’s alternative practice emerged over time.

Figure 4 Process of Anti-isomorphic Construction of the Alternative Practice



Process of Anti-isomorphism at GREEN

Prior research on institutional change holds that one of the main mechanisms for institutional change is transposition, which refers to migrating or transferring external ideas and practices to the context where they did not originally exist (Clemens, 1993; Sewell Jr, 1992). Consistent with this, GREEN’s alternative construction started with crafting a foundational idea of their own approach by drawing on external influences (on the far left in Figure 4). Through interviews, Ted explained that GREEN’s alternative approach was inspired by four major external influences: Permaculture (an alternative principle for sustainable agriculture), the ideas from Margaret Wheatley’s “Leadership and the New Science,” Jane Jacobs’ “The Death and Life of Great American Cities,” and Charlestopher Alexander’s works on ‘living’ architecture. Drawing on these ideas, Ted formulated the foundational idea of their practice: “a business is a

living organism.” This notion is well represented in the following statement that Ted recites every time as he starts a new Seed Design process.

“Green Incubator is a sustainable business incubator... where do we need to begin? Most of our existing paradigm in business comes from the industrial revolution, it’s all about the machine... all ideas are based on the idea that business is a machine... this is prevalent in our everyday metaphor of our work... you crank out papers, you shift to a higher gear... but here we think business is a living organism... if you think it’s a living organism, the solution comes out of biology, life sciences, not from mechanical sciences... where does an acorn come from? it does not come from a bean tree but from an acorn tree... you’ll help [name of the startup] to find the right business seed... the fundamental thing around the business is human and learning... business plan is not the most powerful way to learn... [Seed Design process] is the way WE learn... we looked at how businesses naturally develop... this is no MBA and this is about talking to people who start things... we can go backwards too... it is no accelerator but is just a natural process.”

In this statement, Ted makes it clear that while the existing practice of business accelerators treats a business as a machine, GREEN’s alternative practice is predicated upon the notion that business should be considered as a living organism, and all the practices of nurturing a new business should originate from such a notion.

The idea that ‘business is a living organism,’ however, is not automatically translated into specific guidance for what to do in the concrete process of startup incubation. While this foundational idea provides higher-level guiding orientation, it has to be substantiated in the form of concrete practice, and my analysis indicates that this process occurs gradually as the foundational idea of ‘business as a living organism’ is applied to the specific cases of business development. Following the real-time process whereby this abstract notion is applied in concrete contexts allowed me to capture this temporal evolution of GREEN’s practice. Specifically, the major dimensions of GREEN’s alternative practice (shown in Table 2), such as growth strategy, the nature of desirable ideas, and market development strategy, emerged over time as GREEN’s foundational idea was applied in specific contexts of business development.

In GREEN, the key process through which the abstract foundational idea becomes substantiated into the concrete practice is the repetitive struggles between the alternative foundational idea and the existing way of doing work in the settings of startup incubation - the moments that I termed as ‘moments of collision.’ Because GREEN’s foundational idea is being applied in the meetings for business development, and the participating individuals are embedded in the existing way of incubating startups (represented by the business accelerator

practice), GREEN's foundational idea naturally faces the resistance from the existing practice. That is, the substantiation through application, or 'social unfolding,' of the alternative practice is conditioned by lingua franca, or the naturally surfacing taken-for-granted beliefs about the work. In other words, the alternative practice is shaped through the struggle between the externally derived idea and the manifestation of the existing institutional logic that constitutes participants' practical knowledge in the context.

More specifically, the application of GREEN's foundational idea seems to work as a 'breaching experiment (Garfinkel, 1967),' which leads to the surfacing of the existing logic. Garfinkel (1967) showed that people constantly (and even unconsciously) perform and enforce taken-for-granted social norms, and these norms are articulated only when they are explicitly breached. In GREEN, participants who are still cognitively embedded in the existing logic sit through the real time application of GREEN's alternative foundational idea – business as a living organism. As they do it, they seem to subconsciously detect the breach of the taken-for-granted rules – the practice in typical business accelerators. This instant feeling of discomfort coming from this breach leads people to raise questions or comments reflecting the specific element of the existing practice (the second box in Figure 4). These questions or challenges posed to the alternative idea then provides critical thrust for the substantiation of GREEN's alternative practice and guides the unfolding of the foundational ideas to certain directions.

For example, during meetings, a participant raised a question of how the outcomes of Seed Design would appeal to investors or bankers, which is the prime question in the traditional accelerator settings. In GREEN, this question triggered a lengthy discussion about how borrowing money can be detrimental to some businesses, and what they do at GREEN is finding ways to organically grow the business without up-front investment. Similarly, participants repeatedly questioned how the business will push its product out to market, and this opened up situations where GREEN's emphasis on 'pulling' strategy was articulated. These moments occur not just between GREEN's founder and the participants, but also among participants themselves without the mentors of GREEN. For example, participants often compared GREEN's template to a typical accelerator template. In one of the post-meeting conversations, a participant raised the point that in business accelerators, entrepreneurs are required to always own multiple ideas for service and products. This led to a discussion among participants and entrepreneurs in which the

notion of ‘stewardship over ownership’ was first introduced (See the next section for a detailed description).

While the trigger of collision initially sets the direction of practice substantiation (i.e., the dimension on which the alternative practice will be substantiated), the resolution of the collision determines the content of the alternative practice on the dimension. When participants or entrepreneurs make comments reflecting the accelerator practice, such situations are typically resolved by Ted, the founder of GREEN. However, it is not always the founder or others affiliated with GREEN who resolved the situation. Particularly in the later stages of the process, entrepreneurs or other participants also actively engaged in resolving the collisions. Typically, the combination of below ‘moves’ followed the moments of collision, consequently substantiating GREEN’s alternative practice in an anti-isomorphic way (the third box in Figure 4).

The first move is emphasizing that following the existing practice creates the value-action misalignment - the mismatch between the value that is aligned with the alternative logic on the one hand, and the practical action that is aligned with the existing logic on the other. When a participant raises a comment or a question reflecting the accelerator practice in the course of meeting, Ted (or other participants) reminds the group that following such a practice is not the only way but just one way of developing a business, which is aligned with the traditional principle of single-bottom-line approach. In this way, the existing practice becomes particularized, stripped of its taken-for-grantedness. Next, the existing logic often becomes associated with negative characteristics (e.g., “being plastic,” “being corporate,” or being the root cause of historical damage to Detroit) that evoke entrepreneur’s commitment to the alternative ideal, and this enacts the notion that following the existing practice causes internal contradiction with the entrepreneur’s value system. After highlighting this value-action misalignment follows the second move, which is proposing the opposite of the existing practice that is raised at the moment and restoring the alignment between value and action. This opposite practice is linked to GREEN’s alternative foundation (i.e., business as a living organism), as well as to the principle of triple-bottom-line approach. Through this process, entrepreneurs gain the sense that the internal contradiction between the value and action is resolved, and their action now matches their value commitment.

Emergence of Specific Elements: Process of Anti-isomorphism

Throughout the business development meetings, this process of collision and resolution repeated many times across multiple dimensions of the startup incubation practice, gradually populating GREEN's alternative practice with the opposites of the specific components of the typical accelerator practice. Because of participants' embeddedness in the existing logic, moments of collision repeatedly occur, making the oppositional nature of the alternative practice more frequently articulated and elaborated. Also, once they emerged through moments of collision, these oppositional components form key parts of the alternative practice, exerting a persistent influence on the incubation of later businesses. Through this process, the foundational idea of the alternative practice becomes substantiated in an anti-isomorphic fashion. Below, I elaborate this general process model in concrete cases where specific elements of the alternative practice emerged over time.

Contrast 1: Borrow vs. Don't borrow

During the meeting, a participant raised a question on the "success rate" of GREEN's approach with the bankers and investors. This was a natural manifestation of the fundamental feature of the existing logic, a deeply ingrained paradigm in the accelerator practice. To this question, however, Ted responded by first repudiating the presumption by indicating that "funding could be a bad idea for somebody... not every entrepreneur needs to start with borrowing money." Further, he critically described the existing practice as "the whole idea of making business cases, then going to elevator speech, and then getting some loans and then eventually failing next year," and associated this existing practice with the negative reality of their geographic region:

"Go to Flint and see what's there. It's the sum total of such an approach. Why does something like that keep happening?"

This statement gives the entrepreneurs a strong impression that following this existing template does not fit with their commitment to the local community. Afterwards, Ted proposed an opposite practice that is aligned with GREEN's foundational idea by saying that finding a way to organically grow a business without "borrowing lots of money up front" is natural, and it is the way to nurture a business as a living organism. The episodes like this one occurred multiple times during my observation, and through these moments of collision, GREEN's discouragement of seeking early investment became articulated and elaborated, consequently leading to form an important part of GREEN's alternative practice.

Contrast 2: Push vs. Pull Strategy

During the business development process, one of the participants repeatedly asked questions of market development strategy that reflects the ‘push’ strategy in the accelerator practice. The person repeatedly asked: “what are you trying to do? Are you just setting up a billboard on the building, or are you going out and do research and look for the problems [that your service would solve]?”, “at what point do you go with your model to your potential customers?” These questions are natural and important ones in the typical accelerator setting. However, to these questions, Ted responded that the entrepreneurs do not have to push their solution, but if they get their seed right, the right people will be naturally attracted to them. He said, “People are going to be naturally drawn to what [name of business] is trying to do because there’s a natural match between what they do and what people value.” In other occasions, Ted responded to the similar question by elaborating their ‘pull’ strategy as part of their foundational idea of ‘living business’: “this is what they are... this is their DNA... I think there’s a spiritual part to it... if you truly believe in it, it gives you the energy and people and the universe understand that you’re an oak tree and the universe will start to give you the right resources.”

Later, when another participant raised the same issue, he responded by suggesting that following the existing approach (i.e., ‘push’ model) does not fit with the entrepreneurs, because they came to GREEN to create a value-based business: “we’ve been working on the pull model, not the push model... pull model worked so well with us... if you don’t share the same motivation or need, people will think this doesn’t make any sense - so the push model doesn’t really work for us.” Through these repeated struggles against the questions reflecting the existing practice, Ted came to elaborate their oppositional practice multiple times. Later in the process, it was evident that entrepreneurs internalized this specific element of GREEN’s practice. When responding to a similar question about market validation, one of the entrepreneurs said, “We expect things to emerge naturally through our engagement in the community and relationships.” Another entrepreneur also said, “We have a belief that right people will listen to our story and make relationships with us.” In later meetings, entrepreneurs also presented some evidence of how ‘pull’ model started to work for them, by citing their own experiences:

“We met a person from the [name of a university] Institute for Innovation that gives out grants to business ideas... this year, their topic was gerontology. He was really interested and wanted to learn more about what we are trying to do... It seems like the pull model is working for us”

Contrast 3: Stewardship vs. Ownership

The emergence of stewardship-ownership contrast is more interesting because it did not occur from the confrontation between Ted and participants but from the discussions among participants, and then was later picked up by Ted to form another important dimension of GREEN's practice. In an informal conversation after a meeting, a participant brought up the point that traditional accelerators required entrepreneurs to own multiple ideas for service and product:

"They always ask us to come up with more products/services which is not founded in anything inside you and then give you the impression that you're wrong if you can't do that."

To this comment, one of the entrepreneurs responded by criticizing the existing notion that business ideas and solutions belong to individual entrepreneurs:

"I think we are not coming up with any new products or services but the reality is that a lot of people are going through the same problem, and... we are a steward of the process of dealing with the problem."

This conversation shows the process through which participants themselves identified one taken-for-granted element of the existing template (i.e., entrepreneur as an owner) and attempted to understand their alternative way in GREEN as an opposite of such notions (i.e., entrepreneur as a steward). This case suggests that the moments of collision do not necessarily involve a confrontation between GREEN's founder and other participants. Through participation in the incubation process, entrepreneurs and participants seem to internalize GREEN's way of thinking, thereby eventually becoming active contributors to the development of the alternative practice. The notion of stewardship, which initially surfaced in this conversation, was mentioned frequently in later meetings, subsequently constituting a core part of GREEN's practice. For example, as the group reflected on the process in the last meeting, one entrepreneur mentioned that "my learning from the process was that I had to let go of my ego and forget the thoughts that what we have here is something coming from me... This is the product of collective wisdom." In later meetings, Ted also incorporated this notion and linked it to GREEN's foundational idea:

"With our children, I'd never say I'm the owner of my children... when you say you own, you're taking life out of it, and you're taking it as a possession."

Through this remark, the notion of ‘stewardship instead of ownership’ became one way to substantiate GREEN’s foundational idea of living business, consequently constituting an essential part of GREEN’s alternative practice.

Contrast 4: Universal Application vs. Local Groundedness

GREEN’s emphasis on firmly grounding the idea in the specific context was apparent from the beginning of my observations. For example, as a part of the incubation process, GREEN creates a map of the ecosystem surrounding the business idea by identifying specific local actors who will be affected by the “planting of the business seed.” When introducing this exercise, Ted often emphasized the contrast between its practice and the existing practice by pointing out that traditional business incubators never talk about the ecosystem but only focus on what they do and who they are, regardless of where they are located. At one of the later meetings, this emphasis on grounding was further articulated in response to a question about applying the business idea to different contexts. During a discussion, one of the entrepreneurs raised the issue that up to that point, they have not talked about how the idea can be applied to diverse contexts. This could have been a very natural point in an accelerator setting, since the wide applicability of an idea is a key precondition for scaling the business. However in GREEN, this natural surfacing of the existing template led to an extensive discussion which ultimately served to strengthen GREEN’s emphasis on groundedness. When the entrepreneur raised the issue of applicability, Ted responded:

“In my opinion, everything useful started from something concrete... it’s not like someone comes up with a grand project and finds something that’s concrete... I want to recommend you to continuously look for something like [name of their original product] that your mother made... although [name of their original product] may not be for everyone. Don’t start from like the big, general question...”

In this interaction, the question reflecting the existing practice provided an opportunity to articulate the oppositional nature of the alternative practice. In a later meeting, Ted again emphasized the importance of finding solutions that are concretely grounded in the stories of people “who are experiencing the problem,” by negatively characterizing the existing practice and its focus on replicating and scaling. He disparagingly said, “If the answer doesn’t have the story, then you are creating just another product for CVS.” This short remark sent a particularly strong signal for value-action misalignment for these particular entrepreneurs, because they came into GREEN after rejecting a lucrative offer from CVS to mass-produce their original product,

thinking that it was not the way they wanted to grow their business. Therefore, at this scene, Ted was articulating that following the existing template is self-contradictory for them. Again, this specific element became gradually internalized by the entrepreneurs and participants over time. During a post-meeting chat, participants discussed how other social enterprise incubators develop a business idea by listing hundreds of “urgent social problems of rural China, where they have never been to” and picking “the one that will yield the biggest impact.” The same entrepreneur who earlier raised the issue of general applicability of their idea reacted to this in a highly critical manner:

“How can you come up with solutions when you’re not in the problem, experiencing and observing it?”

Why Anti-isomorphism?

What is underlying this anti-isomorphic pattern of alternative construction seems to be the two micro processes: the participating entrepreneur’s motivated reasoning and GREEN’s need to gain acceptance and establish the foundation for legitimacy of their novel practice. First, in the ‘moments of collision,’ entrepreneurs are in an interesting psychological state, where their values and beliefs are oppositional to the existing institutional logic, but they still understand things through the cognitive schema constituted by the existing logic. This somewhat contradictory mental state seems to cause entrepreneurs to understand the new approach in a particular way. Because of their cognitive embeddedness in the existing logic, participants try to comprehend the alternative practice by relating it to their current knowledge, which is constituted by the existing practice. However, through the process, they become aware that their current knowledge is aligned with the existing logic to which they normatively oppose. Therefore, as soon as they realize that their current knowledge is part of the value system from which they aspire to depart, they are motivated to process the alternative practice as maximally different from the existing practice, leading them to comprehend the alternative template as oppositional to the existing approach.

Second, as a novel alternative, GREEN is imposed with an extra burden of gaining acceptance by participating members, especially by the participating entrepreneurs. An alternative approach demands more efforts to gain justification and legitimation because it cannot borrow legitimacy from successful cases elsewhere and it constantly faces challenge from people for whom the conventional practice is the default. Because the alternative practice cannot

rely on externally-derived legitimacy, it has to lay the internal groundwork for external legitimacy by gaining acceptance from the initial participants. It appears that this need for gaining internal acceptance, in combination with the participating entrepreneurs' motivated cognition, reinforces anti-isomorphic construction of the alternative logic. The alternative practice has greater needs to gain acceptance by participants, and these participants have a subconscious tendency to understand the alternative as oppositional to what they already know. Therefore, the alternative practice is more likely to be populated with specific elements that are oppositional to those of the existing practice.

These conditions reinforcing GREEN's anti-isomorphic construction lead to the discussion of boundary conditions for anti-isomorphism. This paper considers anti-isomorphism as a stylized description or an ideal type of institutional change that creates the spectrum of the logic construction process. In other words, it is expected that a new logic will be more likely to be created in an anti-isomorphic way under certain conditions. First, an alternative logic will be more likely to emerge in an anti-isomorphic fashion when the abstract norm/value of the alternative logic is considered as antithetical, rather than complimentary, to the existing logic. Second, anti-isomorphism is more likely to be observed when the field is dominated with a more salient and homogenous logic, which gives a strong target to deviate from. DiMaggio and Powell (1983) predicted that increased structuration of the field leads to isomorphism in organizational forms and practices. However, this study's findings also suggest the flip side of the same story. Increased structuration may also lead to more anti-isomorphic divergence depending on the local condition (Beckert, 2010). Third, an anti-isomorphic alternative is more likely when the engaged actors are embedded in the existing logic. Because the natural surfacing of the existing logic provides one important precondition for anti-isomorphism, detailed knowledge and understanding of the existing practice can produce an anti-isomorphic alternative with more depth. Finally, the alternative is more likely to form in an anti-isomorphic fashion when the alternative logic has little external source of legitimacy. In other words, when the new logic is so novel that there is very little out there to derive legitimacy from, the construction of the new logic will more likely to rely on drastically differentiating itself from the existing logic.

Theoretical Implication

This chapter provided a detailed description of the two business incubators in Detroit, including their history, composition, program structure, and underlying principles of their business incubation approach. While ACCEL engaged in mimetic isomorphism to adopt the best practices in the field (DiMaggio & Powell, 1983), GREEN developed their approach by adopting the opposite of this prevalent practice. This chapter's analysis showed that GREEN's normative opposition to the existing approach and the "moments of collision" played an important role in this anti-isomorphic creation of an alternative practice.

These findings speak to a more general theoretical issue of the generation of new institutional logics. Institutional logics are vertically deep structures. The contents of logics range from high-level abstract values and beliefs to a specific practice that guides practical actions of everyday work. The findings from the Detroit incubator reveal the 'time lag' among these contents of institutional logics, the lag between abstract values and concrete practices. Specifically, this research provided a revelatory case of how a new practice is constructed when an alternative logic is transposed to a field, and how this is achieved by the actors who are normatively diverged towards the alternative logic but are still cognitively embedded in the existing logic. Abstracting out from the journey of GREEN, this research finds that one likely way to construct an alternative practice in this situation is through anti-isomorphism, in which the alternative practice is constituted by the inverse of specific elements constituting the existing practice. It is further found that this anti-isomorphic construction is an emergent pattern resulting from the repeated struggles, or 'moments of collision,' between the lingering cognitive constraints of the existing logic and the normative commitment to the alternative logic.

This research contributes to institutional theory by proposing a refined view of institutional change process. Existing studies identified the introduction of external logics as a main source of institutional change (Clemens, 1993; Stark, 1996). However, the literature paid little attention to how these imported repertoires are translated to constitute the specific template of the alternative logic in the focal field (Thornton et al., 2012). Particularly, we have limited knowledge on how this process is affected by the preexisting logic in the field. This research contributes to the existing literature of institutional change by shedding light to this process of adaptation and translation. The current findings suggest that the construction of an alternative logic occurs through the iterative interaction between the exogenous influences of external influences and endogenous constraints of the existing logic. More specifically, while the external

logics bring in numerous possibilities, their specific unfolding is conditioned by the existing logic that still constrains the way actors understand the world and limits their imaginations. This suggests the need for more serious considerations of the role played by the existing logic in the general process of institutional change.

