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industry through the lens of Social  
Movements and Entrepreneurial  
Communities

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# **Understanding the emergence of an industry through the lens of Social Movements and Entrepreneurial Communities**

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## **Abstract**

Industry emergence is a complex phenomenon. Entrepreneurship literature has been characterized by individualistic explanations ('hero' entrepreneurs) that have been complemented by institutional approaches including the existence of functioning ecosystems. Sociology studies could offer alternative explanations for industry emergence. We draw from the concepts of Social Movements and Entrepreneurial Communities for framing the process of industry emergence in its initial phase. We synthesize the theoretical research on Social Movements, Entrepreneurial communities and industry emergence in an effort to develop a common conceptual framework that will help to better understand the pre-emergence of an industry. Our main contribution lies in understanding entrepreneurship and thus industry emergence as a community process in which multiple actors result eventually in a reduced number of early start-ups, which give rise to a new industry. In addition, we propose that the type of movement will lead to different enablers and barriers of industry emergence.

## **Keywords**

Industry Emergence, Social Movements, Entrepreneurial Communitie

## **Introduction**

Entrepreneurship and Social Movements (SM) both strive to bring a change. In the former concept, entrepreneurs act as drivers of change, seizing an opportunity due to changing circumstances and through new industries bringing a change in the economic landscape. In the latter concept, diverse group of actors attempt to change the society as a whole by addressing social problems (Della Porta & Diani, 2015). In both fields' individual actors plays a prominent role. This research tries to understand what makes people participate in entrepreneurial endeavors (Eckhardt & Shane, 2003) or SM activities, as well as how the actors are interrelated (Barnett, 2006). Moreover, entrepreneurship, SM and IE, deal with the emergence of organizations because of collective action and comprise issues of resource mobilization. Entrepreneurs need to attract resources to gain legitimacy to start new firms (Aldrich & Fiol, 1994). The same applies to new industries and SMs (Swaminathan & Wade, 2001). Given these commonalities, we consider that if we view entrepreneurship from a SM perspective it may lead to further enrichment of entrepreneurship. This may finally change the economic landscape by leading in some cases to the emergence of new industries.

In entrepreneurship, the existence of powerful and diverse actors in the creation of industries, specifically in the pre-emergence phase, is somewhat nonexistent as the individual entrepreneur, also known as the 'heroic actor', gets the most credit (Spilling, 2011). Moreover, most studies on IE are conducted a-posteriori in already established industries (Klepper, 2010) or mostly in failed industries (Forbes & Kirsch, 2011). The difficulty of empirically studying the phenomenon might have also discouraged scholars from further investigating the phenomenon (Lampel & Shapria, 1995). The study of IE in the field of economics and management, as well as entrepreneurial studies, has not gained enough attention. However, there has been a direct and increasing

responsiveness from sociologists (Fligstein, 2001; Hollingsworth & Boyer, 1997; White, 2002) towards this phenomenon in the past couple of decades (as cited in Lounsbury et al., 2003).

The emergence of alternative concepts that can lead to changes in the society is a key theme in SM theory. Calls for integrating agency into institutional analysis have prompted organizational scholars to draw from SM theory more extensively (Dimaggio, 1988; Schneiberg & Lounsbury, 2008). Research in this area examines how opposing collective action can be used to change or create new institutions (McCarthy & Zald, 1977). While change by challenging established actors is one factor shared by entrepreneurship and SM, collective action is another common factor that brings these concepts together. But how is collective action achieved?

Movement communities are believed to be important to understand how collective action emerges and how movements are sustained (Staggenborg, 1998). If that is the case then we assume that within IE the concept of Entrepreneurial Communities (ECs) can play a similar role. Community studies have partially addressed organizational evolution (Aldrich, 1999; Astely, 1985; Johannisson & Nilsson, 1989; Lichtenstein, Lyons & Kutzhanova, 2004; Mezias & Kuperman, 2001; Spilling, 2011; Van de Ven, 1993b), whereas entrepreneurship literature has been limited to understand how networking between entrepreneurs reassure their individual actions (Felin & Zenger, 2009). Entrepreneurship research lacks the context of community and it is necessary to bridge this gap and to build solid foundation (Hindle, 2010): when it comes to emergence and survivability of an industry, the attention should move on to other contributing factors as well.

The concept of entrepreneurial ecosystems has been moving the attention away from individualistic, personality based research towards more social, cultural and economic related avenues. The main idea is that different elements when combined together could exhilarate venture creation and growth (Isenberg, 2010). There is however, lack of clarity of how these causal

mechanisms bring forward different results. Moreover, the question of which actors or how many actors are involved in the creation of these ecosystems (Stam & Spiegel, 2016) - similar to the concept of which participants or how many participants are involved in a particular movement - remains without a comprehensive answer.

The purpose of this article is to contribute to the body of IE through the lens of SMs and ECs. We think that ECs play a relevant role in the emergence of an industry and they can be achieved through implementing a SM like pattern. Therefore, our aim is to first try and build the relationship between SMs and IE and then to propose a theory that will help determine how SM theory can be implemented to understand the emergence of an industry (Carlos et al., 2014) . While some research has acknowledged the existence of SM, mostly in the wind sector industry, (Carlos et al, 2014; Pacheco et al, 2014; Sine & Lee, 2009) these research have not fully unraveled how patterns of collective action unfold. The concept of ECs will be re-introduced for two reasons: first, to help understand the evolution of a new industry and how the characteristics of these communities can help in achieving collective action and second, integrating SM theory within the concept of ECs in order to build stronger relationship with IE. Specifically, we will try to combine the theory of SM and the concept of ECs to understand the emergence of industry to overcome the limitations of previous studies in terms of how industries emerged before the initial phase of their lifecycles. We will derive from this model of emergence how different actors and stakeholders might react to particular movements, which has implications on how to leverage on enablers and how to deal with barriers for industry emergence.

## **Literature Review**

Emerging industries are industries in the earliest stages of their development (Low & Abrahamson, 1997; Van de Ven & Garud, 1989). Entrepreneurs should be able to use resources successfully in response to the opportunities that they discover, to create new industry (Aldrich & Fiol, 1994). Start-ups and spinouts often play a key role in the early development and demonstration of these industries (Tidd et al., 1998; Utterback, 1994) as cited by Lubik et al., 2013. Founding contexts are generally influencing the potential to “build trust”, “reliability”, “reputation”, and “institutional legitimacy” (Aldrich & Fiol, 1994). However, in order “to explore the theoretical significance of emerging industries, scholars must pay more attention to the development and testing of two types of theories: 1) those that explain what happens within the period of industry emergence, and 2) those that explain how the period of emergence relates to activities in prior historical periods” (Forbes & Kirsch 2011, p.594). In any case, the question of how various identities and multiple actors and groups converge together and how firms, industry institutions reach broader acceptance is yet to be answered (Gustafsson et al. 2016)<sup>1</sup>.

Organizations within new industries face three challenges that are not faced by organizations existing in already established firms. They are 1) Legitimacy, 2) Limited Resources and 3) Elusive profits (Carlos et al. 2014). Legitimacy is commonly known as the right to exist and perform an activity in particular way (Suchman, 1995). From a historical point of view, legitimacy of firms have been viewed at a macro level where the industry tries to achieve socio-political and cognitive approval from society and its institutions (Aldrich & Fiol, 1994). ‘Socio-political legitimacy stems from the approval of the general public, key opinion leaders, or government officials. Cognitive

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<sup>1</sup> Gustafsson et al. (2016, p. 30) based on previous literature identified three key phases in trying to understand the industry emergence process: “an initial stage in which the stage for the industry emergence process is set; a co-evolutionary stage in which the different elements of the emerging industry co-evolve and converge to form a new industry; and a growth stage in which the sales of the newly formed industry take off”.

approval is based on the spread of knowledge and general acceptance of an enterprise and its activities and some acceptance from the culture at large' (Ahlstrom et al., 2008, p.386). Both organization and SM literature has investigated processes of gaining legitimacy: actors and organizations in new industries have to face the challenges with the state authorities (Barnett, 2006) who at times can be best at being indifferent or at worst being hostile (Carlos et al., 2014). Despite similarities between SM and organizations studies it appears that 'no connection existed or, indeed, seemed possible between the two fields since the former concentrated on instrumental, organized behavior while the latter's focus was on "spontaneous, unorganized, and unstructured phenomena"' (Morris, 2000, p. 445). Some limited convergence has developed. On one hand, the concept of industry (or organizational field) from organization studies had been implemented in SM studies by investigating how alternative and rival movements based on focal movement organizations and population developed (McAdam & Scott, 2002; McCarthy & Zald 1977). Organization theory scholars on the other hand got interested in informal and formal organizational structures. 'Research at the SM and organization theory intersection over the past decade has accentuated not only how SMs facilitate deinstitutionalization and the breakdown of established understandings, but also how the production of new fields, the transposition of institutional logics, and the development of new forms takes place. This has been true both for those interested in studying SM fields and for those who look at new corporate forms, new industries, and new institutions outside the world of business' (Walker, 2012, p. 7-8). Therefore, SM might enhance studies on IE based largely on an organization perspective.

### *Social Movement Concepts*

'SMs are a distinct social process, consisting of the mechanisms through which actors or participants engaged in collective action: are involved in conflictual relations with clearly identified opponents; are linked by dense informal networks; share a distinct collective identity' (Della Porta & Diani, 2006, p.20). From this definition, two important notions within SM are noticeable, one that it consist of "collective action" and the other that it consists of "networks of actors". Even though the definitions, key concepts and major concerns relating to SM and its scholars have been beneficial for the last several decades, some gaps still exist (Zald, 2000). To summarize, SM is a phenomenon that is too broad to be restricted to one definition. It is a theory that perhaps has certain flexibility to it that allows its implementation in various studies without having any sort of restrictions or limitations. Thus, we propose the following definition of SM:

*Social Movements consists of a diverse group of actors connected to one another towards achieving mutual objectives when faced by environmental, political, cultural, economic and social challenges in order to enable change in the society.*

As noted SM involves a joint action, in the form of a collective action, towards achieving a common objective. This join action of any kind consists of some degree of coordination as well as organization. SM scholars have understood the importance of organization when it comes to understanding the course and character of the movement activity, but what they rarely agree upon is the form, functions and consequence of organization when it comes to SM (Snow et al., 2004). Organizations involved in SMs fulfill a variety of functions such as offering participant service, collecting resources managing and coordinating contributions, defining organizational goals, selecting, training and replacing member and these are known as Social Movement Organizations (SMOs). SMO's can be defined as 'a complex, or formal, organization which identifies its goals with the preferences of a social movement or a countermovement and attempts to implement these



goals' (Zald & McCarthy, 1979, p. 2). In their analysis of professional movement, organizations recognized different types of social movement participants (SMP) and different kinds of SMOs that required a different level and type of participation. By having this network, relation with other organizations it builds stronger structured interactions, leads to sharing of resources and promotes collaborations. It also allows sharing of ideas, frames, tactics and personnel across organizational boundaries (Soule, 2012). To encapsulate SMOs are an important part of SM which facilitates the movements in achieving its objective(s). We propose the following definition for SMOs:

*Social Movement Organization is a complex form of organization working towards the same goal that facilitate social movement through sharing of resources with other organizations in an attempt to achieve the movement's objectives.*

Individuals and organizations play an important role in helping SMOs in achieving their goals through the mobilization of resources (such as legitimacy, money, facilities and labour). Within SMs, there are generic sets of actors that are known as protagonists, antagonists and audiences. Those who oppose the movement are known as antagonists, those who support the movement are protagonists and audiences are those that have a neutral stance towards the movement and may eventually support the activities of the movement (Benford, 1997). To simplify this concept we categorize participants under three dimensions, (1) Supporters: those that accept the goals of the movement (2) Neutrals: those who are impartial towards the movement and (3) Protesters: those that do not accept the goals of the movement. Within each movement, we also categorize participants as either being active or passive. For example, under supporters there are passive sympathizers that are non-active participants who support the movement but do not assist it in anyway (Oegema & Klandermans, 1994). Whereas active participants such as adherents, those who believe in the goals of the movement (McCarthy & Zald, 1977, 2014), and protagonists are

those that mobilize, coordinate and provide resources to the movement. Neutral participants may also be both active and passive where passive participants are labeled as ignorant that do not really care or are aware of the movement and active participants are labeled as indifferent as they may be aware of the movement but really do not care about it. In terms of Protesters, both active and passive participants oppose the movement where the slight difference is in the level of opposition displayed by the participants.

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**Insert Table 1 Here**  
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Movement require resources since it gives it the ability to take strategic actions and to obtain such resources is the responsibility of their entrepreneurs (Rammelt, 2011). Several types of leaders (entrepreneurs) are found in SMOs and they are categorized as being professional and non-professionals (McCarthy & Zald, 1977; Oliver, 1983). Both types can serve as leaders (entrepreneurs) that initiate movements, organizations and tactics (Kleidman, 1986). It is understood by most scholars that SMOs often mobilize and sustain SMs and they consist of social networks, collective identities, political and cultural campaigns and of course organizations (Hassan & Staggenborg, 2015). They also consist of SMLs who are leaders involved in mobilizing resources and helping movements obtain their objectives. Thus, we propose the following definition for SMLs:

*Social Movement Leaders are professional leaders that are responsible for the initiation and support of movement activities and organizations.*

It is important to notice that the emergence of a movement may respond to culture of a protest cycle rather than to political opportunities. It is argued that it is not necessary for rapid mobilization to occur just because a political opportunity is recognized by various constituents for the purposes of a protest. It is possible that through multiple movements a community is created that creates organizational and tactical opportunities which could be an attracting and open factor for new constituencies. However, with time protest cycles decline which causes loss of individual movements and harder time for mobilization (Staggenborg, 1998). Hence, to be able to have a sustainable period of protest it is important that a movement creates its own internal community that is their own Social Movement Community (SMC).