This research also contributes to the research of institutional entrepreneurship by demonstrating how surrounding social processes affect the workings of institutional entrepreneurs. In the existing literature, institutional entrepreneurs are often depicted as hyper-agentic individuals who are somehow endowed with relative freedom from structural constraints and can therefore create radical institutional changes. The current research presents a more realistic refinement of this view by showing that the heroic changes by institutional entrepreneurs do not happen in an institutional vacuum but occur amid the tight constraints of the existing institutions, that are manifested through social interactions surrounding their everyday work. Through microscopic attention to the interactions around the institutional entrepreneur (especially Ted in the current case), this research provides a more realistic account of how the creativity of institutional entrepreneurs is socially produced, as well as how their individual pursuits turn into a collective movement toward alternatives.

Finally, this research contributes to the ongoing efforts to reconcile old and new institutionalism (Hirsch & Lounsbury, 1997). Lamenting new institutionalism's narrow conception of institutions as an abstract representation, Stinchcombe (1997) called for a restoration of the old institutionalism, where institutions were understood to be value-laden social structures constructed and protected by real people who are strongly committed to certain values ('guts of institution'). Responding to this call, this study provides a vivid description of the process whereby the 'guts of institution' is formulated. At the same time, the current findings suggest that those who form the 'guts' of the alternative logic are also cognitively embedded in the existing institutional order, reflecting the main tenet of new institutionalism. It was further shown that the combination of these two factors gave rise to an interesting pattern of institutional process that is different from isomorphism. This suggests the generative potential of combining old and new institutionalism to devise a more comprehensive theoretical lens to make sense of institutional phenomena.

CHAPTER IV

Startup-level Analysis: Entrepreneurial Imagination

Overview

In this chapter, I present the findings from the startup-level analysis that focused on the idea development process of four individual startup companies embedded in two incubators (Medicine Pocket and Dog Pound in GREEN, ShoplocL and Save Time in ACCEL). I chose these four cases for the following reasons. First, I considered the comparability between cases across incubators. I wanted to choose the ones with the explicit profit implications, so that in terms of the nature of business, all the cases have an explicit for-profit orientation from the beginning of the incubation process. For this reason, Good Food Network, which fell on the borderline between non-profit and for-profit, was excluded from this particular analysis. Compared to Good Food Network, Medicine Pocket and Dog Pound each had a clear intention of becoming a for-profit entity. Second, I intended to enhance the variance between the cases within the same incubator. In selecting cases within the same incubating context, I focused on choosing the ones that are different from each other, because I expected that this design would allow me to see the possible interaction effect between the contextual influence of incubators and the individual differences of entrepreneurs and businesses. Out of this consideration, I chose Save Time and ShoplocL from ACCEL. While the entrepreneur of ShoplocL had a personal commitment to her original idea, the entrepreneur of Save Time exhibited more flexibility with diverging from his original idea. This contrast allowed me to see how individual cases reacted differently to the similar environmental influences (see the Conclusion Chapter for a deeper discussion). Finally, I considered the traceability of the subsequent development of the business, which allows me to examine whether the ideas developed during incubation sessions persist subsequently. For this consideration, I excluded the cases that ceased to exist (New Essential ceased its operation months after the end of the ACCEL accelerator program), and the ones that had little time for further development after the incubation period (Pocket Neighborhood just finished its Seed Design by the time of this analysis). This selection process determined four

cases that were extensively analyzed for this dissertation. By analyzing these four cases in detail, this chapter proposes a novel way to understand the early-stage entrepreneurial process.

Existing View of the Early-stage Entrepreneurship: Opportunity Discovery

The dominant view of the current entrepreneurship research is shaped by the mainstream economics that views economic process to be something automatic, which is controlled by the intractable and unavoidable force of market (Swedberg, 2000). In this view, the economy is meant to restore equilibrium no matter who the agent is and what the process is like. This view naturally conferred a minimal significance to the agentic actions of entrepreneurs and entrepreneurial process. A widely-accepted understanding of the early-stage entrepreneurship is an extension of this view. In typical entrepreneurship text books, the early-stage entrepreneurial process is understood simply as the stage where entrepreneurs recognize the opportunity, a gap or unconnected dots in the competitive landscape that was created due to technological, economic, and social changes in the macroeconomic environment (e.g., Baron & Shane, 2007). The role of entrepreneurs is conveniently summarized as simply ‘connecting dots.’ This view provided the foundation for most of existing research on entrepreneurial opportunity. As reviewed in the Introduction Chapter, this body of research mostly focused on individual differences or contextual factors that allowed an entrepreneur to more easily ‘connect the dots’ than others, without paying serious attention to the process of how those dots were sought for, defined, and finally connected.

Metaphorically speaking, this perspective regards the entrepreneurial process simply as fitting the idea into the rigid frame of unknown but objectively existing opportunity. The gap in the competitive landscape exists out there and the job of an entrepreneur is to mold her business idea into the shape that best fits the gap. Through the process of ‘opportunity recognition,’ the successful entrepreneur somehow finds the idea that corresponds to the mysterious contour of the market opportunity. Existing research tells us who is better at finding this fit and what situations facilitates this discovery process. However, very little has been said about “how” of this cryptic process.

This dearth of knowledge on the actual process is attributed to the scholarly orientation in the existing entrepreneurship literature. Entrepreneurship scholars mostly focused on retrospectively explaining the *outcome* of entrepreneurship -- the search for the factor that best explains the discovery of an opportunity that we now know. However, this *ex post* explanation of

entrepreneurial outcome gives little guidance to the entrepreneur who is about to hit the road herself in search for the unknown opportunity. For this dissertation research, I walked along with some of these entrepreneurs. A close investigation of their process suggests that the variance in the dependent variable of entrepreneurship research can be explained by other factors than just individual differences or static contexts of entrepreneurs; it is a product of a complex sociological and social psychological process, of which we have little understanding.

Developing a Preliminary Theory of Early-stage Entrepreneurial Process

Through an in-depth investigation of four early-stage entrepreneurial processes, this dissertation research fills this important gap in the entrepreneurship research and develops a rudimentary theoretical account of how organizations are created out of a private insight in the mind of entrepreneurs. First, I propose a novel conceptualization of the early-stage entrepreneurial process. Based on my observations and interviews, I argue that the early stage of business creation is the process of socially substantiating the entrepreneurial imagination. I further define the entrepreneurial imagination as an interpretation of the future reality in the words grounded in the present reality. More specifically, the entrepreneurial imagination has two main components: the critical understanding of the present reality (i.e., problem) and a set of specific actions to address the problem (i.e., solution). Therefore, substantiating the entrepreneurial imagination comes down to constructing a particular understanding of the present reality.

This understanding of the present reality is socially constructed, as entrepreneurs interact with those in their immediate social context. The second part of this chapter presents the detailed pattern of the social interactions constituting the construction of the entrepreneurial imagination. The entrepreneurial imagination evolves over time through delicate back-and-forth movements between the entrepreneur and interaction partners, which consists of the presentation of the original idea, interaction partner's reflection, and the entrepreneur's reaction. This series of interaction sometimes involves prolonged debates and negotiations, and the intersubjective understanding is occasionally made explicit through the acts of 'checking the common ground.'

The third part of this chapter compares this social process of substantiating imagination across ACCEL and GREEN, and argues for the important role of the shared conceptualization of time. Because the entrepreneurial imagination is substantiated through a social process, the role of embedding context becomes important. By analyzing the two different trajectories of idea

development in two incubators, I explain that the difference is partly attributed to the different temporal orientations in each context. I first show that the different approaches in the two incubators engender different conceptualizations of time, in which the social substantiation of imagination is embedded. In ACCEL, the entrepreneurial imagination substantiates in the space void of temporal change, whereas in GREEN, it substantiates with the flow of temporal change. Next, I further describe how these different temporal orientations affect the trajectory of substantiating entrepreneurial imagination. In ACCEL, I find that refining solutions led to defining different problems, and the business idea takes shape through a cross-sectional exploration of different niches that offer the best fit with the investor expectation. In GREEN, the trajectory was reverse – refining the problem led to defining solutions. The business ideas developed through longitudinal construction of a historical narrative and the validation against the origin of the idea. The chapter will wrap up with a discussion on the theoretical meanings of these findings.

Conceptualizing Entrepreneurial Imagination

I argue that entrepreneurial imagination is an interpretation of the desired future reality in the words of the present reality. Essentially, entrepreneurship stems from an entrepreneur's imagination of the desired future reality. Entrepreneurial imagination resides in the mind of an entrepreneur with the form of an amorphous inkling falling somewhere on the border between cognition and emotion. Entrepreneurial imagination exists in the mind of the entrepreneur as a vivid mental image, or a series of images, or even a movie, in which the entrepreneur cognitively and emotionally experiences the desired future reality.

Examples from my observation will help substantiate this abstract point. As they come into the incubators, entrepreneurs explain their idea typically by describing this image or a movie in their mind. Jack of Save Time describes the moments when people no more have to wait in line for a seat in restaurants and bars. In this future, people just check their Save Time app before they move to see how long the line is at their favorite bar. Anna of Dog Pound depicts the conversation she would have with a hypothetical customer to her community pet store and how she would help them deal with the troubled relationship with their misbehaving dog. This understanding of entrepreneurial imagination is also well captured in the following statement that Ted made as he reflected on the incubation sessions for Good Food Network:

“There is a myth that people who lead things have a complete vision of what this is going to be and then they are realizing that vision... I only find a thread of truth that I am connected to at the moment, and I am just pursuing that thread... it’s a myth that there is a vision with precision about the future organization.”

These images and movies of future experiences are vivid to the entrepreneur, but the images and movies need to be communicated with others to turn this imagination into reality. Engaging in this process means that the entrepreneur must also understand what is underlying these imaginary mental experiences. So on the one hand, an entrepreneur knows what she wants to create, because those images and movies in her mind are so vivid to her. But on the other hand, the entrepreneur does not know what she wants to create because she herself is in the process of understanding what it is that underlies the vivid images and movies as well as her emotional experiences that come with mentally playing the images and movies. As the entrepreneur attempts to understand what is at the foundation of these mental representations, she would ask: ‘Where do all these mental experiences of the future reality come from?’ ‘What do they all come down to?’ ‘What is this future reality and how to describe it?’ But as soon as she puts her imagination in words, she is describing the remote reality with the words grounded in her present reality (Berger & Luckmann, 1966). So, through this very act, the entrepreneur interprets a temporally remote reality in the words of her immediate reality. This is a crucial moment of entrepreneurship because it indicates that construction of the future reality is to be grounded in the current reality. To move from ‘now’ to the desired ‘then,’ one should articulate what the desired future reality means in the current reality, which is shared by all other people. Therefore, the entrepreneurial process is a journey to find this meaning of the desired future reality in the present reality – today’s interpretation of future.

Understanding the present meaning of the future is akin to understanding where I want to go relative to where I am right now. Metaphorically, it is similar to understanding the coordinates of the future reality relative to the coordinates of the present reality in the mental space of time. Therefore, the understanding of ‘where the future is’ relative to ‘where I am now’ tells me how I can move from the present to the desired future. In this sense, substantiating imagination refers to specifying the precise coordinates of the future reality relative to the present reality and identifying what are there in the way to the destination and how to get there.

This entrepreneurial journey to figure out the exact location of the desired destination, however, can be more complicated than a physical journey, particularly because the

understanding of where we are now, the knowledge of our present reality, is socially constructed. Again, metaphorically, consider an expedition crew who survived a shipwreck and fortunately reconvene on the unknown shore. Luckily, crew members may still have a compass and a map with them. They know the general direction to the place where they can be rescued. But, they do not agree on their current location on the map, so they do not know the exact location of their destination, and what are there in between – there can be aggressive wild animals, insurmountable mountains, or inhumane weather conditions. Without knowing this, they do not know how to move forward.

An entrepreneurial journey at its starting point is not too different from the situation of this troubled crew. The entrepreneur's original inkling sets the broad direction and boundary for exploration, but the exact location of the desired future reality is determined by the understanding of the present reality, and the entrepreneur has yet to create a consensus with people around her regarding the immediate and shared reality. So, the process of substantiating imagination – the attempts to identify the precise location of where we want to go – is actually the process of socially constructing the understanding of where we are now *relative to* where we want to go. Social construction of entrepreneurial imagination is actually about constructing the shared knowledge of the current reality *relative to* the desired future reality.

All the cases of business idea development at both incubators showed this process in action. The five-month-process of Dog Pound Seed Design was essentially the process of constructing a particular understanding of the current reality in the pet care industry, which is significantly shaped by Anna's unique personal philosophy on human-animal companionship. During twenty-two weekly meetings, Anna and other participants essentially discovered and refined Anna's unique perspective: a sound relationship between humans and companion animals (pets) should be based on the recognition of the animal's natural being and individual worthiness (pets are neither human property nor humans). Based on this articulation of a unique personal philosophy, they constructed a shared understanding of the current reality in pet care, identifying the "gap" between veterinarian medicine and dog trainers and crafting the need for a service devoted to addressing relationship problems between pets and pet owners. At the end of the process, Anna reflected that people's existing paradigms about vets and pet stores prevent them from thinking about other models, and the Seed Design process allowed her to go beyond

the constraining paradigm. Through Seed Design, Anna's future reality came down to the understanding of the problematic reality in pet care and specific actions to cure it.

Similarly, the six-month-long Accelerator Program for ShoplocL was characterized by challenging, defending, and refining Robin's understanding of the current reality in the local fashion retail industry, which occurred especially through the competition between two slightly different constructions of reality. Robin initially developed her business idea by focusing on the problems of brick-and-mortar fashion retailers who don't have an online presence. However, her understanding of the reality encountered criticism from the mentors at ACCEL, who wanted her to focus more on the problem of online shoppers who don't have access to unique local boutiques. This slightly different understandings of the problem led to different imaginations of the future reality that ShoplocL would create. This led to internal conflict within Robin as well as repeated debates between Robin and her mentors at ACCEL. This constant drift between two constructions of reality marked the entire idea development process of ShoplocL. Again, developing an idea for a future business was in fact constituted by developing an understanding of the present reality and ways to improve the reality.

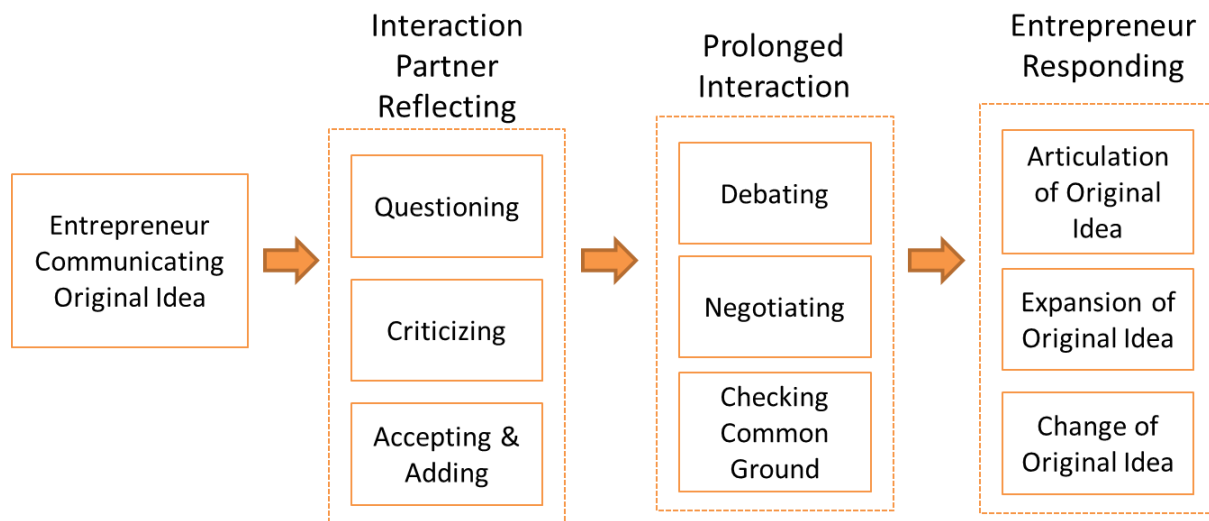
Social Construction Process of Entrepreneurial Imagination

The idea development stage is the very beginning of the social construction of entrepreneurial imagination, and it starts at the intersubjective level. The entire process of developing a business idea consists of repeated social interactions between the entrepreneur and the interaction partners in the incubator context (who are mainly incubator mentors); those social interactions aim to achieve a shared understanding of the entrepreneurial imagination, which is defined here as the understanding of the present reality relative to the desired future reality. Through a series of interaction events composed of fluid back and forth between the entrepreneur and the interaction partner, an amorphous imagination in the mind of the entrepreneur attains the shared language to describe it and gradually takes on the characteristics of an intersubjective reality shared by multiple individuals participating in the process. This process is not merely copying and pasting the entrepreneur's subjective understanding to minds of others, but instead a mutual effort to continuously update the shared understanding by corresponding the entrepreneur's subjective meaning and the interaction partner's subjective meaning. In essence, the early-stage process of business idea development is a social process that transforms an

entrepreneur’s subjective thinking into a joint subjectivity that is shared by the entrepreneur and her immediate social context.

This process of constructing intersubjective imagination consists of multiple steps of social interaction (See Figure 5 for a graphic representation of the structure). First, the entrepreneur’s subjective imagination needs to be verbally expressed, a consequential move where the meaning of the desired future is constructed in today’s words for the first time. This message is then received and processed by the interaction partner, who reflects back his subjective understanding in the form of questions, evaluations, and reflections. This ‘social reverberation’ opens up different trajectories of social construction of imagination, including articulation of the original idea, voluntary revisions to the idea, involuntary changes to the idea, and this sometimes happens via prolonged debates and negotiations. Also, this continuous stream of social construction occasionally reaches punctuation points where the participants ‘check the common ground.’ This whole process comes to an end once a more or less complete intersubjective understanding is achieved among the entrepreneur and interaction partners. In the following, I explain each of these steps in more detail.

Figure 5 Structure of Social Interaction for Substantiating Entrepreneurial Imagination



Entrepreneur Communicates Own Imagination

The act of communicating the imagination marks the first step of constructing an intersubjective reality. In every act of communication, one thinks about the audience and (either

consciously or unconsciously, to a varying degree) customizes the message. At the same time, through verbalizing his or her own thinking, one's imagination becomes objectivated, meaning that it attains the quality of objective reality (Berger & Luckmann, 1966). As soon as being put into words, the imagination is no more a private thought in one's mind, but becomes an objective social reality, allowing the speaker to hear him or herself without the interruption of deliberate self-reflection. Combining these two – customization and objectivation – in the entrepreneurial context, the action of communicating a business idea allows the entrepreneur to understand her own thinking by hearing her own message customized for the particular interaction partner. Therefore, by simply putting it out in the air, an idea begins to evolve, and both the target of communication and the way of formulating the communicative content significantly influences the way a business idea evolves.

A good window through which to observe this process is the instance of crafting pitches of a still developing idea, especially in the situations where the target of communication and the structure of the communicative content are explicitly given. In ACCEL, entrepreneurs are told to craft their “high-concept pitch,” which forces entrepreneurs to explain their ideas to investors in a particular format. The format has it that entrepreneurs describe the business idea based on an existing model (“ShoplocL is like Amazon”), while simultaneously emphasizing how the idea is different from the model (“ShoplocL is like Amazon but hyper-local and dedicated to fashion products”). These high-concept pitches do not stop there as an exercise. They recursively shape how entrepreneurs understand their own imagination. In ACCEL, entrepreneurs craft these high-concept pitches in the beginning of the process, and the process of crafting them shows that the entrepreneur's understanding of a still malleable idea is shaped by how the idea is presented. As soon as Robin cited Amazon for the high-concept pitch, following discussions focused on the consumer-facing ecommerce aspect of the idea, advancing the shared understanding with Amber in a particular way. Furthermore, this high-concept pitch was later incorporated into the entrepreneur's external communications of the business idea, such as a business model presentation. From the early stage of idea development, as shown in this example, the act of communicating the idea itself is already the beginning of the construction process.

Interaction partners provide reflection

To entrepreneur's articulation of her original idea, interaction partners provide reactions to the idea, and these reactions can be classified into three broad categories: questioning, criticizing, and accepting/enriching.