SMCs must be linked to SMs that are preferences for particular sets of changes since overtime a movement community tends to gradually fade away into an increasingly tenuously linked subculture (Buechler, 1990). Movement communities tend to have certain characteristics that effect their cohesiveness and their ability to retain ideas and activities related to the movement. While some local movement communities may be linked to national or international ones, others may be limited to being connected locally only. Movement communities such as the women's movement and environmental movement are such communities that may have stronger connections to other networks and organizations, while networks within SMCs between individuals and groups may be more or less dense. SMCs also tend to have movement centers or common meeting places that foster inter-action or are more decentralized. In addition, there is variation in the number of SMOs that are included as well as institutional support. SMOs can be expected to be important for movement communities within high peak periods (Hassan & Staggenborg, 2015). However, SMOs may lose some of their community network when there is a decline in the protest cycle and they may survive either as elite sustained organizations consisting

of their own internal communities or having formalized organizations lead by professionals (Staggenborg, 1998). It is a concept that can be useful to understand how movements spread and maintain themselves when found in different environments (Hassan & Staggenborg, 2015). We define SMCs as follows:

*Social Movement Communities consists of a collective group of actors that network with other collective groups of actors working towards the same movement and objectives.*

### ***Social movements, Industry Emergence and Communities***

Collective action within industry members is considered the pillar that fosters legitimation and early industries hence, have difficulty in organizing collective action as they lack clear technical or social structure. Emerging industries are more prone to competitive attacks, as their bases of support are not well established. Firms who readily collectivize tend to achieve legitimacy, thereby overcoming their problem of liability of newness. Afterwards, they will break off from the collective activity in order to battle for reputable gains (Barnett, 2006).

SMs have been acknowledged to have played an integral part in motivating and facilitating entrepreneurial activity in emerging areas. They have also increased the activity of entrepreneurship by looking over important institutional work such as framing problems, theorizing solutions, and mobilizing resources in order to support economic activities. SMs are considerably important for entrepreneurial activity in the early years of industry emergence as they can act as a buffer to overcome the problems of legitimacy, hostility and institutional infrastructure (Sine & Lee, 2009). However, with time as industries start to develop, the role of SMs decline, as these industries overcome their liabilities which provides budding entrepreneurs rich opportunities hence, encouraging entrepreneurship (Carols et al., 2012).

Traditionally entrepreneurs are thought to act independently and compete to be the first in the market while launching their product or service. Mezas & Kuperman (2001) agree with scholars such as (Astley 1985; Romanelli, 1989; Van de Ven 1993b) who state that even though entrepreneurs as individuals are important, the fact is that the study of the collective process of entrepreneurship in the context of organizational community cannot be ignored. 'Communities are traditionally defined as collectivities of people (a) who share values or beliefs, and (b) whose social relations are relations of affect, characterized by mutuality and emotional bonds, and (c) who frequently interact' (Gläser, 2001, p.1). 'The social system framework emphasizes that any given entrepreneurial firm is but one actor, able to perform only a limited set of roles, and dependent upon many other actors to accomplish all the functions needed for an industry to emerge and survive' (Van de Ven, 1993b, p.40). Furthermore, entrepreneurs should run in packs as it allows them to compete and cooperate with others while developing and commercializing their innovation. This causes actors to cooperate, as individually actors lack sufficient resources, competence of legitimacy to be able to do it on their own (Van de Ven, 1993b).

## **Theoretical Framework**

### ***SM and entrepreneurship: Variations in commonalities***

By reviewing the literature, we came across an interestingly striking similarity between the concepts of SM and entrepreneurship. In table 2, we have identified change, legitimacy, networks, collective action, communities and resources as similar variables between SM and entrepreneurship. SM strives to bring change in society through networks of participants. It faces the problem of resources and legitimacy, through collective action and communities; it is able to overcome these barriers. Entrepreneurship also strives to bring a change in the society when faced by an opportunity through innovation. They also face issues of legitimacy and resources and in

some studies; the emphasis is on how communities and collective action can be used as a tool to overcome these issues. In this case, it has a more complementary role as compare to SMs where it is an essential factor.

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While the variables are similar, their application within both concepts differs slightly. In entrepreneurship, the approach is more firm specific and to the individual entrepreneur whereas SMs have a wider approach and tends to involve the whole of the society. Our focus is to emphasize on the overlapping of these two concepts and to observe how SMs can be applicable to entrepreneurship theory to make it richer in terms of theoretical contributions, specifically in relations to IE.

***Entrepreneurship requires collective action***

In a typical industry lifecycle, the emergence of an industry starts from the first stage of commercialization of the product; industries witness progression that involves regularities in time trends of essential variables such as the number of firms, sales growth, prices and innovation pattern (Agarwal & Tripsas, 2008). Typically, in the initial stage the individual entrepreneur(s) identifies an opportunity and turns it into a business venture. This individual entrepreneur, called the “heroic entrepreneur(s)”, in the sense that he/she is the reason of firm creation eventually leading to the emergence of an industry. However, there is another side to this story, which is that, there may be other various actors collectively involved as well apart from the entrepreneur.

For successful entrepreneurial theorizing, it is important to emphasize on the collective processes as it can lead to emergence of novel beliefs and strategies (Felin & Zenger, 2009). By implementing SM theory one can understand IE by developing a collective identity. As this makes it different and difficult for competitors to imitate. Firms tend to adapt a SM like character when trying to interact between other firms to achieve legitimacy (Swaminathan & Wade, 2001). For collective action to take place four type of resources are required, which under broad categories include “people (both leadership and cadre), expertise or prior experience, financial and information resources, and legitimacy” (Cress & Snow, 1996, p. 1090). ECs can thus assume to act as a form of collective action of entrepreneurs that can help in the mobilization of resources and assist the movement by possessing leadership qualities and networking.

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**Insert Figure 1 Here**  
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*Core collective action requires larger communities forming a movement larger than the core actors*

New industries arose not only through the activities of individual entrepreneurs and their firms but also through an “infrastructure” that encompasses “the accretion of numerous ... events that co-produce each other through the actions of many public and private sector actors over an extended period” (Van de Ven 1993a, p. 227). Historically researchers have focused so much on individual

entrepreneurs that the importance of multiple actors (private and public), that help in the creation of successful entrepreneurial ecosystems, has somehow been neglected. Therefore, it is possible that industries that have emerged or are emerging will have been due to the existence of an entrepreneurial ecosystem that lead to a movement of multiple actors (Isenberg, 2010).

Figure 1. Illustrates the implementation of SM theory in entrepreneurship, to achieve collective action, leading to IE. SMCs and SMOs work together to mobilize and sustain movements. Similarly, ECs can mobilize and sustain an industry by adapting a SMC and SMO type character. ECs consists of community entrepreneurs who like SMLs are leaders in the sense that they try to motivate individual or autonomous entrepreneurs by developing and maintaining a socioeconomic network that acts as a resource pool (Johannisson & Nilsson, 1989). Moreover, as a community of entrepreneur's forms, it gains a critical mass and a collection of cooperative and competitive relations start to emerge (Van de Ven, 1993b). However, noted that we do not emphasize just on the individual entrepreneur but a community of entrepreneurs that also consists of various other actors. In figure 1, we can see that both SM and ECs influence the individual entrepreneur, which leads to collective action. Once achieved, it helps in overcoming the barriers of legitimacy and resources and therefore leads to IE.

### ***Different actors define different participation in industry emergence***

Various entrepreneurs as well as diverse actors, existing in a given environment, with their beliefs may affect the way they participate or make decisions (Shepherd et al., 2007) when it comes to forming collective processes. To elaborate further, we assume that the pre-emergence of an industry is a double funnel process (see figure 2) that shows a movement like pattern of various actors including entrepreneurs.



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With stronger relations and connections with various other firms, it can be assumed that, like SMCs, local entrepreneurial movement community centers can be established therefore coordinating collective action. This collective action can lead to the building of an entrepreneurial movement like SMOs, which helps in accumulating of resources as stated by Sine & Lee (2009). However, gradually this process may fade out and some organizations and communities may or may not stay once their objectives are met. It could be that they belong to other movements or they may join other movements that might exist at that moment. This leads to fewer individual actors such as the individual entrepreneur who then creates new ventures and thus further builds the industry and so on.

One of the key assumptions of the double funnel is that if we take a snapshot only on the emergent phase, we would notice a few 'heroic' entrepreneurs that appear to set in motion a new industry attracting a multitude for the world entrepreneurs. However, if we take a long-term view, the pioneer entrepreneurs are the outcome of a movement that has contained a multitude and variety of actors. Some of these actors may be organizations while some may be communities or some may be part of other organization or communities or other sub-movements. The individual actors might have different profiles: students, researchers, tech professionals working in established firms, public servants, educators, consultants, investors, and many others, and finally entrepreneurs as well as for communities or institutions such as universities, State agencies, woman in tech clubs, etc.

There are two key insights from SM literature applicable to industry emergence. First, movement participants and supporters interests' might be only loosely coupled and goals converge at different levels. SM generally deal with attempts to change the situation for actors that are marginalized in the society. One form to express their voices is through protests cycles. For instance, protest cycles for equal rights of black people (specific goal), were joined by gay and lesbian sub communities (equal rights), human rights organizations (Basic equal rights), feminists (equal rights for women), including pro-abortionists (self-determination), pacifists (anti-violence), anti-nuclear activists (allied with the pacifists), etc.

This means the participation might be driven by different levels of similar goals, be motivated by hopes that participation might increase the probability of reaching their own specific goals or simply because any movement is anti-establishment. Analogies can be drawn for entrepreneurship. Second, given a loosely coupled shared interests, there is also variance in the level of participation. Universities may dedicate part of their research to the new technology and collaborate with some firms; a tech magazine may stage a conference; Woman in tech might show case some female entrepreneurs, etc. The level of participation is summarized under the availability hypothesis. Journalists have this job and they might be only part-time available. But a researcher will remain within the university system. While entrepreneurship research has focused on the opportunity costs (Amit, 1996), SM theory makes a simpler and more compelling claim of availability. A married woman with two kids in elementary school and a full time job might simply not be available to occupy a house for one month even if she is supporting the movement.

In essence, the joining or leaving of the movement leading to industry emergence could be explained in variations of own goals, availability and entrepreneurial intent.

***Different movement have different constituencies aiming at different forms of change***

Both SMs and entrepreneurship try to bring a change for the benefit of the society however, the goals or opportunities are somewhat different. We can say that entrepreneurship is mostly focused on economical societal change whereas SMs are more focused on society from a larger context.

What is important to understand is the relationship between the movement and, on one hand, established actors or institutions and, on the other hand, the political and regulatory system.

Therefore, different orientations of collective action can be distinguished which help in the analytical distinction of various kind of behaviors in relation to a particular system (Melucci, 1996).

We can distinguish between movements along two dimensions: 1) systemic change and 2) the target of change.

On the system level, we can distinguish between claimant and transformative movements. Claimant movements are movements of functional accommodation: they do not question the system as a whole but the allocation of resources and its destinaries, i.e., they concern the distribution of resources between social groups. The action taken may be in defence of the advantages enjoyed by a distinct category, it may mobilize a group of underprivileged workers, or it may seek to bring about a different distribution of roles and rewards. In doing so, however, it tends to exceed the established limits of the organization and its normative framework.

On a political level, we can think of movements that try to convince the government to direct subsidies away from the coal industry towards more green energy.

A transformative movement does not limit itself to a reallocation of resources within an accepted system but challenges the system as a whole, i.e., the fundamental basis for the production, distribution and exchange of resources. Here there are collective actors that come together to form

an antagonist movement where they challenge society and politics in the most fundamental ways. It not only demands clarification regarding the way resources are managed but also questions the goals regarding the distribution and exchange of important social and economic entities. For instance, a movement that wants to abolish the capitalist economic system.

For the case of IE, we can add a second dimension: who is affected (negatively) by the change? The political institutions or the economic institutions, that is, the state or the competition? Regulatory movements affect the political system whereas non-regulatory movements affect the competition. This leads us to four prototypes of movements as shown in figure 3.

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## **Discussion**

The proposed model in this study is an effort to show how various actors driven with similar goals start to form a coalition with one another, which forms a movement like pattern. The initial phase may show engaging behaviors leading to formation of ECs, networks of organizations and institutions and other individuals all becoming a part of the movement bandwagon as shown in figure 2. This leads to the creation of new firms; where the role of the individual entrepreneur is highlighted, and an industry is created. While ideally this may mean that, the coalition will lead to an outburst of a number of firms as all actors are part of the movement but this is not necessarily true. Gradually, some of these actors may disassociate themselves from the movement once their role is over while some may still stay a part of that movement once the industry starts to form. The bigger picture may paint an idealistic view that shows a larger community that is working towards

the primary objective of IE. However, only a small fraction of movement participants will create new organizations. Hence, we propose the following proposition:

**Proposition 1: A large collective action of a community with multiple actors is necessary for the creation of the first wave of a few new organizations.**

While the role of SMs have been interlinked in understanding the movement like pattern, the role of ECs have also been merged within this theory in an effort to provide a more holistic view. ECs despite being important have not received enough attention in the entrepreneurship literature. We have tried to introduce the concept of ECs in an effort to assist the establishment of collective action within IE, which is hard to manage due to limited knowledge and sociopolitical and cognitive legitimacy issues faced by new entrepreneurs. The importance of entrepreneurs working together as a community is perhaps best illustrated by Van de Ven's (1993b) work where he emphasizes how a pack of entrepreneur can cooperate and engage in collective action to overcome issues of resources and legitimacy. While the concept of ECs are to provide a network that facilitates entrepreneurs in creating new ventures that lead to IE it still fails to acknowledge the presence of other important actors. As stated by Kirsch et al. (2014, p.224) 'research has tended to ignore the antecedents of industries and to miss the alternative and failed commercialization paths undertaken by organizational actors'.