1. Questioning

One of the common responses of interaction partners to the presentation of the original idea is raising follow-up questions. Depending on where the question is targeted, there are two types of questions. First, questions are raised on the entrepreneur's subjective view of the reality on which the sense of problem is based. Interaction partners request more information or supporting evidence for the entrepreneur's subjective understanding of the reality. Interaction partners ask questions on whether such an understanding is valid, and such problems actually exist; typical questions include "why do I have to pay for this?" and "what is the value proposition?" Nascent entrepreneurs are often unable to immediately provide a satisfying answer to these questions, so these questions are in many cases coupled with the instructions or suggestions on how to find answers to the question. For example, not fully satisfied with Jack's answer to his question of "who will pay for Save Time's service," Charles said:

"Your answer should be hard-wired to specific individuals... not just the client organization but who at the organization,... drill, drill, drill down to the bottom. You'll have a-ha moment, where you really understand who's gonna pay and how much... you're gonna have to get those propositions hard-wired to specific individuals."

Second, the questions are also raised to the specific solutions that the entrepreneur proposes. These questions range from very high-level inquiries on the overall plan to address the identified problem (e.g., among diverse set of possible services, Ted asked Anna "what gives you energy?") to specific questions on the details of action plan (e.g., the questions on the design of the smartphone application and the webpage, calculation of expected cost for a proposed service). These reflections in the form of questions contribute to the idea development by turning the entrepreneurial attention to a particular aspect of the idea and substantiating the details of the idea. For example, following the questions on the cost structure of Save Time, Larry gave instructions to Jack on how to collect information about the budget cycle of sports teams and who in the organization possess such information. Through questions and answers on the details of the solution, entrepreneurs receive guidance regarding what type of information they need to collect and how to collect the information.

2. Criticizing

The second type of interaction partner reflection is giving critical feedback to the idea entrepreneurs propose. Again, depending on the target of criticisms, two types of criticisms are identified. First, interaction partners criticize the entrepreneur's understanding of the problem. This occurred multiple times for both ShoplocL and Save Time. Robin based her business idea on the problems of local boutique owners with no online presence, and Amber showed her skepticism on this framing, raising the possibility that "these 0.0 retailers like what they do now" and may not want to have any online presence. A similar point was made to Jack's idea. Mentors criticized multiple times during the accelerator program that restaurant may not see the need to spend money and additional labor to collect and broadcast wait time information online.

Similarly, criticisms are also directed to the specific actions to address the problem. A notable example is found from the Dog Pound case, when Anna proposed to do a beta-test of a survey with Michigan Humane Society (MHS). Ted criticized the idea for not being aligned with the core of Anna's business they had previously identified. He discouraged Anna from working on the project because while Anna's service aims to enhance the success rate of individual human-animal relationships, the proposed project with MHS is about reducing failure rate based on the generic lifestyle-breed match. As another example, during the business model presentation of Save Time, one of the ACCEL mentors expressed skepticism over how credible the displayed wait time can be because there is a human being updating the wait time information.

An accumulation of this type of criticisms lead to important entrepreneur reactions, including the articulation of the original idea, changes to the original idea, and substantiation of the idea, all of which will be substantially discussed in the following section.

3. Accepting and adding

Lastly, in addition to questioning and criticizing, interaction partners also accept and enrich the original idea. First, interaction partners sometimes affirm the entrepreneur's the sense of problem by accepting the entrepreneur's subjective understanding. This act of affirmation has an important effect of selectively reinforcing the entrepreneur's original imagination. As interaction partners provide positive feedback to one aspect of the original idea, that particular part of the idea becomes more likely to constitute the intersubjective understanding of reality and stay stronger along the evolution of the idea. An example of this affirmation is found in the Dog Pound process, when Anna showed her criticism about people's tendency to treat animals like

humans. The following excerpt from my field note shows that Anna's perspective is affirmed by one of the community participants.

Anna said the largest insult is teaching the dog how to shake hands "when dogs really don't have hands." But people proudly say "oh, my dog knows how to shake hands!" She pointed out that that is an exemplary case of how people mistreat their animal companions. Then Megan (a community participant) agreed to Anna's point about respecting animal's natural state. Megan shared what she read about robins. She introduced what the book said, "If you actually pay attention to it, robins are actually telling you what's happening in the environment... you start to get this non-human language and have more profound conversation at a level deeper than human language."

This type of positive reinforcement on a particular aspect of the original idea makes entrepreneurs focus more on the aspect.

Second, interaction partners not just affirm but also enlarge and enrich the entrepreneur's original understanding. This is often done by adding perspectives and information that expands the entrepreneur's sense of problem into a legitimate and serious concern with a greater scope and depth. In one of the Seed Design meetings for Dog Pound, Ted pointed out that Anna's business is not just for individual pet owners but also for the entire community, because it contributes to the well-being of the community by creating healthy relationships between humans and animals.

Ted said that what Anna's business does is connecting the individual relationship between a particular person and a particular animal to the larger community in a healthier way. He said, "this improves the well-being of the community around them... you get the relationship healthy and then by doing that you are making the entire community healthier... you can't solve this (pointing at community) without solving this problem (pointing at individual relationships)... having happy animals around humans is one of the images of a vibrant community."

Charles at ACCEL also provided a similar reflection to Jack's idea on Save Time. He enthusiastically stated how Save Time is in line with the broader trend in the sports industry where teams are actively trying to enhance fan experience through cutting-edge technologies.

"They talk about enhancing the fan experience... so for them fan satisfaction is more important... What you are doing is coming up with technology that relates to food, beverage, restrooms, and some retail, and stadium concessions... that transports from event to event... [sports teams'] priority is getting people come down to the stadium... that's what they are all coming down to... you are with the prime-time player of NFL digital strategy (Detroit Lions). That's the value prop you can emphasize in your pitch. They are trying to change the way people go to the professional sports games. You are

with this huge ripple in the professional sports to digitize and improve the in-game experience... you should talk about that!”

This type of reflection enables entrepreneurs to understand their business differently -- giving a bigger meaning to what they do, often bigger than what the entrepreneurs originally thought. These additional meanings attached to the idea make further impact on entrepreneurial decisions and the direction of further evolution of the business idea. Ted’s point about the community value of Dog Pound stayed with the idea. In later presentations, Anna frequently mentioned how her business contributes to the overall health of the community. This shows Ted’s reflection enabled Anna to discover a bigger meaning of what she can offer through her business. This was also the case with Jack. After Charles’s mention of the “huge ripple in the professional sports,” Save Time grew towards a direction where it collaborated with other similar businesses providing technology-based services to sports venues.

Finally, interaction partners also enrich the solution by providing specific suggestions to improve the action plan. There are numerous examples from both incubators. Drawing on his expertise in sales, Larry provided a specific suggestion about the sales cycle of Save Time:

Larry suggested starting at the beginning of the season with an expectation of implementing during the off-season, because this type of sales deals typically take more than a year and important decision-makings for sports organizations usually happen during the off-season.

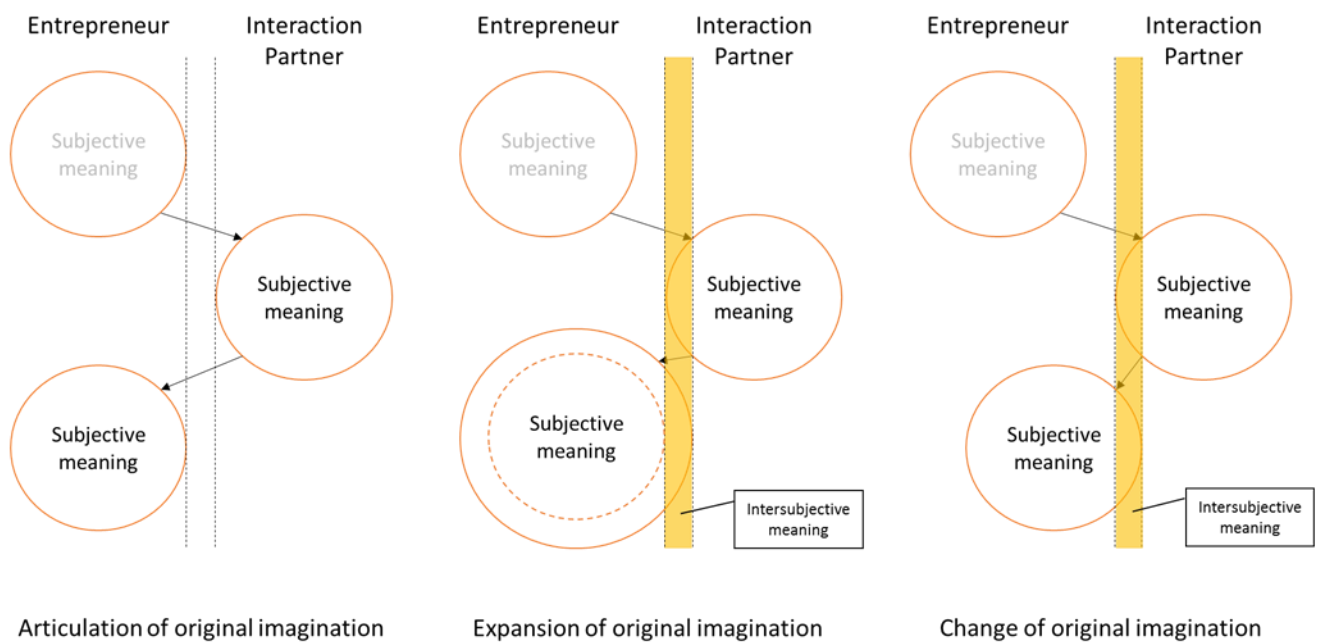
Similar reflections are offered in GREEN, as well. During the Dog Pound sessions, Nick offered several ideas on providing services without having a retail store, including working with other organizations in the area such as apartment complexes or other pet-related businesses. This later constituted one of the major client groups for Anna’s business.

Entrepreneur Responds to Interaction Partner’s Reflection

By attending to the entrepreneur’s communication, the interaction partner starts to form his own subjective understanding of the imagination, which is rarely identical to the entrepreneur’s subjective meaning. The two subjective understandings converge (or diverge) as the two subjects continuously interact with each other. As shown above, the reflection of the interaction partner takes various forms, including questions, suggestions, affirmations, and criticisms. Following these reflections, the entrepreneur’s original idea changes. Figure 6 presents graphic representations of three typical patterns in which the entrepreneur’s original idea evolves through the repeated social interactions with interaction partners. The graphic

shows that the subjective meanings of the entrepreneur and the interaction partner change over time: through the discourse, they become clearer (represented in the left figure by the word “subjective meaning” becoming bold), become expanded (represented in the central figure by enlarging circles of subjective meaning), or change (represented in the right figure by the movement of the circles). Through these changes of subjective meanings, the intersubjective meaning gradually emerges (or not), as represented by the shaded strip indicating the overlap of the subjective meaning circles. The following section provides a more detailed explanation of each of these patterns.

Figure 6 Entrepreneur’s Response to Interaction Partner’s Reflection



1. Articulation of one’s original imagination

This response typically follows a negative reflection (e.g., criticism) from the interaction partner. Facing the direct criticisms of the original ideas, entrepreneurs often respond by articulating their imagination in a greater depth. Often through this type of interaction, entrepreneurs find a better language or a more effective way to describe their imagination. For example, from the early stage of ShoplocL’s process, Amber was skeptical of Robin’s idea of working with retailers who do not have an online presence or an inventory management system

(what Robin called “0.0 retailers”). Amber criticized this idea for involving too much work for entrepreneurs, thus lowering the possibility to scale the business. This critical reflection from Amber led Robin to articulate what she really wanted to achieve through her business, describing in detail the problems that “0.0 retailers” face and the values ShoplocL could create by addressing those problems. Through this process, Robin and Mary made it clear that their ultimate vision of ShoplocL is to “help and empower the 0.0 retailers.”

Sometimes, not only entrepreneurs but also other participants in the meetings contribute to articulating the original idea. In the reunion sessions for Medicine Pocket, Mike and Jennifer presented their final outcomes of Seed Design, to which some of the community members critically responded, arguing that Medicine Pocket’s business model was not clear about how to generate revenue. Reacting to this criticism, other participants elaborated the value of the business idea, emphasizing that the idea provides an integrative solution to the eldercare problem, which thus far has been addressed in a “siloed way” (separately by doctors, pharmacists, and social workers). Like Robin and Mary in reaction to Amber, these community participants articulated the value of the Medicine Pocket idea, and this articulation was triggered by the critical feedback from other participants.

2. Voluntary expansion of the original imagination

Another common reaction to the interaction partner’s input was the expansion of the original imagination, meaning the enrichment of both the entrepreneur’s understanding of the reality and the specific actions to improve the reality. GREEN’s community design gives a good example of how the reflections from interaction partners enrich the entrepreneur’s understanding of the reality related to the business idea. In the community design for both Medicine Pocket and Dog Pound, the group collectively draws a broad picture of the issue domain for the business (e.g., eldercare for Medicine Pocket, petcare industry for Dog Pound), by suggesting potential problems that the business can address and the potential benefits of doing so. This information does not necessarily alter the entrepreneur’s initial understanding of reality, but enriches it by adding more details to the entrepreneur’s initially vague sense of reality and expanding the entrepreneur’s perspective to broader issues (e.g., Anna’s initial criticisms on expensive pet care and the trend of anthropomorphizing animals grew through discussions to the fundamental ethics of human-animal relationship). Furthermore, the entrepreneurs are once more reminded of this

information when the detailed design sessions start with revisiting all the inputs from the community design sessions. With the input of interaction partners, ideas become bigger.

Interaction partners' reflections not only enlarge the sense of problem but also enrich the solutions by guiding entrepreneurial actions on particular aspects of the solution. From the beginning of the process, Amber strongly recommended Robin to add the option of online purchase because it fits with the customer demand. This consistent push directed Robin's attention to the area of ecommerce, and her subsequent efforts were devoted to adding a shopping cart function to the ShoplocL website. Also in the Medicine Pocket case, Ted constantly asked Mike and Jennifer to design the solution based on how the original Medicine Pocket was developed by their mother. This guided entrepreneurs' attention to the origin story of their product, which later turned into the basis of their final business solution.

3. Involuntary changes to the original imagination

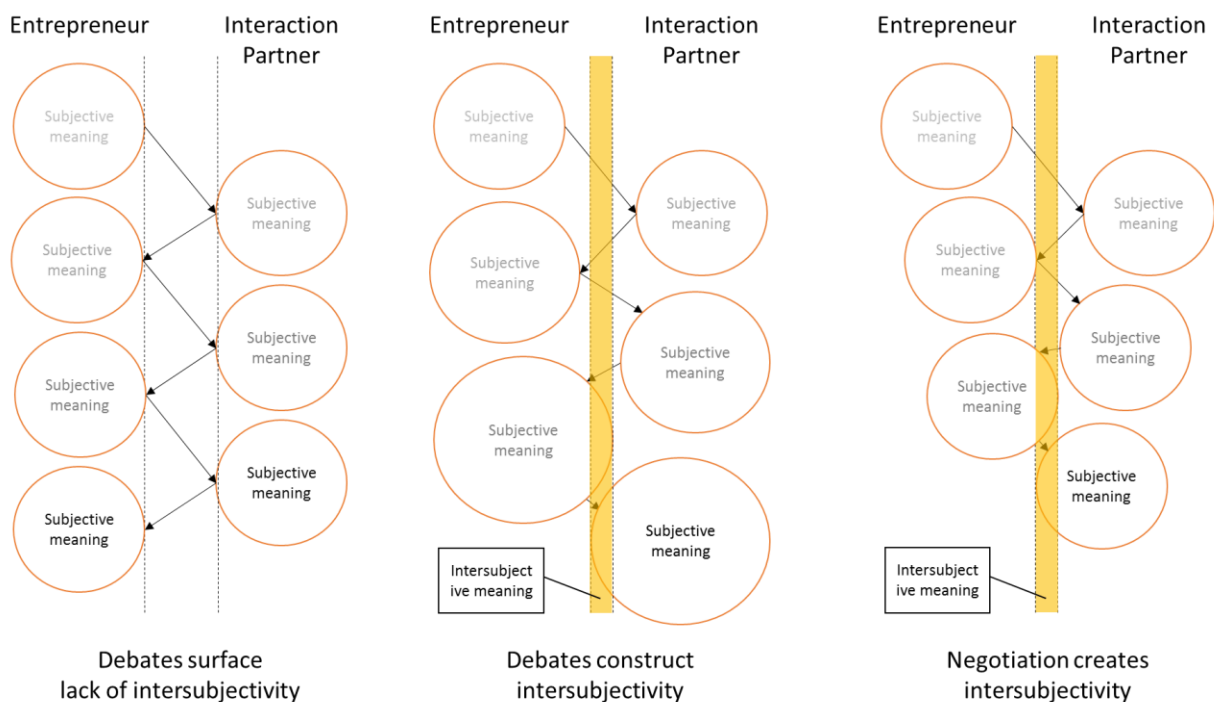
The input from the interaction partners sometimes leads entrepreneurs to scrap some parts of their original idea. As introduced earlier, Ted strongly discouraged Anna from working with Michigan Humane Society (MSH) to develop a pre-adoption questionnaire. This ultimately led Anna to postpone her collaboration with MHS. Another example can be found in the ShoplocL case. With negative initial outcomes from the market test, Amber suggested that Robin's initial focus on "0.0 retailers" may not fit with the market demand. Amber said "their (0.0 retailers') business is not financially suffering... they like their business and they like the way they do it... they just don't have a lot of time to do something else." This statement represented a major revision to the very core of the ShoplocL idea. Subsequently, Amber recommended that ShoplocL should "pivot" by focusing on the shopper's problem and eventually becoming an ecommerce platform for local boutique stores. This suggestion left Robin being internally conflicted between the two directions. Later meetings showed her drifting between the two ways -- staying committed to her original idea vs. following Amber's suggestion. Robin's comment during a meeting shows this:

"I may go down that path [to become an ecommerce store]... I do wanna help these local boutiques, but in terms of scaling and getting larger user base, I may have to [become an ecommerce store]."

Entrepreneur and Interaction Partner Engage in Debates and Negotiations

The intersubjective understanding of entrepreneurial imagination is not always formed through the “cold” exchanges of ideas, but is sometimes constructed through “hot” debates and negotiations, charged with strong emotions. Figure 7 describes the patterns of prolonged interactions between the entrepreneur and interaction partner. As shown on the left, debates sometime contribute to merely clarifying the differences in subjective meanings. However, as the figure at the center shows, subjective meanings sometimes grow through debates, thereby creating the space of intersubjective understanding. Also, as shown on the right, the entrepreneur and interaction partners engage in an overt negotiation, where both party change their understanding to create a space of mutual agreement. The next section provides detailed explanations of each pattern.

Figure 7 Debates and Negotiations between Entrepreneur and Interaction Partner



1. Debates surface the lack of intersubjectivity

Debates highlight the different subjective understandings of the entrepreneur and the interaction partner, indicating the area where more work needs to be done to construct intersubjectivity. For example, Robin and Amber had a heated debate over the feasibility of ShoplocL’s hold-in-store function. The following excerpt from my field note shows that even after the debate, intersubjectivity is far from being achieved, and the difference between Amber

and entrepreneurs was still not resolved. The debated started with Amber's skepticism of hold-in-store function (a function that allows online shoppers to hold the items in local boutiques and purchase them later in store):

Amber asked "Is holding an item a huge benefit? Because people can really abuse them... if you really break down the layers of it, it's not good for stores... most people will take advantage of it and abuse it... I'm online and do I really care about holding something in store? Sometimes I see the disconnection between the original vision and what the actual online shoppers would do." Amber kept on suggesting that 'in-store holding' might be a sexy feature early on but in the long term, it will get phased out. She said, "if I see something I really want online, I'd go 'oh I gotta have that', if I love it, I'm closing the deal... if people hold it, they're more like who's actually not gonna buy the product."

To this point, entrepreneurs came back with a counterargument:

Mary then raised a different point as saying, "I'm thinking about the other side of it". She raised a possibility that the holding function could be used for the last minute gift. For example, customers would say, "Christmas is tomorrow... just hold it for me."