Elaborating on this concept, we propose that ECs, while forming collective action with entrepreneurs, can adapt a SMC type characteristic. That is instead of having boundaries or limitation to a group of entrepreneurs, only they can together form a collation with other important communities, actors and institutions/organizations that are driven by the same goals as theirs, more like a protest cycle. These ECs can also act as leaders by taking initiation and developing ties with organizations that elaborate on the institutional aspect of IE. Mobilization of resources through

these kind of collective actions is more easily managed which is the core issue faced by new entrepreneurs, new firms and new industries. However, while ECs do help in the formation of a movement like pattern it is not necessary that every actor involved in this movement have IE as their primary objective. Various actors may have objectives that may align with the objectives with other actors but these may be subjected to where their interest lies. For example if we look at the history of SMs we see that different movements were overlapping with one another such as the Gulf war in 1990-91 caused mobilization of many feminists, gays and lesbians, ethnic and racial groups, and peace activists, which also brought out veterans of the anti-Vietnam War protests followed by younger peace activists (Epstein, 1992). This relation and overlapping of movements causes strengthening of the specific movement communities since it build and renews relationships and new networks are created (Staggenborg, 1998). Similarly, if we are to see the movement of IE various actors may come together and have overlapping relations with ECs that will build ties and create new networks. These sub-communities may indirectly assist in the growth of IE but it may not be their primary objective. Once their objective is met, they may leave the movement and continue pursuing their own specific objectives. This leads to our second proposition:

**Proposition 2: Other sub-communities of various actors overlapping with ECs that may not have industry emergence as their primary objective, will drop out once their primary objectives are met or when other movements appear to be more appealing.**

As mentioned earlier the process of IE specifically the pre-emergence phase has been neglected in the literature. We believe that the pre-emergence phase consists of various actors that come together and form a movement like pattern similar to SMs. Within these actors some may be part of the movement while some may be part of other sub-movements. In terms of IE, ECs are believed to be a part of the movement where several entrepreneurs work together in an effort to

overcome issues of legitimacy and resources. It can be assumed that in terms of initiators of movement some entrepreneurs can act as leaders that may assist other entrepreneurs in the creation of new firms. They can form a community of stronger relations and connections with other entrepreneurs and like SMCs, local entrepreneurial movement community centers can be created. In the double funnel approach, we see that collective action plays a significant role in determining the growth of the movement. Our focus is more on the ECs as they play a significant role in the development of creating a community of movements that influences or provides incentives for entrepreneurs to work together and achieve collective action. Through collective action, these entrepreneurs create a strong community that enables them to overcome issues of legitimacy and resources. However, since the movement involves other actors these actors may start to move away leaving only a few entrepreneurs to remain and proceed further with the movement. That is where the role of the individual entrepreneur can be highlighted. This leads to our third proposition:

**Proposition 3: Early entrepreneurs may attract other entrepreneurs to form a community that leads to a double funnel process of Industry emergence.**

We assume that an industry emerges not just on the efforts on an individual entrepreneur(s) but it is a collaboration of a variety of actors working towards the same objective. In SM literature, the question of why participants are motivated to stay in a movement and why some may drop out has been explained to some extent. Drawing inspiration from SM literature, regarding the types of necessary participants for a functioning SM, we have tried to apply this concept in the entrepreneurship literature for IE. Figure 4A is the underlying framework, a matrix divided into four quadrants A, B, C and D. Each quadrant specifies the type of movement that an industry belongs to and the type of participants that are part of this particular movement. Based on Meluccis work we have categorized industries that belong to either a claimant type movement or a

transformative type movement. As mentioned before, claimant movement occurs when actors form a collective action that demands efficient mobilization of resources and pushes the system to accept them or support them. The state is usually a contributing part of this movement and places most of its resources in the development of such industries. In such movement, regulatory push is necessary, as these type of industries require consistent support. However, even within this category, there are some industries that though may require state support but the degree of regulation may be lesser. On the other hand, the transformative movement is where actors create collective action that challenges the system and try to bring a change through innovation. However, the envisioned changes might affect mainly or the system of production (competition) or the institutions (politics). These industries usually create a competitive environment through firms existing or developing within the industry. We have categorized the industries based on the type of movements and the level affected by the movement resulting in comparative analysis and a more holistic view on the type of movement that leads to the emergence of a type of industry.

However, choosing what type of industry belongs to a certain category is challenging. Industry itself is a complicated term, as it is difficult to determine the classification of a new industry. For examples, 'the pharmaceutical industry and the furniture industry are each composed of several component industries that may be subject to different specific control structures and arrangements. And each industry's output becomes salient to the operation and functioning of other groups and individuals, whose needs and definitions of requirements may be more or less crystallized and formed into coherent expectations and norms' (Zald, 1978, p.82-83). For this purpose and for further clarity we classify new industries that are formed either as new segments within an existing industry or technological trajectories that emerge from traditional industries. In the case of the transport industry, it can be assumed that UBER is a new segment of the industry as it provides a



new kind of service that is innovative and has led to the creation of other similar startups such as Lyft, Careem, and Curb etc. hence, creating a new industry. Following this pattern, we have chosen specific industries and segments of industries that complement each quadrant according to which movement may have led to the emergence of the certain type of industry (see figure 3.1).

Quadrant A is a claimant movement that affects mainly the productive level: The PC industry and 3D printing industry are examples. Such industries are considered a better fit for this category since hobbyists rather than commercial manufacturers created them. Such inventions mostly emerged in the back garage of one's home. For example, the initial 5-8 years of the PC industry (1974-1981) were very experimental and were managed by hobbyist firms. Real commercial growth only began in 1981 when IBM introduced their IBM PC (Mazzucato, 2002). Similarly, the 3D printing industry also came into existence when hobbyists were using it to create prototypes in their homes and it was not until 2005, with the arrival of Makerbot the industry started to emerge. These particular industries need more supportive actors that endorse the movement. The presence of SMOs in such industries may exist and their role may mostly be outside of the movement. Industries belonging to this category also face less antagonistic behavior from the State and society and therefore achieve support at one point in time. The main issue however is the development of an ecosystem and to attract complementary actors. Investors need to be convinced to redistribute funds to these new activities. Collaborations with established firms and universities will support the emergence. There will be a high proportion of active protagonists as constituents, i. e. a high number of active actors that believe to benefit directly from developing this industry will be necessary. However, SMO are not necessary, as the number of active protagonists are important for signaling. This leads to our fourth proposition.