Despite this, Amber was still skeptical:

Then Amber asked, "Why don't you just buy it? All these big stores have all these in-store pickups." Amber kept going, "I'm not saying don't do it, I have a hunch that it'll get phased out in the long run."

To this persistent skepticism, entrepreneurs argued back citing their previous work experience in the field:

Robin argued back as pointing out that from her past work experience, she saw these retailers who are specialists and who "really like people... they get women who wanna try on". Robin made a point that for such retailers and shoppers, putting on hold may make sense.

The debate kept going in this manner, and the two parties failed to reach a consensus. As shown in this example, sometimes the debates only highlight the differences, clarifying the area where the agreement should be somehow created.

2. Debates contribute to constructing intersubjectivity

Sometimes debates play a positive role by settling down particular aspects of the imagination by transforming a subjective understanding into an intersubjective one. Through the aforementioned debate between Ted and Anna about the usefulness of working with Michigan Humane Society, the shared understanding was achieved that Dog Pound's main focus is improving relationships between a particular person and a particular animal. As Ted tried to talk

Anna out of the idea of working with MSH, he articulated the reasons for his objection, which took more than 30 minutes of discussion. This debate however, led to the agreement that Dog Pound's focus should not be on predicting potential failure between "this type of person and this type of animal," but improving the success rate for "this particular person and this particular animal," by providing behavioral advice rather than developing a match-making questionnaire. This example shows that sometimes debates create and clarify the consensus of the entrepreneur and the interaction partner.

3. Negotiations shape the way the imagination is substantiated

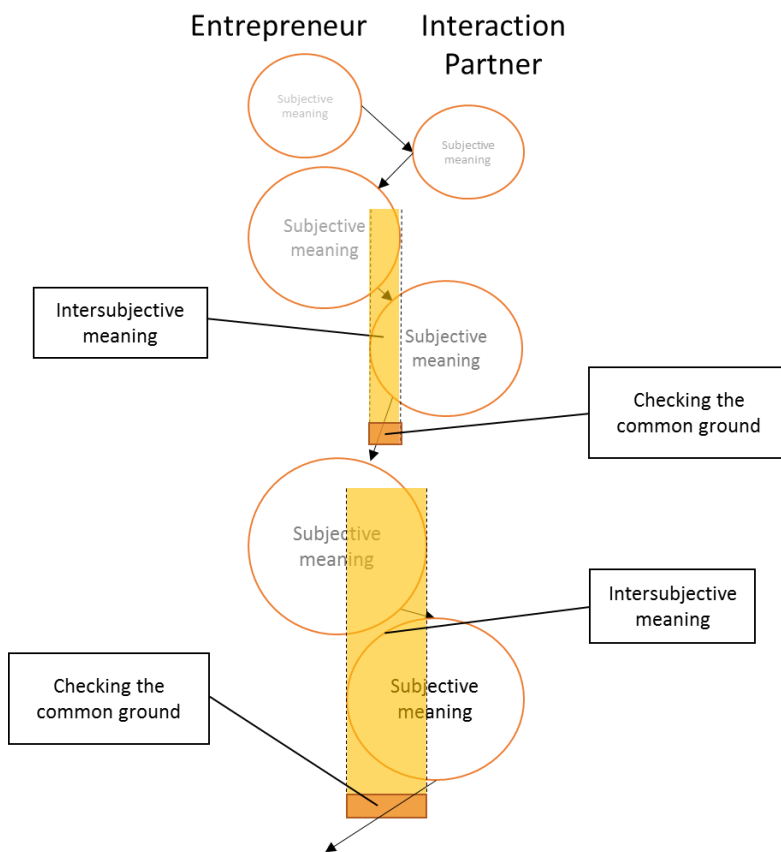
The debates between entrepreneurs and interaction partners sometimes turn into an explicit negotiation regarding how the business idea is developed. Again in the ShoplocL case, as a result of the aforementioned debates, Amber and Robin defined the feasibility of the hold-in-store function as the main focus of the market test. Robin explicitly admitted that if the hold-in-store function fails (as Amber predicted), she would follow Amber's advice of focusing on the ecommerce function. However, the initial outcome from the market test was very negative – very few holds-in-store and almost no in-store sales through ShoplocL. In response, Amber pointed out that Robin's original hypothesis did not fit with the market demand and told Robin not to pitch for 100k convertible note at the end of the accelerator program. To this verdict, Robin argued back indicating that she did all that she was told to do during the accelerator program, and that it takes time to educate consumers about the hold-in-store function. She further argued that her customers (0.0 retailers) reported they were getting other benefits beyond the hold-in-store function. After a series of heated discussions, Amber proposed a compromise of changing the focus of the market test. They eventually agreed that the success of the ShoplocL idea will be determined not by whether the hold-in-store function works but by whether retailers actually pay the subscription fees at the end of the free trial. As shown in this example, sometimes businesses are created through negotiations – entrepreneurs and interaction partners engage in an explicit negotiation to settle the disputes about different subjective understandings of the reality.

'Checking the Common Ground' Marks Punctuation Points for Social Construction

At times during the process, interaction partners (usually incubator mentors) engage in the moves that could be described as 'checking the common ground.' At certain moments during the process, incubator mentors summarize what has been discussed so far in the form of providing a narrative structure of the investor pitch (ACCEL) or creating a framework of the

working imagination (GREEN). These moves not only mark the punctuation points where the intersubjective understanding is explicitly shared for the subsequent discussions, but also serve as a useful arena to mutually adjust and explicitly define the shared understanding between the entrepreneur and the interaction partner. A graphic representation of this interaction pattern is presented in Figure 8. The areas of light shade indicate the gradual creation of the implicit intersubjectivity, and through the act of checking the common ground, the intersubjectivity becomes explicit, represented by the areas of dark shade. The figure also shows that this act of checking the common ground occurs multiple times during the idea development process.

Figure 8 Checking the Common Ground



In ACCEL, Amber ‘checked the common ground’ by providing a detailed storyline for ShoplocL’s investor pitch. After a heated discussion with Robin was settled, Amber narrated the full pitch for ShoplocL:

Amber goes, “I think we need to simplify your description of problem... original problem wasn’t that hard to understand... there are thousands of local boutique stores, there are a lot of women who wanna shop at local boutiques... there are a lot of women

who love to shop there but they are too busy to go there... more and more women shopping online because it's easier." She kept going as if she was giving a pitch right now, "So this is a big opportunity... it's \$100B-a-year industry and clothing ecommerce is a growing industry." She continued to explain that ShoplocL connects these online shoppers and local boutique retailers together, making things easy for offline retailers who don't have time to build the online store from scratch. She said, "so we offer an affordable solution that's easy for them to upload their products... for consumer, this is one-stop shop for finding all the cool clothing."

Robin, the entrepreneur, positively reacted to this hypothetical pitch with a big smile and indicated that it sounded good. Amber kept going:

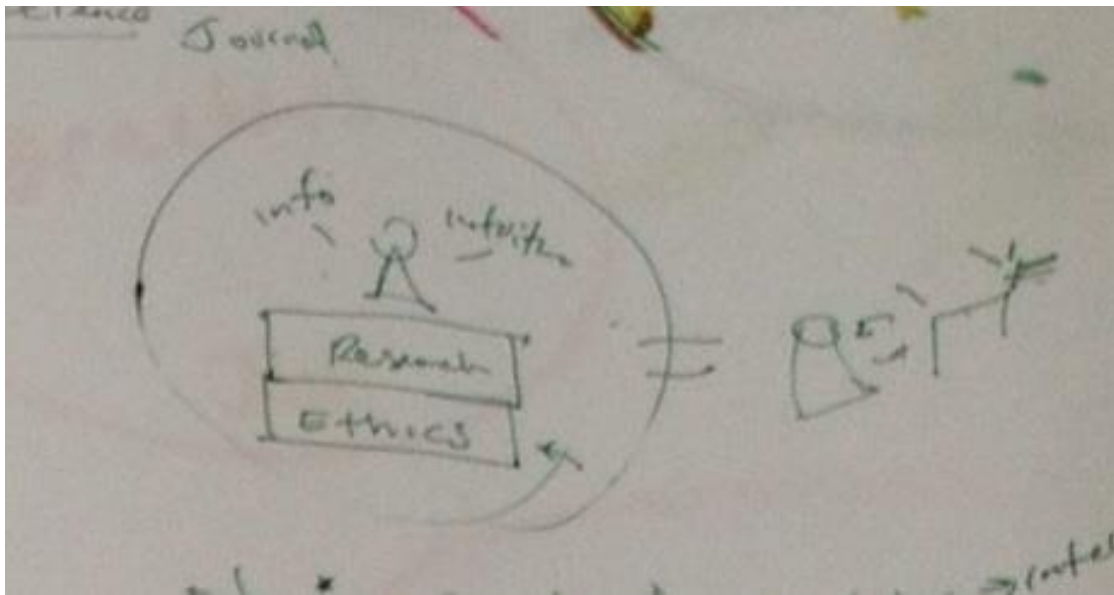
"Then once you get through that... that makes you identify consumers and market opportunity... After you walk through problem, opportunity, and solution, then you talk about what you've done... you created a simple portal for retailers... and then initially you build their inventory and then you trained them to do that afterwards... the feedback was that it is very easy to use... Hey, add some testimonials, here... and then you launched a really early version to consumers and had hundreds of new users signed up... we haven't had many purchases yet, but we got feedback from consumers... it's perfectly okay to talk about some mistakes... so based on X Y and Z feedback, here's what we are doing."

At this moment, Amber was the author of the intersubjective understanding and was essentially rewriting the narrative of ShoplocL in her own words, and it was approved by Robin. This not only was a very articulate summary of how ShoplocL has evolved over time, but also had a subtle but clear emphasis on shifting the focus to the shopper's problem, in contrast to Robin's earlier presentations that focused more on retailer's problem. So, in this way, the intersubjective understanding is subtly tweaked in a way that the further development of ShoplocL would follow the different direction than Robin originally imagined. As shown in this example, through the moment of 'checking the common ground,' the ongoing construction of intersubjective understanding temporarily stops, takes an explicit shape, gets validated by both parties, and then provides thrust for further development in a particular direction.

In GREEN, Ted usually does the act of 'checking the common ground' when he provides a framework for subsequent discussions. For example, in the middle of the Medicine Pocket Seed Design, Ted provided a summary of the ongoing discussion and proposed that the Seed for Medicine Pocket had two layers: "Seed Statement (identity statement)" as one layer, and "The Way (a conceptual description of business process)," as another. Similarly for Dog Pound, Ted provided a framework that is depicted in the Figure 9: at the basis, there is Anna's unique ethics,

and beyond that lie the results of scientific research, on top of which Anna offers her unique information and intuition with an aim of creating a more appropriately compassionate relationship between humans and animal companions.

Figure 9 Framework for Dog Pound Idea Development



These frameworks provide a structure that assembles the disparate meaning pieces in a coherent way, giving an overview of how the intersubjective understanding is being built at the moment. Similarly, as with Amber’s narration of a hypothetical investor pitch, these frameworks serve a critical role to secure and maintain the correspondence between the multiple subjective understandings of the ‘imagination under construction.’

Comparing Idea Development across Two Incubators:

Time and Entrepreneurial Imagination

The Entrepreneur in Echo Chamber: The Role of the Incubator Context

Because the entrepreneurial imagination is socially constructed, with whom the entrepreneur develops the imagination becomes consequential. One useful analogy for this process would be a musician composing a masterpiece through repeatedly playing and revising her musical piece in an echo chamber. The musician plays the preliminary rendering of her piece in an echo chamber and hears back the sound reflected from the chamber’s walls, which act as the sounding boards. The musician listens to this sound, and based on this she revises the piece,

composing the next rendering. Here, it is important to note that the musician understands her own music through the sound reflected by the sounding board. Her inherent musical talent is of importance indeed, but what is equally important for the musical outcome is the echo chamber that shapes her own understanding of her music.

The quality of this reflection is determined by numerous factors, such as the material of the sounding boards as well as the architectural structure of the chamber. Some materials absorb all the sound, while others reflect the sound, creating an infinite echo loop. Some material amplifies a certain quality of the original sound, leading the musician's attention to a particular aspect of the masterpiece. The structure of the chamber also matters. Some echo chambers are structured in a way that the authentic sound of the original music is well captured, while others are built in a way that all songs sound similar to one another.

The entrepreneurs in incubators conjure up this image of the musician in an echo chamber. Through a series of meetings, the entrepreneur repeatedly presents her business idea and listens to how her idea is reflected back by the incubator mentors and other participants. From this social reflection, she develops her understanding of her own idea. This leads to the next iteration of the idea, which gets reflected back again. The accumulation of this back and forth between the entrepreneur and her sounding boards results in the gradual evolution of the business idea. Therefore, the final business idea is not solely attributable to the original insight that the entrepreneur brought into the incubator. The entrepreneur has certainly set the starting point, but that origin may not even be traceable in the final outcome. What generated the final masterpiece is the repetition of playing and reflecting within the echo chamber. Therefore, metaphorically, the final outcome could have been completely different if it were developed in a different echo chamber that has a different material and structure.

The two business incubators are akin to the echo chambers made of different materials and architectural structure. As one of the core dimensions that shape the material and structure of each echo chamber of GREEN and ACCEL, I focus on the incubator's different understandings of time, which are shaped by each incubator's approach for business incubation. In this section, I first describe the different temporal orientations across the two incubators, explain in detail how these different temporal orientations lead to different trajectories of idea development, and discuss the impact of these different trajectories on the outcome of the process. This will be followed by a discussion on the theoretical meanings of the findings.

Different Temporal Orientations between GREEN and ACCEL

The current analysis of idea development processes suggests that the temporal orientation in the context, or the conceptualization of time shared in the incubator environment, has a significant influence over the processes through which the business idea is socially constructed. Organizational and sociological literature on time has long shown that the conceptualization of time is never universal -- there are different conceptualizations of time and they often vary depending on the social and cultural context. Drawing on ethnographies of four types of high-technology environment, Dubinskas (1988) highlighted that unlike the Western assumption of cultural uniformity in science, time has different meanings across different scientific contexts. Reineche and Ansari (2014) also showed that while the Western societies are living in the clock time -- an objective and quantifiable conceptualization of time, the societies in developing countries tend to understand time as the process time -- a non-linear, qualitative, endogenous understanding of time. Similarly, based on the synthesis of existing research on temporal orientation, Orlikowski and Yates (2002) provided the contrast between the objective time (clock time) and subjective time (event time). Objective time is Newtonian, mechanical, linear, abstract, and quantitative time. Time is defined by the ticking of a clock. Even when nothing is happening to the perceiver, time is still flowing independently, always at the same rate. Subjective time is contextual, organic, relative, and socially constructed time. Time is defined by social, biological, biographical, natural events (e.g., career stages, passage of religious ritual, seasons). Therefore, the flow of time is closely related to the changes in the perceivers' environment as well as in perceivers themselves. This literature has shown that understanding the temporal orientation is a key to understanding the social context because temporal order "is hidden cultural grammar" that determines "the way people view the world, determines their values (Hall, 1983: 6)," and "regulates the structure and dynamics of social life (Zerubavel, 1985: 2)."

In the two incubators, the time is differently understood and therefore has a different role in the process of idea development. As show in the previous section, the two contexts share a similar interactional architecture of social construction of imagination (i.e., idea becomes substantiated through social interactions between the entrepreneur and interaction partners), but because of the different temporal orientations, the trajectories and contents of social construction significantly differ across the two incubators. Specifically, I show in the following section that different structures and principles in incubation approach nurture different temporal orientations

across ACCEL and GREEN, which leads to different understandings on how the future is related to the present. I further argue that these different understandings of the present-future relationship play a significant role in creating different practices and trajectories of business idea development.

ACCEL's time reflects objective, clock time, and its idea development is located in a much narrower temporal space. In ACCEL, time flows regardless of the maturing of an idea, but rather, the idea needs to reach the point of maturity *in time*. Because of its nature as an accelerator, they design the future businesses that "hit the market" very soon. The businesses in ACCEL are expected to meet the first customers usually by three to four months into the six-month-long accelerator program, and to grow to cover the national market within three to five years. This rigid time frame instigates a constant sense of urgency in the entrepreneurs and their imagination process. A full-time commitment is mandatory and entrepreneurs are supposed to live on the seed investment provided by ACCEL in the beginning. Entrepreneurs are repeatedly reminded that their "runway is burning," because they are spending the seed money every minute. Unless they successfully raise the next round of investment before that money is gone, they "go under," and their idea, at least its first rendering, is deemed a failure. A successful fundraising extends the life of the business idea until the next fundraising. Entrepreneurs are asked "how long is the runway" that the final 100K convertible note can give them, given their "pre-revenue burn rate." These languages reflect that time is a resource that is decreasing at a constant rate and can be purchased by the next round of fundraising. Furthermore, entrepreneurs are constantly told it is "a race to the market," because other potential competitors are simultaneously running towards the market with a similar or even a better idea. This sense of time is well demonstrated in the following conversation between Amber and Jack. In this conversation, Jack wanted to raise additional investment to fund himself, and Amber wanted him to wait until the idea is fully ready.

Amber: How is your financial looking right now?

Jack: We are at 13K at this point for initial development

Amber: So, that money is not in your account any more

Jack: No, and we have 12K left that will go into the integration with [name of another service]

Amber: how much was used to pay yourself?

Jack: Nothing, I haven't taken anything out of this... I'll be able to live on my saving till February, but that's it. That's why I want to have these conversations with investors

Amber: Most of our founders take 5K to pay themselves... first of all, you're not gonna raise any money by February.

Therefore in ACCEL, time flows monotonously, and is a scarce and limited resource that is being spent every moment. The relation between the present and future is defined accordingly. When time is understood in this way, the future is not qualitatively different from the present, but is just another point in the absolute and linear flow of time. Future is not defined by the change from the present. This understanding of how the future is related to the present affects the way of business idea development, which is essentially imagining something in the future from the present perspective. To the participants in ACCEL, possible environmental change between the present and the future is not salient. The act of imagination occurs in the mental space where the clock is constantly ticking but things have stopped changing over time.

In contrast, GREEN nurtures a temporal orientation akin to subjective time, consequently situating its participants and their imagination process in the mental space with a greater time scale. The presumed distance between the present and the desired future is long; it is assumed that businesses in GREEN will take at least a few years to be in the full operation. In the meantime, entrepreneurs are encouraged to keep their previous job or any other source of income, which saves entrepreneurs from the typical entrepreneurial tendency to 'accelerate' the growth and gives the idea a sufficient time to grow.

This particular understanding of time is fundamentally attributed to the overarching metaphor of GREEN's process. Businesses are understood as living organisms that have "deep roots", and the purpose of the idea development process is defining the "seed" of the business. A business seed is a solid foundation for the entrepreneur's ongoing endeavor, which may someday become "an oak tree, which we might call 'a business.'" The underlying assumption is that it takes a long time to grow a seed into a tree, and all the external environment will change in the meantime. To survive all the uncertainties inherent in environmental changes, the act of growing a business always needs to be anchored to the seed, which remains stable over time. In this metaphor, time is understood based on qualitative changes -- growth of a tree, changes of seasons, and changes in the landscape.

Most importantly, entrepreneurs in GREEN go back in time through the process of imagination. Ideas develop through reflecting on the origin of the business idea, which usually dates back years, sometimes decades, or even more. Entrepreneurs and community participants

spend weeks to discuss where the entrepreneur's original inkling comes from -- it is sometimes the entrepreneur's lifetime experiences with animals, a story between the entrepreneur's mother and grandmother, or the entrepreneur's personal commitment to social justice in the area of food and agriculture. This quest for the "deep root" of the "seed" of the business idea makes the process not only personally deep but also temporally deep. Looking back in time makes people become aware of the changes that occurred along the passage of time. By thinking about the origin of a business idea, entrepreneurs come to craft a temporal narrative, describing where the idea is coming from, where it is now, and where it is going.

These features of the GREEN approach nurtures a particular understanding of time – time defined by qualitative changes, not by the ticking of a clock. This again leads to a different understanding of how the future is related to the present. In this conception of time, the future is understood based on the changes from the present. The future attains a different meaning than just a different point on the monotonous flow of time. Consequently, the act of imagining the future is placed in the mental space where time flows and things change over *time*.