**Proposition 4: A collective action of active supporters leads to a claimant movement that positively influences the emergence of industries that are less antagonistic and less regulative.**

Quadrant B is composed of the Nuclear, Biotechnology, E-mobility industries and the Wind industry. Due to their specific nature, it can be said that such industries emerge from a collective action that forms a claimant movement. For example, in the case of Nuclear Industry it started from the discovery made by physicists in the 1930s, which lead to researchers and scientists to further conduct research on the nuclear power. It was not until the 1960s that nuclear power became commercial. In the 1970s, many trade associations and firms specializing in nuclear architecture and engineering, reactor manufacturing, and uranium mining promoted for nuclear power. It lead to a pro-nuclear movement that was backed by organizations and communities (Bert & Zald, 1982). These actors are labeled as active adherents in the quadrant as they support the movement and SMOs are important associations that play part of being central rule setters, however they were more decentralized as it allowed both community and associations to have open activities that allowed the progression of the movement. The nuclear industry since being supported by the federal state and local government were more regulative, that is the government promoted the industry and took its views into account. 'Industries that are perceived to offer significant economic, national security or political benefits to a state (or ruling party) should receive greater state protection against challengers. The relationship between state regulatory agencies and particular industries is also likely to affect the prospects for effective social movement action. Industries with strong lobbying associations and strong ties to the state or to particular political elites offer less attractive targets than their counterparts with fewer such ties, and/or a lesser degree of "regulatory embeddedness' (Schurman, 2004, p. 250).

In another case, within the E-mobility industry, there has been the emergence of the e-bikes industry and despite it being a motorized vehicle it has been given legal rights by the state to use bike lanes, paths and trails just as normal bikes. Similar, the biotech industry required changes in laws, a redirection of public funds for research among other factors. Thus, it was about extending existing limits of the institutional framework and the redistribution of resources. For the growth of such industries, regulatory push is necessary and the state is most likely to react to the movement. Therefore, this type of industry requires a number of relevant active adherents even though they might not have any direct benefits from the support (such as the members of the parliament voting for a change in law) or need to face even trade-offs when supporting the movement (e.g. universities investing more funds in biotech and reducing investment in other areas). Essentially, the institutions are needed to become active supporters of the movement as they need to dissolve bottlenecks for the emergence of the industry. Compared to A, active adherents will outnumber constituents. The support of active adherents is critical, as these potential industries will face strong antagonism. The emergence of SMO's is likely and relevant, as the industry needs to negotiate the redistribution of resources with the institutional system. The aforementioned example of the wind energy sector exemplifies the role of SMO's for promoting the industry. The number of protagonists is less important. This leads to our fifth proposition:

**Proposition 5: A collective action of active adherent participants and SMOs leads to a claimant movement that positively influences the emergence of industries that are backed by State.**

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**Insert Figure 3.1 Here**

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In quadrant C, we have those industries that are transformative in nature such as the Open source software and E-commerce industry. These industries question the function of the productive system but not of the institutional level. They do not challenge the State, rather they challenge the competitors and the industry logic. They threaten in the long run - if successful- the reason existence of an old industry. Consequently, these movements will face strong antagonism from the economic actors. The Open software Movement is a good example: an open and free software model challenges the closed, proprietary, for payment model of a whole industry but not of the institutional setting. Indeed, in some countries, Linux was adopted by public administration. In 1964 the modern computer industry began which also lead to the emergence of the software industry. IBM released the system S/360 which was considered a revolutionary mainframe architecture but with time the operating system kept facing bugs and other various problems. Due to these problems it lead to the realization by late 1960s that software development needed to be taken as science and not art. A software engineering conference sponsored by NATO, was held in 1968 where world's leading software designers came together to work out how order could be brought in software development. After the success of IBM's OS/360 many imitators emerged but only one operating system replaced them all and it was UNIX. While software were usually being developed by specific companies only, it wasn't until 1992 that a Finnish university student named Linus Torvalds developed Linux based on Unix. The only difference was that Linux was an open source model that allowed any developer to improve the system at any given time. Linux was supported by IBM but it was considered as a threat to capitalism by Microsoft and many others (Philipson, 2004). Despite the backlash Linux was given the due support it needed from the support of community of developers and organizations that supported the open source software movement. Linux started a movement that brought a change in the software industry. It emerged as a new

industry segment that brought an innovative change in the software industry. It acted as a central rule setter (regulative) that was part of the movement and was also supported by many active adherents despite facing a reaction from competitors such as Microsoft.

This type of movement requires a high number of active adherents. Compared to Quadrant A, this movement requires a SMO that governs and coordinates individual efforts and responds to claims brought forward by antagonist economic actors. This role was taken by the Linux foundation. These type of industries have a more mixed blend of participants that are active adherents. These participants support the creation of such industries and may include the state, firms, organizations, consumers etc. These industries also face more antagonism usually from leading firms within the industry in the form of competition. This leads to our sixth proposition.

**Proposition 6: A collective action of active adherent participants and SMOs leads to a transformative movement that positively influences the emergence of industries that are supported by community and organizations**

Quadrant D falls under the transformative category but these industries challenge the institutional system. As they question the functioning and logic of the institutional system, conscious adherents are not functional as this movement is not about renegotiating resource allocation. Main antagonist is not the competition but the institutional setting. These industries face more antagonism from legal actors such as public institutions, lawmakers, and the State. Such industries are confronted with legal issues because not only are they innovative but they also try to bring a transformative change in the industries they emerge from. For example, the online music industry started to emerge when the internet came into existence. Many people discovered the potential of such technology as an information and file sharing network and there was a shift to digital storage or information, which meant instead of going to a local store the music could be bought through

online stores. Napster, an online music store, was launched in 1999 which focused on organizing music in one portal for the public to search for tracks. This led to a blur between the lines of publishing and recording industries and hence the battle of intellectual property ownership began by taking individuals to court in high profile cases. However, ‘after start-ups like Napster, Gnutella, and MP3.com began to successfully service massive consumer demand for online music—largely bypassing the record companies—the incumbents had to accept the new business reality and change their behavior’ (Clemons et al. 2002, p. 19). It can be observed from this example that the online music industry challenged the existing system but providing something new and innovative. It faced backlash from the state and competitors but through a massive support from the public, which included those who were mostly sympathizers, they were able to emerge successfully. In another case, Uber questioned the State licensing system for taxis (in Europe) and indeed Uber was sued by the State in countries such as France, Germany and Italy. Airbnb has faced legal issues in terms of tighter rules proposed by various countries when allowing people to rent out their properties, such as forcing people to register in city hall or pay higher taxes. Airbnb has not been sued or challenged by competition (hotels) but by the public authorities. In Italy, an Airbnb tax was installed by law. Despite the backlash there still has been a growing movement towards the acceptance of such services and it has grown internationally. The emergence of such industries is much more challenging and interesting as these industries have to face mostly the problems of legitimacy and resource mobilization and they may or may not have the support of SMOs. This leads to our seventh proposition.

**Proposition 7: A collective action of protagonists and sympathizers leads to a transformative movement that positively influences the emergence of industries that are challenging in nature.**

Reflecting further on our matrix the degree of relativeness and antagonisms varies within each quadrant. Understanding the different impact these degrees have on each quadrant is essential as it determines how contested the movements are and how they affect the process of IE. In quadrant A we have less regulation and less antagonism within a claimant movement. By less regulation we mean there is less support from the state as well as less opposition from the public. This also means that such industries are still supported but how this movement goes forward is not clearly identifiable. In quadrant B the degree of regulation is more and there is less antagonism, which implies that such movements (claimant) are less contested and have support through state and/or other supporting institutions. This leads to a positive influence on the process of the emergence of industries. Quadrant C is considered to be the most challenging environment for IE as there is less regulation and more antagonism usually through legal opposition. Such industries face significant contestation and need to struggle a lot in the process of IE with participants that are mostly sympathizers. Lastly, in quadrant D the degree of regulation and antagonism is more, which implies that such movements (transformative) are more contested and face more challenges in the process of IE. There is existence of opposition mostly in the form of competition but a lot of support from state and/or other adherent participants. This leads to our eighth proposition(s).