In summary, these different temporal orientations in two incubators produce the contrasting environments where the time is differently utilized in the idea development process. In GREEN's space of imagination, time flows and things change. The world is understood in the temporal context. Present is understood based on the changes from the past, and the future is imagined based on the changes from the present. Imagination is placed amid the flow of time. In ACCEL's understanding of time, time is not about change but about a monotonous decrease of scarce resource. Time is not understood by changes in the environment but by the ticking of a clock. Time is the resource to save. Faster is equivalent to more profit (Orlikowski & Yates, 2002: 684). The change of environment is not salient in this conception of time. The future environment is quantitatively different but qualitatively similar with the present environment. In ACCEL, time is independent of the idea development, but is objectively given by the external environment. The imagination of future happens in the mental space void of temporal changes.

Temporal Orientation and the Trajectory of Idea Development

Through the social process involving entrepreneurs and interaction partners, an entrepreneurial imagination substantiates like a stem cell differentiating over time. In the beginning of the process, entrepreneurs come in with an inkling of an idea that contains both a critical understanding of the present reality and a plan for action to move from the present reality

to the desired future reality. These two stand for the essence of entrepreneurial opportunity -- the problem and solution, and they are enmeshed within the first cell that holds all the possibilities.

What happens through the incubation process is the substantiation of these two essential elements of the entrepreneurial imagination. Like a stem cell differentiates into many different specialized cells composing each part of body, the fledgling sense of problem and solution grows bigger and spawns more meaning elements. The temporal changes in the business idea map represent this differentiation, and the groups of codes in the business idea map can be treated as akin to the parts constituting the body of an organism. Therefore, these elements are fairly comparable no matter where the business idea was incubated. Businesses incubated in both incubator contexts contain the following elements:

- 1) The problem and values codes representing the critical understanding of the present reality on which the business idea is built -- problem
- 2) Product/service codes representing the plan of actions to address the current problem and exploit the opportunity -- solution
- 3) Codes on marketing, revenue, and competition (essentially the extension of the product/service ideas), representing how the product/service idea will be related to the external environment -- solution

Through the substantiation process, meaning elements of the problem and the solution mutually influence each other. The specific solution follows the definition of problem, and the refinement of solutions also drives the discovery of problems, as well.

Although the elements of business idea map are comparable, the trajectories of substantiation significantly differ across two incubator contexts. Since this process of idea development is essentially social, the trajectory is heavily influenced by the embedding context, as the stem cell differentiation is significantly altered by the features of the embedding microenvironment. In the following section, I describe in detail how the trajectories of substantiation differ across ACCEL and GREEN, and propose underlying mechanisms that are related to the different temporal orientations in the two incubators.

ACCEL: Imagination in a Space Void of Temporal Change

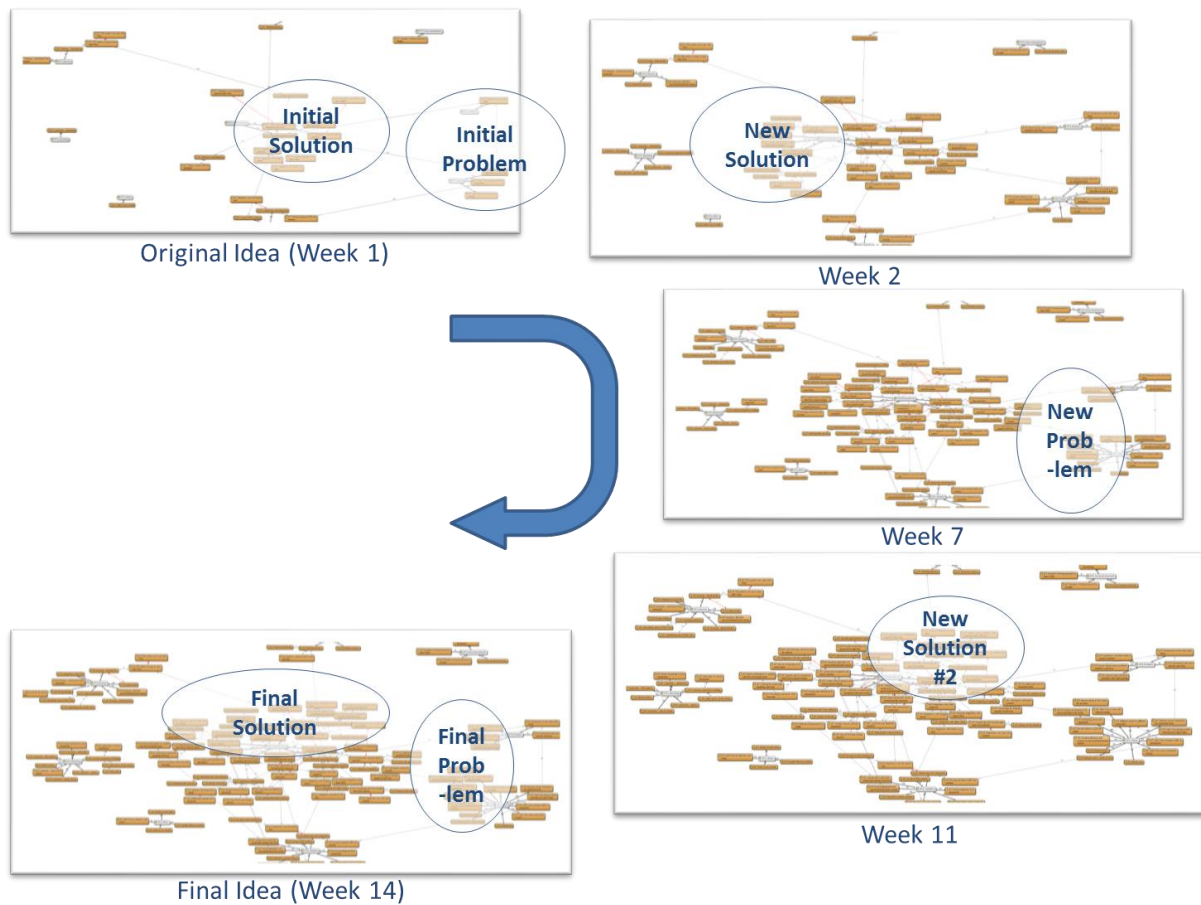
Because of ACCEL's temporal orientation that reflects objective, clock time, the process of idea development is embedded in the context where the environment does not significantly change over time. In other words, the future environment for the emerging business is not treated

as significantly different from the present environment. This contextual influence leads to a particular trajectory of idea development, where the refinement of the original solution drives the identification of new problems that are different from the original problem. My analysis shows that this trajectory is shaped by two underlying mechanisms: short-term estimation and external validation.

1. Trajectory of idea development

An in-depth analysis of the development processes of ShoplocL and Save Time reveals that business ideas becomes substantiated in ACCEL as the refinement of original solutions leads to the discovery of other problems that the business can address. This pattern is described in the following Figure 10 that is created on the basis of actual idea map evolution of Save Time.

Figure 10 Idea Development Trajectory in ACCEL



As shown in Figure 10, the codes on the detailed product/service ideas first populate the business idea map (week 2). The codes for problems and values usually follow via efforts to justify the product/service ideas (week 7). Continuous discussions characterized by short-term estimation and external validation, identifies another solution that can be more attractive to investors (week 11). A new group of problem is again crafted to justify the solution (week 14). One important feature of ACCEL's trajectory is the group of codes that I termed "validation." These are the codes capturing the mentions on plans and outcomes of empirical testing of idea elements. This unique group of codes, which was not observable in the maps from GREEN, serves an important role in refining the solutions as well as defining new problems.

For example, the pattern of idea development for Save Time shows that the solution leads to the emergence of new problems to solve, the problems that could lead to a more profitable and readily scalable business. Jack's original solution of collecting and broadcasting wait time for restaurants quickly led to the discovery that the same solution can be more profitable when applied to the problems of sports venues and casinos. In turn, refining the solution for sports venues revealed that sports venues did not want their employees to manually update wait times. This again led to a significant refinement of the solution, the pursuit of an automation technology. This once more led to a discovery of other problems to solve, such as pushing deals to the customers at shopping malls.

ShoplocL's idea development was not as dynamic as Save Time, but followed a similar pattern. The original solution that Robin brought in was the online listing service for local fashion retailers who cannot afford their own online presence ("0.0 retailers"). Through the efforts to justify this solution, the problems of these 0.0 retailers became substantiated. However, as the beta test of ShoplocL generates negative outcomes, Amber and the other mentors in ACCEL raised a new problem to focus -- the problem of online shoppers who want to get access to local boutiques. To address this problem, Robin was encouraged to shift the focus from the services for 0.0 retailers to the development of ecommerce store for the online customers who want to shop unique products.

2. Short-term estimation

My analysis further indicated two underlying mechanisms that shape this trajectory of ACCEL companies. These mechanisms, short-term estimation and external validation, are deeply related to ACCEL's temporal orientation and the understanding of the present-future

relation. In order to make the business idea justifiable to the proximate investment, entrepreneurs should estimate the expected values the business can create, and somehow prove, or make a persuasive case for such values. These are the two fundamental demands imposed on ACCEL entrepreneurs that generate the particular trajectory of idea development.

First, the business idea becomes substantiated through the process of generating the expected value that the emerging business would create in the future. This expected value of the future business is communicated with the investors mainly in the form of business model pitch and financial projection, and throughout the process, building a “solid” pitch deck and financial projection is constantly emphasized as the most difficult and important goal. However, the actual value of the business can never be obtained until the business is fully established. Therefore, this leads entrepreneurs to come up with an estimation that is based on the information and ‘rational’ assumptions based on the present reality. A remark from one of the mentors in ACCEL substantiates this point by emphasizing that estimation and validation is essentially the two main things that entrepreneurs do at this stage:

*“Building a fundraising strategy is like f***ing draining... let’s make an assumption and you prove all the assumptions are right, that’s good... but you have to keep challenging those assumptions... you don’t want to build your product unless you know how much resource you have. Your company dies when you don’t have any runway left... your job as a CEO should be just two: attract the right talent and go fundraising...”*

The substantiation of the business idea occurs in parallel with this process of coming up with estimations and justifications, and the details of business idea are derived from this need to come up with the specific and attractive numbers in the financial projection. For example, entrepreneurs substantiate the details of the solution out of the need to have the numbers that investors expect. During a meeting with a venture capital investor, Jack was asked about Save Time’s cost of recruiting restaurants. Only at the third week in the accelerator program, Jack responded, “I can’t quantify that right now.” Then the mentor from the venture capital fund told Jack “to take a guess.” He emphasized that for the pitch to investors, Jack was supposed to have a good financial projection, and for that financial projection, Jack needs to have a good number for the customer acquisition cost. This conversation led to further substantiation of Save Time’s strategies for acquiring new restaurants. Through meetings and conversations like this, Save Time’s specific solutions were developed out of an effort to generate numbers for a good financial projection.

The ShoplocL case provided another example. While developing ideas for recruiting retailers, Amber proposed a sales representative model, criticizing the current model where Robin bares too much responsibility. Amber said:

“You also have to think about how you get these things done in all fifty states... you’ll expand to these other areas... how long does it take to get the region up and running... dollar-wise and people-wise... think about and track how much time does it take for you... think about how do you scale that in other areas. You’d need to think through that for every state, as you build the five year financial model.”

Again, through conversations like this, the details of the business idea are designed with a purpose of generating estimations that fit with the investor preference.

This demand to come up with an attractive “ball park number” also leads to important modifications of specific solutions. For example, Amber and Robin had a discussion on whether event hosting can be a primary solution for ShoplocL. Robin thought it could be one of the main activities that ShoplocL can do because it benefits the local boutique owners. However, Amber talked Robin out of the idea by indicating that event hosting is not easily scalable to other geographical regions, unsuitable for the revenue section in the financial projection.

The impact of estimation is also demonstrated in the exercise of estimating market size. In one of the earliest meetings, Charles instructed Jack to come up with the expected market size for Save Time. This exercise led Jack to understand different types of markets -- the immediate market that Save Time can capture within a year, the capturable market that Save Time can capture within three to five years, and the entire market – which allowed Jack to develop a plan on Save Time’s regional scope and the time frame for its future growth. As shown in these examples, typical interactions in ACCEL encourages entrepreneurs to make an estimation of the near future based on the information on the present, and this estimation in turn, shapes the subsequent development of a business idea.

Another conversation during the Save Time process gives an example where the nature of service determined out of the attempt to calculate expected revenue of Save Time. In a meeting, the mentor who is an expert in software licensing bombarded Jack with questions, essentially telling Jack that in order to calculate the revenue, Jack needs to define the nature of the business first:

“You’ve gotta talk about what this is... is this a piece of software? What are we licensing? Is the software a service? Is this one time app that they are purchasing for

good? And they pay for an update? Have you defined what that's gonna look likes to you?"

The discussion triggered by these questions concluded that Save Time should follow the “software-as-a-service (SaaS)” model, which marked an important advance of the idea. Again, the need to calculate revenue led to substantiation of the idea.

The need to “crunch some numbers” on the financial model also determines not only the solutions but also the problem on which the business idea is based. Although Save Time started with an idea of broadcasting wait times for restaurants, the idea was later abandoned because the estimated revenue from working with restaurants was only 50 to 75 cents per reservation. Mentors at ACCEL discouraged Jack from pursuing the restaurant idea because the cost of acquiring and managing restaurants will be a lot greater than the revenue. Based on the estimation of future cost and value, Save Time’s focus shifted to the sports and entertainment industry.

This move of shifting to other problems that would generate a more financially viable business -- so called “pivoting,” a much celebrated concept in the contemporary entrepreneurship practice -- is also highly encouraged in ACCEL. When Jack was debating about shifting towards other industries than the restaurant industry, Charles shared his own experience of pivoting:

“[This is] what I have discovered from the past... one of the companies I owned was about designing an automatic pilot system but later a magnetic rail system company branched out of it. That was totally an unintended consequence.”

Amber also said, “Entrepreneurs often get stuck in one thing, and you’ll have a lot of problems if you do so... you follow where the information takes you.”

All in all, this role of estimation shows that a prediction of the future that is based on the present information creates the future. It is acknowledged that these estimations will not be precise. One of the ACCEL mentors said: “The problem is that we are dealing with a theoretical number, and it’s difficult to say that it’s gonna actually happen or not happen... you’ll keep improving the number.” Despite the acknowledged inaccuracy, the substantiation of a business idea is driven by this need to develop a solid financial projection. The price of the business is evaluated along with the development of a service/product because entrepreneurs need to prepare for the next round of fundraising. To calculate the amount of money to ask, entrepreneurs need to know how much they are selling at which price. In this way, the entirety of a business idea is

imagined through a process reminiscent of writing a fiction that is very realistic from the present standpoint.

3. *External validation*

Second, a strong emphasis is constantly placed on validating the estimation against the objective reality. Entrepreneurs generate estimations and assumptions throughout the process, which become subject to validation against the “hard facts” about the external environment. The means of validation varies, ranging from discussions on the facts and logics during the meetings, observations or mini-tests in the actual market context, to the full-scale market test with the beta product. Business ideas become substantiated through this validation process.

This emphasis on external validation is well represented in the type of questions posed to the entrepreneurs in ACCEL. Entrepreneurs’ presentations of business ideas are most likely to face the questions about whether the idea is grounded in the current reality. For example, when entrepreneurs propose a fee for the service, mentors ask if “the market can bare the fee.” When entrepreneurs propose an idea for a service (e.g., collecting and broadcasting wait time of restaurants), mentors ask the details about how the service will be implemented in the concrete situation (e.g., who in the organizations will update the wait time, how they will update the wait time, how often the wait time will be updated). Even from the very early stage, the viability of an idea is constantly checked against the present reality, as if the idea is being implemented at the moment. Ideas become substantiated through this constant “fitting” against the present reality. This orientation is well demonstrated in the following statement by Charles on the Save Time idea:

“Your value propositions are the things that you have to articulate very quickly... You need a list of concrete value proposition that are wired to the recipients that you have done some validation. You should have evidence of some sorts... it should not be based on hunches... when you come up with the list of value propositions, make sure they are hardwired to the recipients.”

Coupled with these questions focusing on validation, ACCEL mentors frequently recommend entrepreneurs to do some sort of testing -- interact with the external reality of the market to validate ideas. For example, when Jack considered shifting to casinos, Amber suggested doing some preliminary observation to assess casinos’ need of Save Time:

“If you kind of look at the traffic, try to do a test... Do some watching and figure out at what time do they have most traffic with most waiting... You’ll have to test like, on

average, you had this many people waiting in line, and imagine if half of those people had the app and get directed to somewhere else...”

Also with the later idea of automating wait time collection, mentors suggested doing a small test in the actual sports venues. Charles provided a specific suggestion:

“You can do this with fifty users... private beta at an actual game. From that, you measure the level of satisfaction... then we put a dollar figure to it... then later we can design the test that gives you quantitative results too, like the effect of reduced wait line for the bathrooms.”

Empirical tests are encouraged not just for fine-tuning the solutions. Entrepreneurs are encouraged to develop the sense of problem also empirically, mostly through conversations with potential customers. ACCEL mentors encourage entrepreneurs to go out and meet the potential customers and learn what the market wants. Amber gave Jack instructions on how he should use the opportunity to meet the potential customers:

“Instead of pushing Save Time, Save Time, and Save Time, you have to be smart enough to ask questions to get them to say their issues... and then you say this is what we have been working on... That’s what you gotta pull out from these sales meetings... let them tell you why [Save Time] is valuable for them”

These examples show that even though the original insight is coming from the entrepreneurs, the rest of the idea development process is strictly driven by the assessment of or the response from the market.

The outcome of these efforts for validation has a significant impact on the business idea development. The most dramatic example was offered from the ShoplocL case. Robin’s initial understanding of the present reality is centered on the problems of local fashion retailers who cannot afford an online presence, and she imagined the future reality where she helps and empowers these brick-and-mortar retailers by providing an online listing service and a related inventory management system. However, the beta version of ShoplocL initially faced negative feedback from the market. There was very little increase in the traffic of local fashion retailers, and more importantly, customers did not use the hold-in-store function that was the main focus of the market test. With this negative feedback, ACCEL mentors suggested Robin to shift the focus to the problem of shoppers, who want to shop at local boutiques but could not easily find them. Transitioning to a different problem also meant making changes to the solution. Amber recommended Robin to work only with local boutiques that already had online stores. In this

revised business model, ShoplocL's role is providing an online platform that connects online shoppers and local boutiques, a model that is easily replicable and quickly scalable to different regions around the country. This example shows that external validation is consequential in the idea development in ACCEL. Negative feedback from the market provides sufficient reason to significantly reshape the contour of the business, both problem and solution.

With this emphasis on external validation, the ACCEL approach follows the logic of empirical science. ACCEL helps entrepreneurs clearly identify their "hypotheses," and the validity of these hypotheses is determined by reactions from the market. Along the same line, any disagreement in the course of substantiating imagination is resolved empirically through market tests. Like scientific experiments, the ACCEL approach aims at proving the value of the business idea through conducting controlled experiments in the sample market. The implicit assumption here is that whatever that is found from the experiment with the current customers in Detroit is generalizable to the nation-wide customers who will be served by the business in three to five years. The implication of this use of scientific logic is that it makes the whole process present-focused. The future is imagined by examining the present. The future environment is assumed not to be significantly different from the present. Imagination is constructed in the world that is static, like the world of atoms or gravity.

However, applying scientific logic or relying on external validation does not alter the nature of the process; it still is a social construction process. This is because equating the world of business with the world of nature is untenable at best -- finding a new business opportunity is not exactly same with finding a causal relationship in the nature. The outcome of the local market test in the present time has limited generalizability to the national market response in the future, so the outcomes of the beta test cannot be fully equivalent to the scientific proof of a hypothesis. The process inevitably involves assumptions and predictions, which are subject to differences in opinions, leading to debates. Ultimately, even though the actors' intention is to discover the opportunity that lies in the objective reality, the process is in fact a social construction that involves discussions, debates, and negotiations.