**Proposition 8 A: Less regulative claimant movements are less contested both by the institutional and competitive level that leads to emergence of industries through protagonist support.**

**B: More regulative claimant movements are less contested by the competition and require more institutional support in the process of industry emergence.**

**C: Less regulative transformative movements are more contested on the competitive level and face challenges in the process of the emergence of industries in the form of competition.**

**D: More regulative transformative movements are more contested on the institutional level and face challenges in the process of the emergence of industries in the form of legal opposition.**

### **Implications and Future Research**

This article illustrates a rare perspective and focuses on providing valuable contributions to the IE literature, while enriching entrepreneurship research. It has focused primarily on the pre-emergence phase of the industry the point where most of the literature provides little or no information at all. To this date, research on entrepreneurship has revolved around the individual entrepreneur and the institutional perspective. Keeping this in mind this article revisits the actor perspective neglected within the literature, thereby providing an alternative view and amplifying the existence of variety of actors that are involved in IE. The implemented SM approach in this paper tries to give an understanding of the process of IE while integrating it within entrepreneurship studies. Our model observes the existence of multiple actors, not necessarily entrepreneurs, who integrate with other actors to form a movement leading new industry creation. Specifically, we have tried to combine the theory of SM with the theory of ECs and have specified how when these two theories brought together can enrich the study of entrepreneurship of how new industries emerge. Therefore, this article emphasizes on the relationship between two scholarly research avenues, Sociology and Management. While sociology and organization literature have amalgamated together in various studies, this article has tried to bring in entrepreneurship literature as well as making an effort to overcome the limited research within this field.

The actor perspective gives a deeper understanding of entrepreneurial studies by shifting the focus off from the institutional/individual entrepreneur angle. Seeing the gap in theoretical studies on



actor perspectives, we have tried to identify the existence of multiple actors through a hypothetical representation of the industry life cycle and through providing industry specific example. In doing so we contribute not only to the question of what happened during the pre-emergence phase of IE but also explore the question of what leads these actors to form a movement and most importantly why do they join or drop out of a particular movement? Hence, this leads to our second implication where we propose a model through a double funnel process that portrays the process of how a movement is formed and how different actors come together to be a part of this movement. This model hence, adds to the IE emergence process and it leads to a larger applicability in IE studies, where focus has been on specific stages of post-emergence, as specified by the industry lifecycle model.

For the purpose of diversification and applicability of our proposed model, this article has also tried to give a comparative analysis between different industries and industry segments. Doing so allows us to give robust results and an explanation as to why some actors may or may not be part of a specific movement that leads to the creation of a specific industry. In SM studies, participants are part of a movement either because of personal motivations, as a means of expressing their opinions, being part of a group and so on. Based on this perspective, we propose in this paper that actors that form a collective action to form a movement for a certain industry may also have certain reasons as to why they are part of the movement as well as reasons of why they drop out of it. We propose that actors participating in a movement might be due to the fact of their availability. It is possible that some actors may not be available to be part of a movement or they may be available for one movement but not the other. More specifically, it also depends on their motivation of whether their objectives align with the certain type of movement or not hence, further leading to drop outs.

Finally, we consider that one of the key strengths of proposing this theory is that it provides a potential foundation that can be implemented further in various studies of IE, entrepreneurship and social contexts, using qualitative and quantitative research setting therefore opening doors to further research avenues. The propositions presented in this paper could be tested with data collected from actors within a single industry through conducting interviews and questionnaires. This could help in understanding the behavior of actors and the way they might have helped in building a movement that lead to the emergence of the particular industry. One research avenue could also involve the influence of regions and whether or not they create an environment that supports SMOs that may be beneficial for IE. Scholars can expand their studies and look at the impact of SM on not only IE but also on entrepreneurial behaviors and motivations. SM components such as SMO, SMC etc. can also be used to conduct individual studies in more depth. Another interesting avenue could be to study failed industries in the light of SM and EC interaction.

## **Conclusion**

We have theorized the importance of the actor and entrepreneurial aspect in understanding IE through the lens of SMs and ECs. Connecting the theory of SMs and ECs highlights how entrepreneurs and various actors can adapt a SM like pattern, which can influence the emergence of an industry. The existence of various other actors that may have been part of IE are also identified. We state that by adapting to SM like characteristics collective action is achievable within ECs and various actors that is hard to manage when a new industry emerges. Further, it enables to overcome the issues of legitimacy and resource mobilization thereby facilitating the emergence of a new industry. We believe that the role of individual actors coupled with

entrepreneurs has important implications when studying about IE. We have tried to give a diverse application of this theory with the use of examples of specific industries, to provide more richness to the study. More is yet to be explored and the more practical implication of the proposed propositions would perhaps be a starting point for future studies. It is hoped that the contributions from this study can lead to further avenues of research within the field of entrepreneurship and IE complemented with the theory of SMs.

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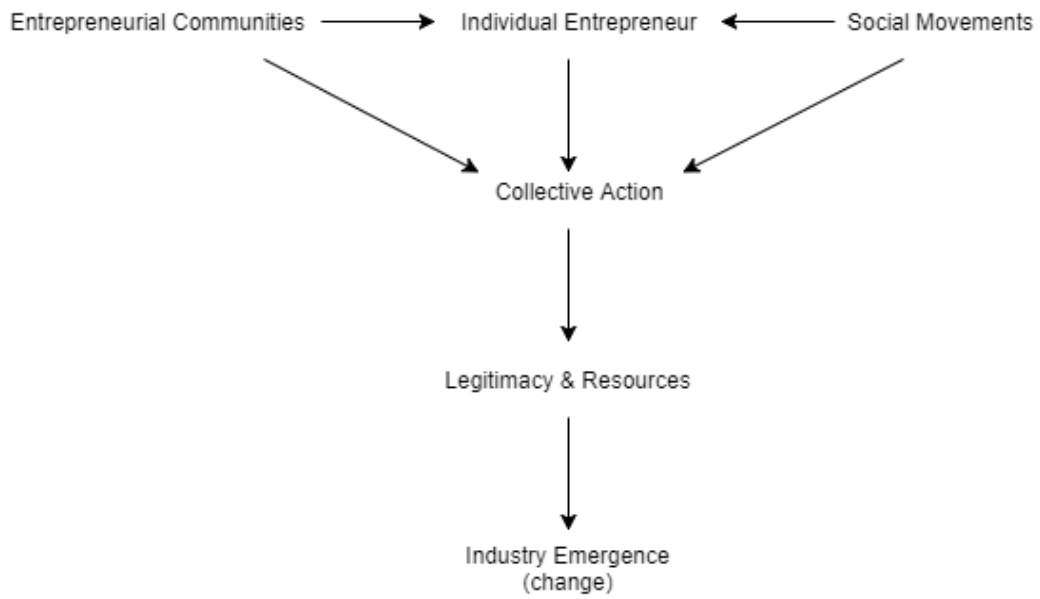
**Figures/Tables**

	<b>Supporters (Accept Goals)</b>	<b>Neutral</b>	<b>Protestors (Do Not Accept Goals)</b>
<b>Passive</b>	Sympathizers	Ignorant (unaware or do not care)	Opponents (low)
<b>Active</b>	Sympathizers  Adherents (mobilize and provide resources to the movement)  Protagonists (mobilize, provide and coordinate resources )	Indifferent (aware but do not care)	Opponents (high)

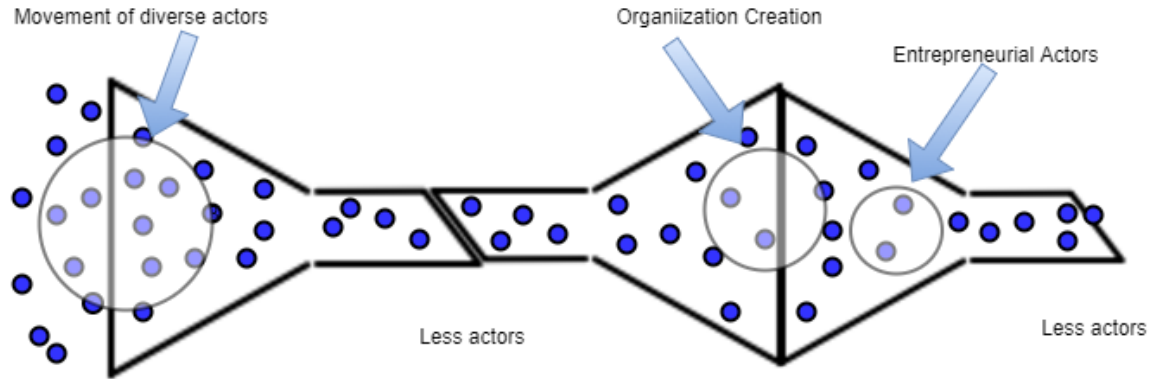
**Table 1. Social Movement Participation.**

<b>Variables</b> <b>Concepts</b>	<b>Change</b>	<b>Resources Mobilization</b>	<b>Gain Legitimacy</b>	<b>Network</b>	<b>Collective Action</b>	<b>Communities</b>
<b>Entrepreneurship</b>	Social +Economic	Firm Specific	Individual	Firm Specific	Complementary	Complementary
<b>Social Movements</b>	Society as a whole	Collective	Collective	Collective	Essential	Essential

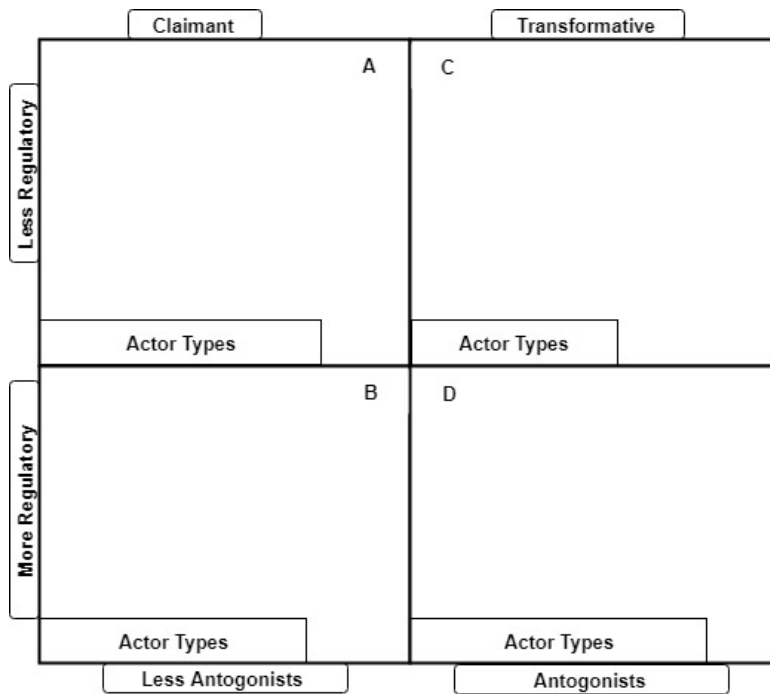
**Table 2. Similarities between Social Movements and Entrepreneurship.**



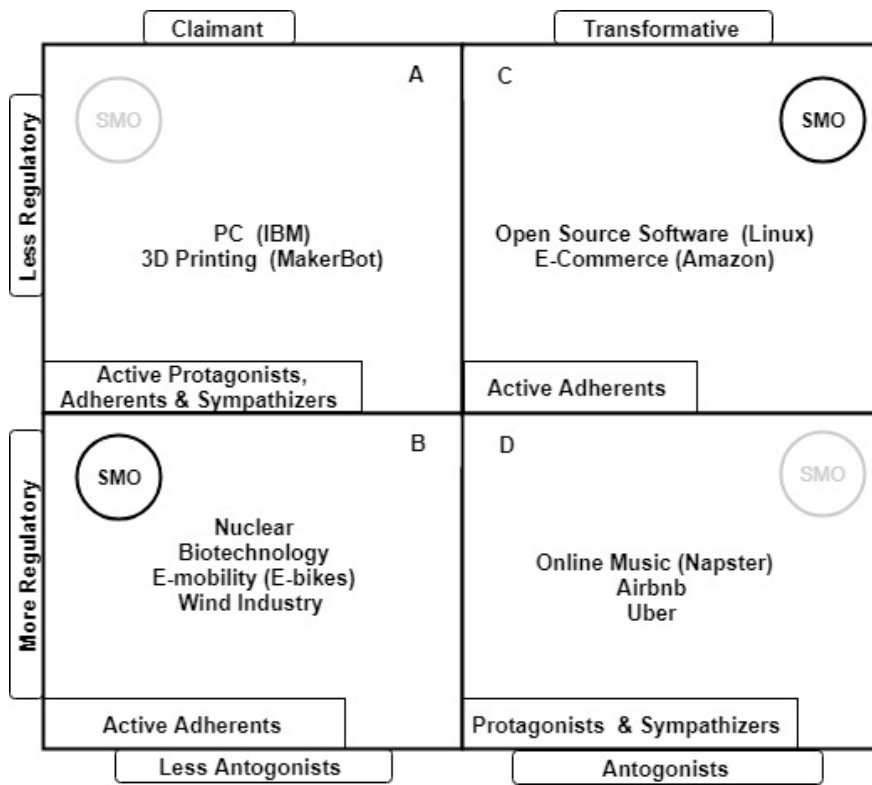
**Figure 1. Implementing Social Movement theory on entrepreneurship to achieve collective action.**



**Figure 2. The Double Funnel Approach.**



**Figure 3. Quadrant with Four Prototype.**



**Figure 3.1 Comparative analysis between industries.**