This was well illustrated by what followed after ShoplocL's market test. The verdict from the "objective" market test became the object of different interpretations and subsequent debates. After the launch of ShoplocL beta version, Amber and Robin engaged in a heated debate over how to interpret the results from the market test. Robin focused on positive aspects (such as the

growing number of new visitors to the site), while Amber was skeptical of them, worrying that they are “vanity measures” that “do not prove anything.” Even with the seemingly objective empirical evidence, the feasibility of the business idea was still constructed through debates and reasoning. Another example is the debate between Amber and Dean (an entrepreneur of Save Time’s partner business) during the Save Time process. Dean argued that the increased views of Save Time can be a proof that Save Time can increase the customer traffic to the restaurants. Amber insisted that without a clear way of checking the conversion from views to the increased revenue, the views themselves are meaningless. Dean came back arguing that although conversion is not measureable, increased views were still meaningful measures which is “better than nothing.” This debate shows that there is often a lack of consensus on the measure for market validation, making the whole process more prone to debates and social construction rather than scientific proof.

Indeed, the whole focus on validation seems to serve a different function than actually proving the future success of the business: managing the investor impression. In a debate between Amber and Jack, Jack argued that reduced wait time at restrooms increases the revenue for sports venues, and Amber pushed back by saying the calculation was groundless if Jack did prove it by some statistics from objective sources. Jack came back by saying “this calculation is based on the common sense so it does not require any third-party validation.” Amber responded, “You can’t have that response because without proof, customers won’t pay and the business idea is not viable.” In this debate, Amber was essentially requiring Jack to provide a proof for a value that is actually not provable until the actual full-scale implement of Save Time in sports venues. However, Amber still wanted Jack to back up his argument with some justification because it affects investors’ impression on Jack and his idea:

“What I’m telling you is that you need to do your due diligence... when you are talking to investors, you have to have your proof and research that makes you sound legit... you can’t just say, ‘just look at online’. Does it sound credible for you? That will give it little more weight to what you’re saying.”

This seems to imply that entrepreneurs’ effort for validation may serve a symbolic function rather than the practical function of precisely predicting some unknowable value in the future. The true value of validation may come from strengthening the argument by making entrepreneurs sound more “legit.”

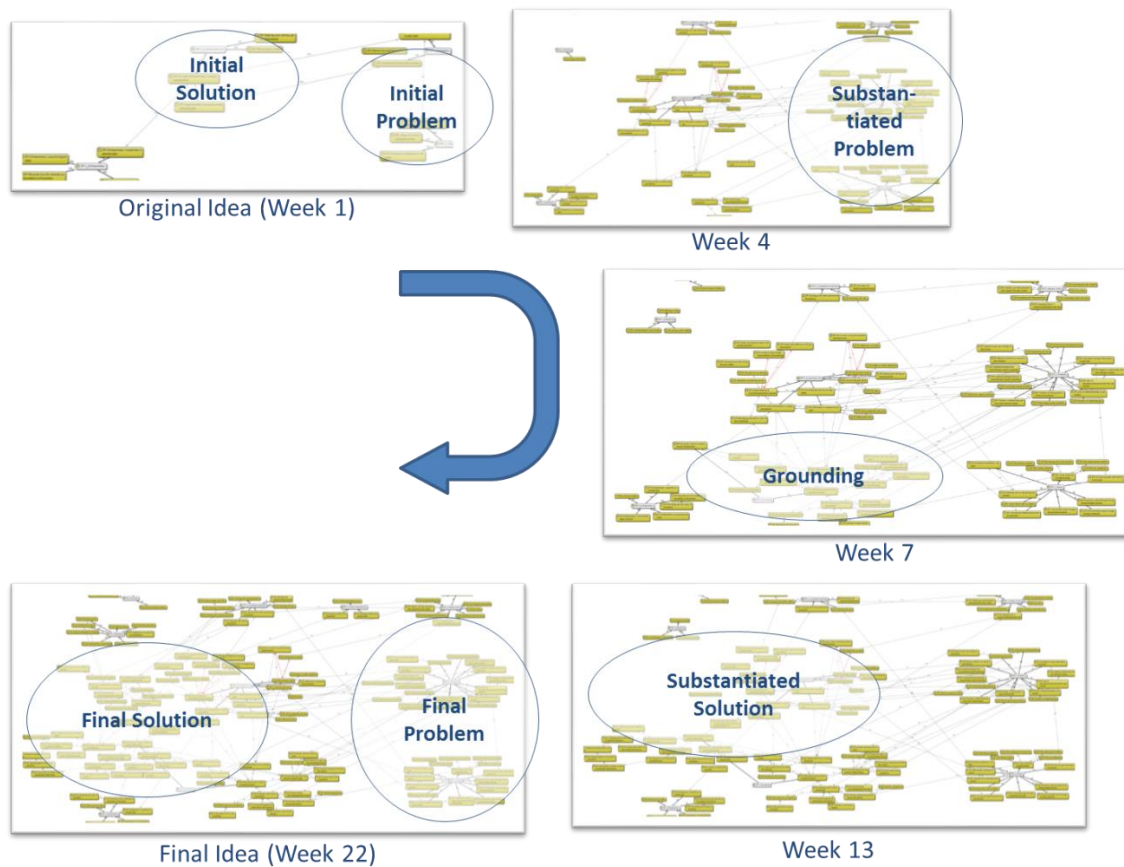
GREEN: Idea Development with the Flow of Temporal Change

In GREEN, the entrepreneurial imagination becomes substantiated in the context where things change over time. In contrast to ACCEL, refining problem precedes defining solutions. First, the sense of the problem that entrepreneurs bring in with them becomes refined through the collective discourse that invokes larger historical time. Then the solutions are defined based on the refined and enlarged sense of problem. This is done by validating ideas not against the external environment but against the internal thrust of the idea such as entrepreneurial identity and the origin of the idea. In this section, I first describe the typical trajectory of idea development in GREEN, and again propose two mechanisms that bring about this trajectory.

1. Trajectory of idea development

My analysis of the overall process of business idea development during Seed Design indicates a clear pattern where the substantiation of the problem precedes substantiation of solutions. This trajectory is described in the following Figure 11 that is constructed based on the actual evolution of the Dog Pound idea map.

Figure 11 Idea Development Trajectory in GREEN



This problem-solution sequence is equally found in both Seed Design process for Medicine Pocket and for Dog Pound. As shown in Figure 11, the community design sessions produce a large amount of codes on the problems that the emerging business addresses and the values of doing so (substantiation of problems comes first, week 4 for Dog Pound). The enriched sense of problem leads to the construction of specific product/service ideas, but this happens through an intervening step, the process of grounding (week 7). I call this process grounding because the process, which usually takes place in the early part of Seed Design, consists of the exploration of where the idea came from and who the entrepreneurs are. The group of codes produced in this ‘grounding’ process serves the role of bounding the solution to the predetermined problem and anchoring the solution to the origin of the business idea. Following this grounding process, the solution for the business becomes gradually substantiated (week 13).

In the Medicine Pocket process, a group of codes capturing the trend of marginalized elders and the problem of intergenerational disconnect first populated the map. This was followed by the ‘grounding’ codes – the codes on the importance of relationship, entrepreneur’s passion and competence, and the emphasis on solutions native to the particular elder-caregiver relationship. These later led to the emergence of codes representing the specific business solutions of Medicine Pocket.

The Dog Pound business map was also constructed through a similar trajectory. The codes on the problems with the current pet care industry were first introduced to the map. This was followed by the ‘grounding’ codes describing Anna’s unique philosophy on human-animal companionship -- pets are neither properties nor humans, and need to be recognized as natural and individual beings. This led to the codes capturing the essence of Anna’s service: the service to improve particular human-animal relationships (not a generic intervention). This was then followed by the proliferation of codes describing specific services that Anna can offer, as well as potential partners to work with.

2. Historical framing

Through the analysis, I further identified two intervening mechanisms that link GREEN’s temporal orientation and its unique trajectory of idea development. The first mechanism, which is found in the process of refining the sense of problem, is historical framing. By historical framing, I refer to the collective process whereby participants in the GREEN process elaborate the target problem of the emerging business, through constructing a historical narrative around

the entrepreneur's initial sense of problem. In other words, the interaction partners in GREEN capture the entrepreneur's critical understanding of the reality, temporally extrapolate it to build a much bigger story involving history, and refine the original sense of problem by placing the focal business idea back into that narrative. I termed this process as historical framing because it is similar with the framing process in the social movement literature (Zald, 1996), where the collective construction of cultural contradictions in history provides the drive for political mobilization.

Historical framing starts with the community design sessions, where the entrepreneur's original idea is linked to the broader historical trend in the relevant domain. Community design sessions are the opening component of Seed Design and require the participants to do the broad survey of the issue domain. Participants bring in diverse perspectives and information, but they are not necessarily validated against the objective facts. Nor are they meant to be a thorough survey of all the knowledge about the domain. Instead, this exercise allows entrepreneurs to see what their original idea invokes in the minds of others, and this diverse set of information works to expand the entrepreneurs' perspective and comprehension of their own ideas. Consequently, entrepreneurs and the surrounding collective come to construct a broader historical narrative in the domain of the focal business idea.

The community design sessions for Dog Pound exemplified this process of historical framing. Following Anna's introduction of her original idea, community members began to share their reflections of the idea. The conversation advanced towards the collective awareness of the negative trends in the pet care industry such as anthropomorphizing animals and generating expensive pet care services, including in-home pet care, pet daycare centers, pet grooming services, pet playing areas, and pet airlines. This collective construction of the problematic trends in pet care industry led Ted to suggest having an additional session devoted to discussing the pet-human relationship. In this additional session, the group went even deeper, discussing the historical roots of animal domestication, constructing a broader historical narrative describing the evolution from wild animals to pets, and developing alternative ways towards more ethical human-animal relationship. This historical narrative in turn provided the context on which Anna's business idea was built. Based on this socially constructed history of human-animal relationship, community members came to imagine that Anna's business would present an alternative to today's problematic trends, focusing on more sustainable, pragmatic, and natural

pet care based on Anna's unique philosophical beliefs. This evolution of the conversation was well articulated in participants' recollection. One of the participants said, "I don't want to see another pet store, but I'd like to see different kinds of pet store that keeps sanity of people." Another participant also proposed that Anna's business could be a way of messaging Anna's unique view on the human-animal relationship. This series of collective discussions granted a broader historical meaning to the Anna's business idea. This way of developing the early-stage business idea is significantly different from estimation or external validation, and it reflects GREEN's mental space of imagination in which imagining future evokes temporal changes.

As shown in the Dog Pound example, these discussions happening in the beginning connects the original idea to a broader historical time. Julie's personal love for food and justice was connected to the history of racial discrimination and the poverty in the city of Detroit. Mike's recollection of the story of his mother and grandmother became a representation of the historical trend where elders are marginalized and intergenerational connections are lost. The quest clarifying Anna's unique philosophy about animals led to the discussion of the history of animal domestication and the distorted modern conceptions on pets. These moves of historical framing situate the emerging business idea in the narrative with a large time frame.

Once a historical narrative is constructed, the meaning of the business idea is reconstructed as a specific tactic to 'correct' the problematic trends in the present reality. Anna's business was conceived as a tool to "message Anna's unique view" and consequently change the way people think about their relationship with pets. Medicine Pocket became understood as an attempt to bring marginalized elders back to the mainstream society and help them find their own contribution. Under the narrative of racial discrimination and urban poverty, Good Food Network represented the collective effort to stop reproducing problems plaguing the history of the city. In this way, the problem element of the entrepreneurial imagination is first substantiated in GREEN, providing a basis for the specific solutions.

3. Internal validation

The second mechanism linking GREEN's temporal orientation to its peculiar trajectory of idea development is internal validation. This mechanism is observed particularly at the stage of designing specific solutions. The solutions are designed as specific tactics to alter the problematic historical trend, which was identified through historical framing. Notably, these tactics are validated internally -- entrepreneurs as well as other participants propose ideas to

solve the constructed problem, and the ideas are validated against where the idea has originally come from and who the entrepreneurs are. The contour of the business solution is shaped not based on the demand of the external environment but based on the internal drive of the business. This mechanism of internal validation manifests in multiple ways.

First, specific solutions are clearly bounded by the understanding of the problem, which is believed to be the “deep root” or the core of the business. With the problematic historical trend in pet care at its core, Anna’s imagination is further substantiated with the possible actions that she can do to create positive changes in the way people think about and engage with their animal companions. Likewise, Medicine Pocket’s solution was shaped by the historical narrative where elders are increasingly pushed aside and the entire society is losing the value of intergenerational connections. Mike and Jennifer’s specific actions are designed towards ‘correcting’ this trend and creating a society where elders are integrated and empowered. This orientation is well captured in the following comment that Ted made while designing specific services for Dog Pound. Ted emphasized the alignment between the service ideas and the core of the business, by stating:

“What do you operate under, here?... here we are founded upon ‘this person-this animal’ ethics... this is the ethics that you’re operate on... if [the service demand] is not about this person-this animal, you can say I don’t work in that area.”

In this comment, Ted is reinforcing that what Anna offers should be founded upon and bounded by her unique philosophical beliefs that forms the core of her business, and possible ideas that are not aligned with this foundation should be disregarded.

Second, the origin of the business idea becomes the most important source for designing solutions. This is best illustrated in the case of Medicine Pocket. Once the problem is defined through the community design, the specific business solution for Medicine Pocket was derived through analyzing the original inspiration for the business -- the story of the Mike and Jennifer’s mother and grandmother. The story is about how the troubled relationship between their mother and grandmother was improved by their mother’s invention of the original Medicine Pocket. Through repeated conversations, entrepreneurs and community participants analyzed in detail how their mother first invented the solution, what the solution did to their grandmother, how the solution cured the relationship problem, and what the solution did to the broader relationships surrounding their grandmother. The group spent weeks to extract the abstract meanings from the

original story, which were then applied to form specific solutions for the emerging business. Here, specific business solution was not derived from the need to generate attractive numbers to the investors, but sourced from the origin of the idea.

In addition, constantly checking the alignment with ‘who we are’ -- the entrepreneur’s passion, desire, preference, and identity -- is another way to validate the solution. This is shown particularly through what Ted does during the process. Whenever an idea is proposed, he keeps asking entrepreneurs if the idea is what they want, if the idea “gives them energy,” if their “passion lies with” the idea. Entrepreneurs’ answers to these questions lead to the substantiation of specific solutions. For example, in the Medicine Pocket case, Mike and Jennifer’s previous experiences and passion for community organizing was infused into the business idea, making the community engagement as the main organizational form for Medicine Pocket. Similarly, the focus of Dog Pound was later settled on the early-stage human-animal relationship, following what Anna was most interested and what Anna was already pursuing with external partners. Ted also reinforced this orientation of internal validation through sharing his own story with GREEN:

“There are people coming in here saying ‘can we have a space here, we are not going to stay here for a long time, but we just need Detroit address’, then I say ‘oh, no, we are not doing that.’ I am not even casting any judgment here. When there’s no ethical value alignment, it’s not sustainable... there’s price to be paid for that.”

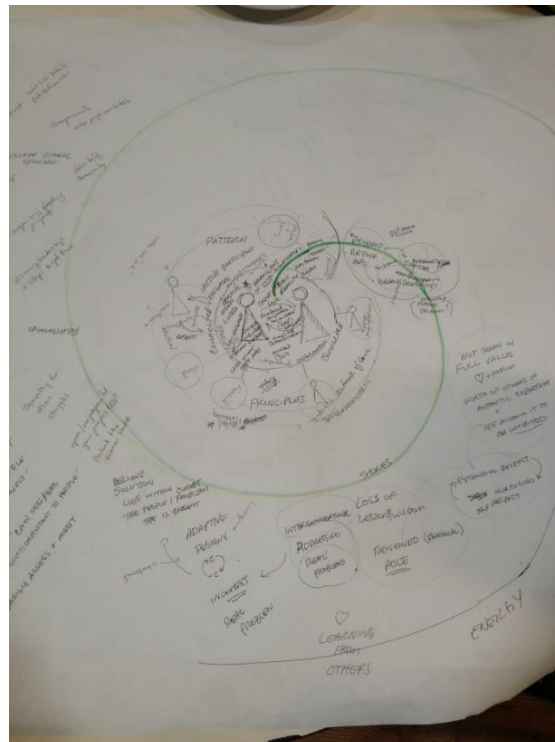
By sharing his own experience, Ted highlighted the importance of aligning what you do as a business with who you are and what you believe as a person. Stories like this leave impact on entrepreneurs and lead them to pay attention to the internal fit with their personal identity, rather than the external fit with the market demand.

Even after the solution becomes settled, this internal alignment is also constantly reminded. When presenting the final outcome at the reunion session, Anna explained how she derived the business idea, by saying “coming down to the ethics, I had some hard time to figure this out... [community participants] helped me filling this out, and Ted wrote down a key part here -- this particular dog and this particular person.” Immediately after this comment, Ted added, “I’m quoting Anna for that. It was your own words.” As shown in this brief interaction, the GREEN process constantly emphasizes that the business is sourced from the entrepreneur themselves, and highlights that frequently. This emphasis on internal validation reflects GREEN’s temporal orientation. When the external environment is understood as constantly changing over time, the future cannot be imagined based on the present. The business idea needs

to be anchored to something else that is more stable, and for GREEN, it is the origin of the idea and the identity of the entrepreneurs.

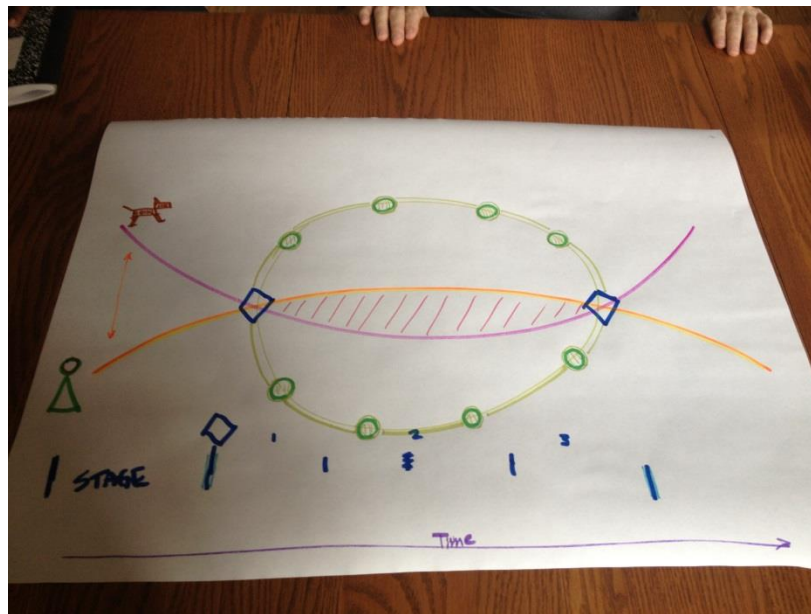
Third, the frameworks that Ted provides for idea development plays a significant role in the GREEN process. At different times during Seed Design, Ted offers frameworks that summarize the emerging business idea, and it provides an important platform for the following substantiation of solutions. For example, for the Medicine Pocket process, Ted proposed a framework called “living systems,” as the group starts to design specific service/product. An example of the living system is presented in Figure 12. The living systems referred to the system that grows like a living organism, originating from a single relationship to a larger system involving many different relationships. This represented Ted’s reflection of the ongoing discussion, and the specific design of the Medicine Pocket business idea was substantiated by fitting the original story of Medicine Pocket with this framework of living systems. Practically, the specific solution of Medicine Pocket was substantiated as the entrepreneurs and Ted collectively fill out the living systems figure through discussions of the original story. Therefore, the living systems framework served as an essential tool to analyze and utilize the origin of the business idea.

Figure 12 Framework of Living Systems for Medicine Pocket



Similarly for Dog Pound, Ted and Anna substantiated Dog Pound's specific services by filling out the framework that Ted proposed. At different points during the process, Ted provided and elaborated frameworks of relational stages of human-animal companionship (Figure 13). Specific solutions of Dog Pound were substantiated as Anna and participants fill out the framework through discussions. Anna proposed service ideas for each stage of the companionship, and each idea went through an extensive discussion focusing on whether it is aligned with Anna's ethics. As a result, the group came up with a framework of multiple services across relational stages: for the early stage, adoption readiness assessment service; for the middle stage, change adoption service; and for the later stage, the service for pet loss and separation.

Figure 13 Framework of Animal Companionship Stages



From a practical standpoint, these frameworks seem to serve the role that is equivalent to the pitch decks and financial projections for the ACCEL process. The business ideas develop in ACCEL as the entrepreneurs and interaction partners work towards the practical goal of creating a pitch deck and financial projection. In GREEN, these endogenous frameworks seem to perform a similar function. The abstract business idea develops through the concrete action of filling out the frameworks. A significant difference here is that the frameworks are developed uniquely for each individual business, reflecting the peculiarity of the business idea. Moreover, while pitch

decks and financial projections are devised for external communication with investors, the frameworks at GREEN are more for the internal communication -- for socially developing the entrepreneurs' self-reflection.

Comparing Two Ways of Idea Development

Although the differences between the two incubators were highlighted, the idea development processes of the two incubators share similarities as well. However, even with the similarities, the critical difference in terms of the order of substantiation (i.e., whether the solution comes first or the problem comes first) still remained, generating fundamental differences in the idea outcomes. For example, mentors in ACCEL also mention the recent industry trends and how the business idea fits with the trend. In the process of Save Time transitioning from the restaurant industry to the sports/entertainment industry, Charles made the case that Save Time is in line with the larger trends in the sports industry where the active utilization of the Internet and communication technology is changing the way the sports games are consumed. In this statement, Charles is clearly creating a broader historical narrative around the business idea, a practice similar to GREEN's. However, one critical difference is that this construction of a narrative followed the identification of a solution (i.e., wait time broadcasting in sports venues), and worked to justify the solution, not to give a basis for designing the solution.

For another similarity, like the market tests in ACCEL, Seed Design in GREEN also encourages entrepreneurs to develop a prototype and test it to validate the solution against the external environment. As a next step to Seed Design, Ted encouraged Anna to develop a detailed service procedure and try out specific services with customers without charging a fee, as a form of prototyping. At the surface level, this is very similar to the market test in ACCEL. However, one major difference is that GREEN inserts one critical step before this market test, which is identifying the "deep root" and "seed," a clear identification of the problem that the emerging business addresses. Specific services and products are designed based on this solidly settled problem area. These specific tactics can always change following the outcome of market tests, but the business cannot easily transition to address a different problem. Therefore, GREEN's business solutions are structurally bound by the pre-identified problem, and are not amenable to radical pivoting. In other words, the business is constructed on a clear sense of foundation, so the external validation is still for finding better tactics to address the same problem (not for finding a more 'lucrative' problem). This orientation is well captured in Nick's comment on Dog Pound:

“This business grows... you don’t really know where it will be several years down the road... all you need to know now is to get started and see where the opportunities are... I have no idea where this thing is going... once you get launched, you gotta keep looking where it’s going... and keep asking ‘does it feel right to me?’”

Finally, in both contexts, the original solution with which the entrepreneur started the process often becomes nearly irrelevant. In the Dog Pound case, Anna started with an idea of a pet care retail business, but the Seed Design process turned Dog Pound into a service business. Similarly, Save Time started with an idea of collecting and broadcasting wait times for bars and restaurants, but at the end of the accelerator program, the business is about automatically collecting and broadcasting wait times, as well as pushing deals to the customers in sports and entertainment venues. Although these significant changes in the business idea are common across the two contexts, the source of change differs significantly. Save Time’s idea evolved in search for an opportunity that yields higher profitability and enables faster growth. Dog Pound’s idea evolution occurred through constructing a better understanding of Anna herself and her original aspiration. Regarding this change, the group recollected at the end of the Seed Design for Dog Pound:

Anna said, “An interesting part is that I’d never imagined I would get here.” To this point, Megan pointed out that “looking back, this was always permeating everywhere.” She recalled that even when they were talking about the retail business in the beginning, it was always there. Ted agreed to this point. He recalled, when Anna was talking about a sustainable pet store, he thought “you are not doing what you just told me, you are not doing the main thing you wanna do.”

This example shows that at the surface level, “pivoting” happens in both places. However, what drove the “pivot” is different: at ACCEL, it was the exploration of diverse opportunities in the present reality, while at GREEN, it was the introspective inquisition that goes across past, present, and future.

Outcome of Different Processes: Ideas and Businesses with Different Nature

Different processes of idea development leads to different outcomes. Through months of incubation process in each context, originally malleable entrepreneurial insights turned into plans for very different types of business. ACCEL’s process tends to generate business ideas that can be easily implemented and address widely shared problems. The accelerator program for Save Time resulted in a solution that is replicable to numerous sports venues for all types of games in any location. Similarly, the idea for ShoplocL was modified in a way that the solution could

easily be replicated to all the local boutique stores in the entire country. Overall, the ideas are designed to focus on the problems that are relatively easy to comprehend and universally shared. The solutions often involve the use of technology for the ease of quick replication and growth.

Another important aspect is the emphasis on exit. Oftentimes, the businesses in ACCEL are designed with an expectation of being acquired by bigger companies. The narrower temporal orientation of the incubator context becomes imprinted in the prospect of the business. This was well captured in a conversation between Jack and one of the mentors in ACCEL. This mentor tells Jack that Save Time will not go public but has to be acquired by larger companies:

“[If Save Time] deepens their click rate... Google needs to own you... So, think about the value you add and prospective acquirers... this is not going public, this is gonna be bought. [Potential buyer] could be Open Table, or Yelp...”

As shown in this example, businesses in ACCEL are not designed to stay long. Oftentimes, business ideas are developed in a way that the acquisition is easier. From the early stage, business ideas are developed with an explicit reference to the value it can add to the potential buyers.

In contrast, GREEN’s process produces an idea that is not readily comprehensible because the idea is based on a unique understanding of the reality, which may not necessarily neatly correspond to the existing categorization scheme in the external market. For both Medicine Pocket and Dog Pound, the process involved frequent discussions related to the identity of the emerging business. At the reunion sessions for Medicine Pocket, the entrepreneurs were bombarded with the feedback from the community members that they were not sure if Medicine Pocket is a business, a community organization, or something else. Similarly, there were several incidents during Dog Pound’s process where participants debated on how to categorize Anna’s new business. Different suggestions were proposed including therapist, coach, consultant, and counselor, but it was not settled even at the end of the Seed Design. Explanations on this frequent struggle in categorization were also offered during the meetings. Ted explained that Anna’s business is difficult to categorize because “people try to connect your business to something that’s already familiar with them.” One way to address this issue, he suggested, is to identify that there is a gap between vets and pet groomers, because there has been no one focusing on the *relationship* issues between humans and animals. Ted suggested that “Anna is drawing two pillars that are familiar and identify the gap between them that her business wants to

fill.” Ted said, “That’s your framing of the world.” In other occasions, Ted also explained that what GREEN’s process essentially does is “not as much business development as industry development.” And the new industry is developed by explicitly shedding lights on the serious but less understood problems. He made a comment about this orientation: “You can’t ignore the huge elephant in the room and say there is no elephant.”

These remarks reflect the peculiar nature of the business outcomes growing out of GREEN. The process of idea development starts with the unique sense of problem that entrepreneurs bring in with them. This sense of problem becomes articulated through the collective construction of often-unconventional understanding of the reality, and the business solution is designed to address this unconventional problem. Therefore, none of the business ideas at GREEN fits neatly with the existing industry categorization. The broader temporal orientation and the peculiar idea development process results in the creation of a novel type of work that does not currently exist.

Theoretical Implication

Elaboration of Opportunity Creation View

Through an in-depth investigation of the real-time process of the early-stage entrepreneurship, this dissertation research advances an emerging view in the entrepreneurship research: the opportunity creation perspective (Alvarez et al., 2013). As reviewed earlier, this view provides a contrasting view to the dominant view of opportunity discovery. It holds that entrepreneurial opportunities are created through the process of entrepreneurial pursuits. To extend the earlier metaphor, this view considers the opportunity not as a rigid frame hiding somewhere in the objective reality, but as a malleable frame that is actively stretched and reshaped by entrepreneurs’ very pursuit of the frame and the attempts to fit the idea with the frame. So, it assumes mutual influences between the entrepreneur and the reality. Entrepreneurs are not seen as someone who happened to fill the gap that was meant to be filled anyway by the grand force of market. Instead, their pursuit of opportunity shapes the evolution of the market and macro environment. Through entrepreneurial endeavors to fit the idea into the frame, the shape of the frame is defined. It is possible that today’s pursuit of a particular opportunity creates changes in tomorrow’s market environment, which in turn create the conditions for an opportunity to be successful (Hargadon & Douglas, 2001).

This research provided a rich empirical support for this view by showing four different cases where the business opportunities and solutions are constructed through repeated conversations, debates, and arguments. Although driven by different logics, both incubating contexts demonstrated that through this discourse, the understanding of the opportunity became substantiated and sometimes radically shifted over time. Also, this evolution of opportunity was accompanied by the evolution of business solution itself. This finding makes a key contribution to the study of entrepreneurship because without an understanding of this complex process, the success or failure of these businesses would again be conveniently attributed to factors like ‘alertness’ of individual entrepreneurs. Specifically, this research extends the opportunity creation view in the following three ways.

Opportunity is Created not by Looking Forward, but by Looking Around and Back

First, this research clarifies the nature of thinking that undergirds the co-evolutionary process of opportunities and solutions. The entrepreneurial process, like all the other processes of creation, is a process of making something new, something that did not exist in the past and does not exist in the present. Because of this nature of the task, our understanding of entrepreneurship is often focused on the new thing that is being created, and the person who is looking forward, imagining and designing the future. However, the future should come from somewhere. Even when constructing a new building, the architectural design stems from a detailed consideration of where the building will be built, what the surrounding environment is like, what types of buildings has been constructed in similar situations in the past, and what types of buildings the current crew have constructed in the past. Building a new business bears little difference.

The current research reminds us of this often underappreciated fact that entrepreneurial process is essentially about developing a sophisticated and shared understanding of the present and the past, from which the design of the future originates. Entrepreneurial imagination of the future business is an interpretation of the future reality by the person living in the present reality, using the words of the present reality. The future reality becomes meaningful by attaching today’s meaning to it. Therefore, the understanding of the present reality is the foundation upon which the imagination is built. When the understanding of the present reality changes, the meaning of the imagined future reality also changes. An entrepreneur in action, therefore, is not looking to the future but looking to the present and past, from which the meaning of the future is constructed.

Opportunity is Socially Constructed

This research also provides a rudimentary foundation to understand the complex social process of creating opportunity. The entrepreneur's imagination is different from daydreams because it needs to be shared with the rest of the world to turn the imagination into the reality. The popular notion of entrepreneurship treats the process as rather linear and individualistic: the typical narrative is full of an exceptionally insightful individual who somehow discovers an unnoticed opportunity and builds organizational solutions to exploit it by surviving all the criticisms. However, as shown in this research, entrepreneurship is essentially a social process where entrepreneurs build an understanding of the reality that has to be communicated and shared by all others who hold the resources to actualize the imagination. The beginning of this entrepreneurial process is turning the idea into an intersubjective reality with those in the immediate context. Therefore, it is of utmost importance with whom the entrepreneur starts going through this process. Depending on the principle and structure of the echo chamber in which entrepreneurs place themselves, the understanding of the reality and the subsequent solutions can be drastically different. This very fact makes entrepreneurship essentially a sociological phenomenon from the very beginning. A fuller understanding of entrepreneurship is not attainable without understanding this social gestation stage, where the embryonic idea in the womb grows in interaction with the external environment even before the business is born.

Opportunity Creation is Affected by How Time is Understood

Finally, this research's comparative analysis of two incubators suggests that different conceptions of time in the context lead to different processes and outcomes of opportunity creation. I focus on the understanding of time because the process of opportunity creation entails imagining the realities of different times. Again, the entrepreneurial imagination is a socially constructed understanding of the present reality in relation to the desired future reality -- a shared understanding of where we are now and what we ought to do to get to where we want to be. Entrepreneurial imagination is constructed through a mutual influence, or a constant conversation between the future and the present.

Because of this nature of entrepreneurial imagination, the understanding of time, which determines how the future is related to the present, becomes crucial. When the context nurtures the conception that time is subjective, event- and process-based (Orlikowski & Yates, 2002), the future is defined by the qualitative changes from the present. With this temporal orientation, the

act of imagination is placed in the mental space with a broader time frame. In contrast, when time is understood as objective and clock-based, the future is just another point in the absolute and automatic flow of time, and the future and present are two separate positions in the static environment. With this temporal orientation, the act of imagination occurs in the space with a truncated time frame.

A broader time frame for imagination enables entrepreneurs to attend to the opportunities that will take a long time to address, while a narrower time frame directs the entrepreneurial attention to making rapid and incremental improvements with a greater spatial scope. A broader time frame infuses in entrepreneurs' thinking a sense of historical change and evolution, while a narrower time frame places a stronger emphasis on fitting most effectively with the immediate environment. Imagining actors in a broader time frame come to imagine the business with a sense of permanence, while for those in a narrower frame, the longer-term future of the business (beyond the first-round financing) is often irrelevant.

Four cases of idea development demonstrate this impact of temporal orientation on the idea development process. This analysis suggests a novel relation between temporal orientation and opportunity creation process. Specifically, the temporal orientation at the moment of imagination seems to shape different processes of imagination in two ways -- by defining different grounds on which opportunities are found and enacting different modes of validating ideas.

First, having different temporal orientations leads to different ways in which opportunities are identified. ACCEL's incubation approach engenders temporal orientation akin to the objective, clock-time (Jaques, 1982). Time goes automatically as the clock ticks, independent of changes. There is definite end in the time we live in, represented by deadlines (for ACCEL entrepreneurs, it is the final pitch) and the "burning runway." This is because ACCEL's time is entrained to the time of financial investment -- essentially the rhythm of venture capital investment. Accelerators are feeders of good investment assets, and 'good' ideas are the ideas that are ready to be implemented and capable of creating the target return rate within a given time period. In ACCEL, therefore, time is the resource that burns every minute. It motivates entrepreneurs to work harder and move faster, because "your runway is burning," and it is the "race to the market." However, the role of time stops there. Temporal changes in the environment have a minimal role in defining problems and opportunities. The process is

designed to find the solution that will work in the future environment, which is assumed to be essentially the same with the current environment. The opportunity for a future business is understood as a gap in the static environment -- a particular type of gap that is easy to fill and widespread throughout the economic landscape. Entrepreneurs are like treasure hunters, searching for a lucrative opportunity for a quickly scalable business that is hidden somewhere in the unchanging environment.

GREEN's time is reminiscent of event time or subjective time (Starkey, 1989). Time is understood by the changes in the environment and the progression of an event. There is no defined end of time. Things are continuously changing and the imagining actors are constantly immersed in the flow of time and changing environment. Therefore, in GREEN, the flow of time equals change. Time is understood not as an empty Gantt chart that one should fill out in the most effective and efficient manner, but as what needs to pass to cause fermentation of thoughts and ripening of ideas. The greater stream of historical time is the basis for finding opportunities in GREEN. By placing the entrepreneur's inkling in the broader time frame, GREEN helps the entrepreneurs see how things have changed historically, where the world would possibly be going, and how they can position themselves in the flow of time. It is akin to crafting opportunity structures for social change, and entrepreneurs are like activists attempting to influence the reality in the distant future.

Second, different temporal orientations give different meanings to "validation." Validation is one of the most emphasized concepts in the contemporary entrepreneurial practice. The whole notion of "lean startup methods" bases its core value on early, rapid, and iterative market validation of an idea, before committing to build an entire product (Blank & Dorf, 2012). However, this research's findings suggest that validation in business idea development might have multiple meanings depending on the temporal context in which the act of imagination is embedded.

Validation refers to an act of establishing the fact that an object is valid. According to Merriam-Webster English dictionary, the word valid means 'well grounded' and 'justifiable.' The origin of the word valid is the Latin word *validus*, whose meaning is 'being strong.' Therefore, a deeper meaning of idea validation can be an act of establishing that the idea is well-grounded in the source of viability, so that the idea (and the resulting business) remains strong.

The existing entrepreneurship practice holds that the energy required to maintain the viability of a business comes from the external environment, especially the abstract notion of the market demand. Based on this belief, entrepreneurs develop the idea for a new business through constantly validating the idea against the current external environment. Through continuous validation of specific elements constituting the business idea, the fit between the emerging business and the external environment increase, and so is the viability of the future business. ACCEL's approach to business incubation reflects this logic. The implicit assumption here is that today's external environment to which we have a direct access, is not significantly different from the future environment in which the emerging business will exist. This assumption of a static environment is the key feature that justifies this approach focused on the external validation. In the logic of empirical science, the object of scientific research should remain stable across the time and context. In order to apply this logic, the external environment against which the idea is validated should remain the same over time across contexts, so that the claim about today's market in Detroit still holds with next year's market in New York.

However, when the environment is not expected to stay the same, the external environment no more provides a reliable ground against which the emerging business idea is validated. There needs to be another ground for validation, which should be stable as well as resourceful. When the external environment is assumed to change, the idea for the future business should be developed in a way that maximizes the fit with this alternative source of viability. The GREEN approach offers one possible candidate, which is the origin of the business idea. Depending on specific cases, this origin of idea meant different things, such as the story infused in the original product (Medicine Pocket), the entrepreneur's lifetime experience (Dog Pound), and the historical state of the local community (Good Food Network). In GREEN, these are considered as the stable source of energy that will keep the emerging business continuously growing, even with the unforeseeable changes in the external environment. For this reason, the businesses in GREEN develop through internal validation. The assumption is that if the solution fits with the entrepreneur's preference, competence, passion, and identity, the idea will find a way to grow even with the unpredictable changes in the external environment.

This finding presents an important extension of the opportunity creation perspective in the entrepreneurship research. It brings up the important role of time and the temporal space in which the collective act of opportunity creation is embedded. Due to the currently prevalent

structure for early-stage entrepreneurial endeavors, opportunities are often created with an expectation of showcasing the business model in front of investors within a few months. This research suggests that this structure nurtures a particular temporal orientation, which in turn exerts a significant impact on how opportunities are created. By juxtaposing different modes of opportunity creation with a different conception of time, this research presents multiple ways in which a future business can be imagined. Early-stage entrepreneurship may be more than just customer validation and financial projection. A business can also be imagined upon something in a greater time scale, such as cultural contradictions in the history.

Advancing Entrepreneurship Research through Disciplinary Crosspollination

The findings in this dissertation research offer a new direction for entrepreneurship research by raising various possibilities of disciplinary crosspollination. Above all, it foreshadows the potential value of integrating micro-sociological perspectives into the research of entrepreneurship. As shown earlier, the inception of organizing is fundamentally at the repeated social interaction and discourse. Applying prominent sociological knowledge on micro-sociological processes (e.g., symbolic interactionism) will significantly deepen our understanding of the sociological root of entrepreneurship.

Secondly, this research's focus on temporal orientation opens up the possibility of incorporating the organizational and sociological literature of time into the research of entrepreneurship. Despite its significant advances in the recent decades (Ancona, Okhuysen, & Perlow, 2001; Orlikowski & Yates, 2002), the literature of time has yet to make inroads into the study of entrepreneurship. However, as argued in this research, time is an essentially element in the entrepreneurial imagination. Taking time seriously in the research of entrepreneurship may help uncovering one of the important dimensions of entrepreneurial process.

Finally, this research's findings on the GREEN process allude to the possibility of integrating entrepreneurship research with social movement literature. Specifically, in the social movement literature, frames serve the role of highlighting the cultural contradictions in the current society and by doing so, "calls attention to, and crystalizes opinion on, moral and political matters that had been dormant or ambiguous (Zald, 1996)." This seems to precisely capture the historical framing process at GREEN. Although the two seems ideologically antagonistic to each other, there are a lot of similarities between the process of emerging social movements and emerging businesses, and the two are essentially the same in a sense that they

are both about the process of organizing. Entrepreneurship is triggered by the framing process -- constructing a shared understanding of the world that justifies and legitimizes the entrepreneurial endeavor. With this framing, the entrepreneur analyzes the market like activists analyze the political opportunity and institutional context for movement. Based on this opportunity structure, entrepreneurs mobilize diverse resources -- most importantly financing, hiring talents, marketing to potential customers, drawing upon diverse functions such as technological, accounting, and legal assistance. These similarities raise the possibility that there can be some synergy in integrating the knowledge from both streams of research.

CHAPTER V

Conclusion

This concluding chapter is devoted to the discussion of two remaining issues. First, I address the issue of endogeneity in this dissertation research. Even though due to the nature of inductive qualitative research, it is impossible to fully resolve the issue, I discuss several reasons why the endogeneity issue is unlikely to pose a significant challenge to the findings of this research. The second part of this chapter touches upon the practical meaning of this research's findings. In light of the post-industrial transition of the U.S. economy, I discuss the meaning and limitation of the two contemporary entrepreneurship projects to revitalize Detroit: a VC-backed entrepreneurship model at ACCEL and a community-centered alternative model at GREEN.

Addressing the Issue of Endogeneity

In this dissertation research, I am arguing the significant impact of incubator context on the process through which the idea for a new business develops. Because of this focus on the contextual effect, an issue of endogeneity or self-selection bias can pose a serious threat to the validity of this research's arguments. In other words, it is possible that the difference I have found across GREEN and ACCEL is actually attributed to the differences at the level of individual entrepreneurs. While a random assignment of entrepreneurs to each incubator could have ideally resolved this issue, it is virtually impossible to implement such a design with the type of methods employed in this research. For an inductive field research, researchers typically are not given such an omnipotent control over how the world works, and given the gravity of the subject matter for each individual entrepreneur, it may not also be desirable to conduct such a controlled experiment. In the following section, I discuss how this research alleviates the endogeneity issue as much as possible in the natural inquiry setting. In the following section, I discuss several aspects of the research design that contribute to reducing the concerns of endogeneity.

Comparability at the Business Idea Level

First, the nature of business in the sample cases was comparable across the two incubator contexts. One would assume that ideas for a social enterprise typically involve some contexts in developing countries and some social work or charity-like activities. The different trajectories of idea development might have stemmed from this difference in the nature of business idea. This was not the case with the GREEN businesses that I included in the analysis. Both Medicine Pocket and Dog Pound each had a clear profit orientation, and their original business ideas were completely amenable to other processes like ACCEL. In fact, the entrepreneurs of Medicine Pocket had previously experienced a more traditional incubator program in another context. Therefore, at least in terms of the nature of business idea, it is difficult to argue that the original ideas had a predetermined tendency to develop in the way they were observed. It is more realistic to believe that the unique characteristics of the GREEN process shaped their development in the particular way.

Selection Process in Incubators

For another factor that alleviates the concern for the selection bias, it should be noted that the selection process in each incubator is not as competitive as the incubators hope to be. If the application process were competitive, then incubators would have been able to cherry-pick the ones that are expected to fit the best with their ideal business type. If this is the case, it is possible to argue that each business already had a potential to develop in a particular way from the beginning. However, at least in the two incubators I observed, this was not the case. Each incubator had an informal/formal selection process, but at the same time, the intensity of competition never reached the level of that in the nationally renowned incubators such as Y Combinator or Techstars. As one of the mentors in ACCEL shared during an interview, due to their strict requirement to permanently move the company headquarters to Detroit, ACCEL often found themselves in a difficult situation where it had to compete hard for good entrepreneurial ideas against other incubators that do not have such restrictions. This particular situation prevented them from always being able to pick the ones that would fit the best with their approach, and they consequently admit entrepreneurial ideas at diverse stages, including the ones that are not advanced enough to make an accurate judgment about the fit.

Comparability in terms of Entrepreneurial Experiences

It is also fair to say that entrepreneurs in both contexts are comparable to each other in terms of their expertise and experience as an entrepreneur. Entrepreneurs of all four companies were nascent entrepreneurs who did not have any prior experience of founding a company. Entrepreneurs from both contexts had a similar degree of knowledge and similar expectations about building a business that were mostly shaped by the popular notion of entrepreneurship. In other words, their understandings of entrepreneurship and starting a business were similarly naïve at the starting point. The entrepreneurs in GREEN talked about scaling in the early stage of Seed Design, and ACCEL entrepreneurs in the early parts of accelerator program shared a vision consistent with a traditional notion of business (i.e., the model of going concern rather than the model of quick growth and exit). The data also demonstrated the socialization process through which these entrepreneurs' initially similar notions of business dramatically diverge over time. Through conversations with Ted, GREEN entrepreneurs internalized the notion that their business should be grounded in the local context as well as their own identity. Similarly, the conversations with Amber shaped Robin and Jack's understanding of what type of business they want – a quickly scalable and investment-centered venture.

Admittedly, the entrepreneurs at GREEN had a stronger commitment to non-material values, like community and environment, and it is the main reason why they chose GREEN. However, it was certainly not the case that the ACCEL entrepreneurs only cared about profits. For example, Robin held tightly to her initial vision of empowering local boutique owners until the later stage of the idea development. As a result, she had to experience quite an intense internal conflict between her original commitment and the contextual pressures from the incubator. Therefore, while it is true that the individual difference in terms of value and commitment led the entrepreneurs to choose a certain incubator context, it is also a stretch to argue that their different value orientations fully determined the way their businesses were developed.

Within-incubator Variation

Finally, the variance within the incubator context provides more reason to believe that the difference across the incubator is not entirely driven by individual differences at the entrepreneur level. It was observed that the trajectories of idea development were also slightly different across cases in the same incubator context, due to the differences at the individual entrepreneur level. For example, as noted earlier, Robin had a stronger commitment to non-material value (i.e.,

commitment to empowering local boutique retailers without online presence) than Jack, and this led to different trajectories of idea development. The processes for both companies exhibited the same general pattern of first refining solutions and subsequently defining problems, but there was a difference in terms of the degree of ‘pivoting,’ or radically redefining the problem. While Save Time’s idea experienced a significant drift from a manually updated wait time for restaurants to an automatically measured wait time for sports stadiums, ShoplocL more or less retained the original idea surviving the pressure to define the problem differently (i.e., from the retailer’s problem to the shopper’s problem). This example shows that it is essentially the interaction between the incubator context and the entrepreneur’s individual difference that shapes the way an idea develops. I believe that this focus on the person-environment interaction will provide a productive avenue for future research.

Counterfactual Scenarios

As a counterfactual scenario, we can imagine some hypothetical situations where Medicine Pocket was incubated in ACCEL and ShoplocL was incubated in GREEN. This thought exercise leads us to the following hypothetical, and a little exaggerated introduction of each business. Given the current status of each business, these counterfactual scenarios seem quite unlikely. However, at the same time, these scenarios show that each of these businesses could have turned to a completely different business if they started their process in the other incubator.

What if Medicine Pocket was incubated in ACCEL?

Medicine Pocket is a startup company that provides a medication management tool for elders. Leaving behind its humble start in Detroit, the company recently moved to the East Coast to be close to larger pharmaceutical companies and medical equipment firms with whom the company is presently in the conversation for future acquisition. The actual Medicine Pocket product is currently manufactured in China and distributed nationwide by major pharmacies including CVS and Walgreen. Medicine Pocket successfully secured the first-round investment from ACCEL and other renowned local investors, which helped in expanding its manufacturing facility in China, and in developing the Medicine Pocket smartphone application.

What Medicine Pocket does is disrupting and revolutionizing the current way of managing medications for elders. Although the original product involved time-consuming customization processes that involved the entire set of caregivers around the elder, such as

doctors, nurses, pharmacies, and caregivers, the newly developed Medicine Pocket removed all the unnecessary human interaction and minimized the time and energy required for customization. To facilitate an easy and quick adoption of Medicine Pocket, all the human communications were replaced by the Medicine Pocket App, which translates all the prescriptions from different caregivers into one comprehensive weekly medication schedule. This instruction will provide pictures of all the pills, specify when to take them, and explain what each pill is for. All you have to do is just grab the Medicine Pocket from the shelf of your local pharmacy, download the free app, put in all your prescription information from different doctors, print out the comprehensive schedule, and put it onto your Medicine Pocket (for the elders who have difficulties in following these simple steps, an online consultation service is also available). Following these steps will put all the medicine-related stresses and hassles under your full control!

What if ShoplocL was incubated in GREEN?

ShoplocL creates a local support network for small fashion boutique retailers in Southeast Michigan. ShoplocL focuses on empowering local fashion retailers by providing the following unique set of services. First, ShoplocL provides an online listing site through which local boutiques can be connected to the local customers who want to buy unique clothes from their local shops. This site also includes the inventory management function for those retailers who do not have their own digital system. Second, ShoplocL hosts fashion-related local events, including the annual Southeast Michigan Fashion Fair that increases the exposure of local boutiques to the customers in the metro Detroit area, and links local boutique owners with the fashion designers and students in the College for Creative Studies in Detroit. Third, ShoplocL provides the Style-Me feature that provides an individual and personal connection between the local customers and the local boutiques from which the customers want styling advice and guidance. Fourth, ShoplocL offers a boot camp for the local designers who are planning to open their own shops in the area. Finally, ShoplocL designs and supports the collective actions of local boutique owners with the aim of protecting the rights of small retailers in the region and supporting favorable regulative changes. Through these activities, ShoplocL creates a strong and supportive network of local fashion retailers, which enables them to survive the increasing competition from the national chain stores and other online fashion distributors.

Entrepreneurial Imagination in Post-industrial Economy

With the historical transition to post-industrial economy, the shareholder-centered corporate model – an emblematic organizational legacy from the American industrial capitalism – seems to be losing its significance as a major building block of the economy and society. Large corporations in the US increasingly exhibit limitations in achieving economic growth aligned with societal well-being. The U.S. economy has undergone an historical transformation since the 1970s. Ever-increasing emphasis on maximizing shareholder value has reduced the role of corporations as a foundation for American welfare (Davis, 2009). Faced with increasing pressures for profitability, corporations responded by exporting manufacturing facilities, laying off expensive domestic workers (Fligstein & Shin, 2007), shedding their responsibility for employee pensions (Cobb, 2012), and cutting retiree health benefits (Briscoe & Murphy, 2012). At the same time, the American economy has become more financialized. Corporate profits increasingly relied on financial investments, making finance-based growth the default mode of economic progress (Krippner, 2011), and the fates of firms and their executives became closely tied to stock prices and the market for corporate takeovers (Useem, 1999). Such changes, in combination with reduced employment, resulted in soaring income inequality (Tedaskovic-Devey & Lin, 2011) and the simultaneous devastation of industrial cities and urban communities (Harvey, 2005).

This historical trend is reflected in the recent statistics about corporations. The number of public corporations in the US in 2009 was only half of that in 1997, and this number declined by 20% only between 2008 and 2009 (Davis, 2011). The number of initial public offerings (IPOs) is also rapidly declining. The annual average number of IPOs during 2001 and 2009 was only a third of that number during the time period between 1980 and 2000. IPOs are becoming less profitable especially for small firms. An increasing proportion of IPOs with less than \$50 million annual sales is reporting negative earnings per share (EPS) during the first three years after IPO (28% in 1980, 53% in 1995, and 74% in 2009) (Ritter, Gao, & Zhu, 2012). Furthermore, corporations are no longer the major source of employment. During the first decade of the 21st century, American multinational corporations cut the domestic employment by 2.9 million, while increasing employment overseas by 2.4 million (Wessel, 2011). Consequently, these historical trends indicate that while they might still remain potent in the financial sense, large corporations

no longer provide a viable template for organizing that support the lives of people in the post-industrial society.

With this decline of long-established template, gaining a deeper understanding of the inception of organizing becomes even more important. The economy left behind by the decline of industrial capitalism and large corporations is still populated with people who need work and employment to maintain their lives, and these jobs need to be created in some way that is different from the massive employment by corporations. Therefore, understanding how organizing begins may be more important at this time of history, when the world is in desperate need for imagining alternative ways of organizing.

Detroit in the 2010s seems to be the perfect venue for such an endeavor. The city has lost more than 60% of its manufacturing jobs and more than 80% of its jobs in the automotive industry. The city that was defined by the auto industry is now abandoned by it. As a result, Detroit is now dropped out of the list of prosperous cities in America. Detroit is no longer an important agenda in GM's operational plans. The city is no longer remembered as the technological capital, the Arsenal of Democracy, or the heartland of the great African American music. *Detroit is gone* – at least, this is the impression that was created along the decline of the American auto industry. However, there still are 750,000 people living in Detroit – mostly second and third generations of car factory workers who migrated from American South in the first half of the 20th century. Those who could afford to leave have already left. We cannot raise a naïve question like ‘why do they still live in the dead city?’ There is an undeniable sign of vitality in the city that everybody elsewhere thinks dead, and its economy must be organized in some way for the livelihood of these people living in Detroit. *Detroiters are not gone*.

This dissertation research shed light to two contemporary endeavors to rebuild the economic foundation of Detroit. First is the attempt to transplant the successful model from outside, with an aspiration of turning Detroit into the next Silicon Valley. While acknowledging its potential and promise, this research also showed some fundamental challenges of this approach, which represents growth-centered, finance-driven entrepreneurship. Specifically, in order to persuade investors, the entrepreneur should be able to show that the idea is investable. In order to prove an idea to be investable, entrepreneurs are required to offer “good numbers” on the expected return in the financial projection. To create these numbers, entrepreneurs should engage in estimation of the future with reasonable logic and assumptions, and these assumptions

need to be somehow empirically validated in the present context. What is implied in this chain of reasoning is that the investor-centered entrepreneurship incentivizes making a claim about the future that is validated by the knowledge of the present. This model works only when the future is not significantly different from the present; it consequently truncates the temporal scale of imagination so that this assumption holds. As the temporal scale increases, this assumption becomes unrealistic because environment is meant to change over time. But simultaneously, making this assumption is unavoidable. If a claim about the future needs to be justified, the information about the present seems to be the most reasonable evidence to draw upon.

Because of this unrealistic yet unavoidable assumption, the numbers on which the investment decisions are based can turn out to be completely inaccurate, and some good ideas can actually be killed based on these hypothetical numbers. This undesirable outcome would be more likely if the idea is a more radical one that provides very few precedents to draw upon to ‘validate’ the idea. Furthermore, this pressure for validation or proof will be even greater in places like Detroit where the investment capital is a lot scarcer than other entrepreneurship hubs like the Bay Area or Boston. Consequently, transplanting the VC-backed entrepreneurship model in the resource-depleted regions like Detroit may actually turn out to be counterproductive, especially when the purpose is revitalizing the city by populating it with businesses that stay in the city for a long time.

GREEN’s model offers some rudimentary elements that would address this pitfall of the finance-centered model and constitute the bedrock of the alternative model for entrepreneurship in the post-industrial economies. First, GREEN avoids the risk of validating the future based on the present by rejecting the taken-for-granted first step –creating an idea that is justifiable to investors. GREEN entrepreneurs try to find a way to build a business that can grow organically without massive investment up front. In this way, the entrepreneurs are liberated from the pressure to fabricate the numbers and to imagine the future that is justifiable against the present reality. Admittedly, this alternative suffers from a serious pitfall because some business ideas, due to its very nature, needs an up-front investment not to create investor returns, but to build the product itself. This poses a challenge to the GREEN model because for such business ideas, entrepreneurs need to find a way to justify the business idea without forcing the imagination of future to be overly anchored to the present reality.

Second, GREEN's emphasis on validating the business idea not against the external market but against the internal origin and drive of the idea seems to provide additional benefits. One of them is creating a 'personally sustainable' business. As the business idea is designed in a way that enhances the congruity between the idea and the personal identity, entrepreneurs are more likely to persist with the idea, extending the life expectancy of the emerging business. Furthermore, without the need to realize the return on investment within a predetermined period of time, entrepreneurs in GREEN is free from the pressure towards a lucrative exit. One entrepreneur in GREEN recollected:

“Through this process, we discussed a lot about economic and community bottom lines and how my business can make all of them sustainable. But to me, the most valuable thing was that I found a personally sustainable business.”

This dimension of personal sustainability can be important especially in the context of Detroit. For the long-term economic revitalization, the city needs to be populated with stable businesses that stay within the city, instead of businesses that are inevitably leaving for Silicon Valley or sold to larger companies to create the promised return of investment.

Finally, while the GREEN's model discourages businesses from quickly scaling as an organization, its approach seems to guide the incubated businesses to find a way to scale their impact without growing themselves. This is done mostly by enacting underutilized institutional infrastructure that is littered around in the ruins of industrial capitalism. Specifically, one of the common patterns among the observed businesses incubated from GREEN is that they realize their promised impact by working together with other local institutions. For example, Good Food Network's membership grew from 15 to 150 during the past three years, and one of the main drivers of this growth was the “shared kitchen project” that created the licensed kitchen space open to all the Good Food Network member businesses. By using this space, these emerging food businesses were able to build up the necessary resources and business scale required to obtain a license, without investing much to create their own professional kitchens. This shared kitchen project came to realization through Good Food Network's collaboration with the Detroit Eastern Market that provided the management of kitchen spaces and the local churches that offered their underused basement kitchens.

As another example, Medicine Pocket is recently working with a local nonprofit organization that runs one of the biggest senior residences in Michigan. This organization has

long tried to improve their community engagement and find ways to promote ‘aging-in-place,’ without much success. Medicine Pocket joined forces with them. Medicine Pocket has recently redesigned and implemented this organization’s community outreach program that generated a very positive feedback from the members. Collaborating with this local nonprofit provided Medicine Pocket with a platform on which it could actualize its promised impact on a greater scale. Dog Pound is also designing the “first 60 days” program with the Michigan Humane Society, through which Anna gets access to hundreds of people who adopt animals through the organization every year. These examples seem to provide that GREEN’s incubation process instills the emerging businesses with the keen sensitivity to engage with diverse actors in local environment, thereby seeding the tendency that these businesses can grow by discovering and pulling together underutilized resources in the local environment, instead of being injected with massive capital resources that holds them for higher return in the near future.

* * *

These experiments – both ACCEL and GREEN – are still too young to discuss their effectiveness. However, it is certainly worth following how they evolve and what kind of impact they would create in Detroit. I believe organization scholar’s role is not limited to extracting the scientific truth about organizations and offer ‘solutions’ to improve them; but it also includes walking with those who explore less traveled roads and documenting their journey, as a ‘map maker.’ When the economy was vigorously growing with mighty big organizations, the former role must have been the priority of organization scholars – understanding the inner workings of the seemingly unrelenting engine of the economy. However, with the change of the world, the organization scholars might also have to shift their focus. When the world is in need of inspirations for a novel fairway towards social and economic sustainability, there seems to be an unmistakable value in taking part of seemingly hopeless and bold expeditions, wishing to come back with a rough map of the new territory.

APPENDIX

Interview Guide

Initial Interview with Entrepreneurs

- Their current business
 - What services/products does your business (plan to) provide?
 - What is the mission/cause of your business?
- Life history regarding the conception and evolution of the current pursuit
 - What is the background of your business idea? Can you describe how this idea emerged through your life history?
 - What were the major events or process in your life that made you first think of your current business idea and motivated you to pursue the idea?
 - Can you think of one or a few moments of your life that were critical for the beginning of this idea?
- The relationship between their motivation and their current pursuit
 - You mentioned that your feeling of X in your experience of Y initiated the motivation of your current business. Can you see how what you are doing now addresses the problems you identified?
- The problem of ability and motivation
 - Not everyone with such motivation can actually pursue the idea like you. What do you think enabled you to pursue the idea?

Recurring Interview with Entrepreneurs

- Why did you first start this process? What aspects about [name of incubator] incubating process attracted to start your own sessions?
- What were your expectations in the beginning? Do you think your expectations were met?
- Tell me about your experiences with incubating sessions. What were the particular features?

- Do you find it different from other incubating processes, if you had experienced any? If you found differences, how do you think those differences will affect your business?
- What do you think you substantially achieved through the incubating sessions? And how do you think they will be used for the future of your business?
- How do you think the incubating session can be improved?

Interview with the Participants in Business Development Meetings

- Their own work
 - Please introduce yourself
 - Please describe your work. What is your background and what do you do now?
- Their experience and reflection of the incubation sessions
 - How did you first get involved with [name of business]? Who invited you? How did you first meet them?
 - Let's go back to this moment you just described. What were the first thoughts you had in mind, if you can remember? What did you expect to see in the incubating sessions?
 - Now let's shift our focus on what you've been seeing for the past weeks. What were some unique features of [name of business] design sessions? What are the things that you remember the most?
 - How do you evaluate these unique features? Do you think they are good or bad for the development of [name of business]? What effect would they have on [name of business]'s future growth?
 - What do you think your role was in the design sessions? How do you make sense of what you've been doing in the sessions?
 - What do you think you learned from participating in the process?
 - Was there anything you think is needed to improve the process?

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