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# **Entrepreneurship and Institutional Challenges: Disincentives or Opportunities? Case Studies in the Palestinian Mobile Phone Sector**

**Sharif Rateb Alaydi**

**BA, MSc**

A thesis submitted in fulfilment on the requirements for the Degree of  
**Doctor of Philosophy**

Adam Smith Business School  
College of Social Sciences  
University of Glasgow  
February 2021

# Abstract

This study aims to address the core research question, *are institutional barriers and voids in extremely uncertain environments perceived as disincentives and/or opportunities?* The emphasis in the extant entrepreneurship literature is mainly on the separate and negative influence of institutional barriers, voids and violence. The present study is the first to analyse the cumulative impact of all these negative challenges and consider their possible positive as well as negative influences. Another research gap here is that the exact role that uncertainty plays in stimulating and/or obstructing entrepreneurial action has remained obscure. The study integrates the institution-based view (IBV) and the subjectivist view of entrepreneurship to address these two research gaps better capture the nuances of extreme institutional challenges in relation to their effects on the firm's survival as well as on the entrepreneurial processes.

The study adopted a qualitative case study approach and sampled two 'polar' cases - one indigenous firm and one MNE - that represented the population of mobile phone providers in Palestine. A thematic analysis of thirty-one semi-structured Skype interviews was used. This study treated institutional challenges and uncertainty separately, but evidence from the two case studies shows that they were related and reported many similar relations.

The indigenous firm and the MNE faced extreme institutional challenges, which were perceived as opportunities/incentives and disincentives. The results show that the three types of uncertainty (state, effect and response) can indeed be a source of both positive and negative impacts for entrepreneurial processes and action. The aggregate level of uncertainty may motivate entrepreneurial processes and action, particularly opportunity exploitation, to a maximum level, beyond which any further increase in uncertainty may be associated with declines, involving what this study labels as 'uncertainty overload'. The analysis also demonstrates that the attributes of managers, together with their emotions aroused by levels of uncertainty, may play a crucial part in both stimulating and obstructing opportunity exploitation.

The two firms each employed three strategic responses to institutional challenges: acceptance, adaptation and influence. The analysis further finds that a wide variety of factors influenced opportunity-related processes and entrepreneurial action, which were broadly related to the manager's personality, prior knowledge and social networks, institutional environment, and an opportunity's characteristics. The two firms also embraced all

opportunity identification options (recognition, discovery and creation) and developed a set of different actions, beyond immediate opportunity exploitation.

This study may enrich and complement the main argument of the IBV literature by confirming the binary effects (as benefits and disbenefits) of institutional challenges on the two firms. It also may contribute to the IBV literature through providing a blend of three strategic responses that employed by the indigenous firm and MNE to navigate and shape their institutional environment. The study provides an integrated framework that may portray a fuller view pertaining to entrepreneurial processes and action within the Palestinian uncertain environment. It suggests a revision to the current entrepreneurship literature in relation to how uncertainty affects entrepreneurship by confirming an ambiguous impact (as incentive and/or disincentive) of extreme uncertainty on the two firms and emphasising the significant influence that emotions and personal attributes of the entrepreneur may exert on entrepreneurial action in an uncertain business environment.

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# Acknowledgement

First and foremost, I would like to express my special appreciation and sincere gratitude to my supervisors: Professor Trevor Buck and Dr Yee Kwan Tang, for their continued encouragement and support during my Ph.D. study and related research. I would like to thank Professor Buck and Dr Tang for their invaluable guidance, patience, motivation, and immense knowledge. I could not have imagined having better advisors and mentors for my Ph.D. research. You have been tremendous supervisors for me and your advice on both research as well as my career have been priceless.

My sincere thanks also go to the University of Glasgow and British Council Palestine for helping and providing the funding for this research under the College of Social Sciences Scholarship scheme. I am also thankful to the CEOs of the two Palestinian mobile phone operators, who provided me with an opportunity to access their companies, and to all participants that took part in the study. Without their precious support it would not have been possible to conduct this research.

A special thanks to my family. Words cannot express how grateful I am to my mother, grandmother, and to my sister and brothers for supporting me spiritually throughout writing this thesis and my life in general, and for all the sacrifices that they have made on my behalf. Their prayers for me were what sustained me thus far. I am also grateful to my other family members and friends who have supported me along the way. At the end I would like to express appreciation to my beloved wife Heba who spent sleepless nights with me and was always my support as an enlightened colleague as well as a considerate and loving wife in the moments when there was no one to answer my queries.

And finally, last but by no means least, I dedicate this work to my life-coach and eternal cheerleader, to my forever interested, encouraging and always enthusiastic, late father Rateb Alaydi, because I owe it all to him. I miss his priceless happiness whenever a significant momentous was reached in my life, but I am absolutely certain that he will be much happier than me for this achievement.

## **Author's Declaration**

I declare that, except where explicit reference is made to the contribution of others, that this dissertation is the result of my own work and has not been submitted for any other degree at the University of Glasgow or any other institution.

Printed Name: Sharif Alaydi

Data: 15/02/2021

Signature:

# List of Abbreviations

<b>BoM</b>	Board of Management
<b>CAPEX</b>	Capital Expenditure
<b>CAT</b>	Commercial Activity Team
<b>CBOs</b>	Community Based Organisations
<b>CCO</b>	Chief Commercial Officer
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CR</b>	Critical Realism
<b>CSR</b>	Corporate Social Responsibility
<b>GPRS</b>	General Packet Radio System
<b>GS</b>	Gaza Strip
<b>GSM</b>	Global System for Mobile Communications
<b>IBV</b>	Institution-Based View
<b>IM</b>	Instant Messaging
<b>IP</b>	Internet Protocol
<b>MLG</b>	Ministry of Local Government
<b>MNE</b>	Multinational Enterprise
<b>MNP</b>	Mobile Number Portability
<b>MTIT</b>	Ministry of Telecom and Information Technology
<b>OPEX</b>	Operating Expense
<b>OPT</b>	Occupied Palestinian Territory
<b>PNA</b>	Palestinian National Authority
<b>TRC</b>	Telecommunication Regulatory Commission
<b>VAS</b>	Value Added Services
<b>WB</b>	West Bank

# **Chapter 1: Introduction**

## **1.1 Introduction**

This chapter presents an overview of the thesis, providing a background and theoretical underpinnings. The chapter explains the chosen research setting and specifies the research objective and questions. It also briefly discusses the methodology and its claimed contributions and outlines the structure of thesis.

## **1.2 Research Background**

A seminal book (Khanna & Palepu, 2010) stimulated a decade of research into negative institutional environments. Subsequent investigations covered institutional barriers (Chang & Wu, 2014; Oliveira et al., 2018; Skiti, 2020) institutional voids (Doh et al., 2017; Gao et al., 2017) violent conflict (Hiatt & Sine, 2014), and combined voids and conflicts (Parente et al., 2019). The emphasis in these studies was mainly on the separate and negative impact of barriers, voids and violence, e.g. ‘... political and civil violence decreases firm survival’ (Hiatt & Sine, 2014, p. 773). Firms facing institutional voids find it difficult to respond to shocks without the cushion of specialist intermediary institutions, and thus, ‘... failure rates are high’ (Gao et al., 2017, p. 2147). However, another stream (e.g. Doh et al., 2017; Moulick et al., 2019; Smallbone & Welter, 2008; Sydow et al., 2020; Tracy & Phillips, 2011) acknowledged that a challenging business environment may create some distinctive opportunities for firms. Doh et al. (2017, p. 296) reported that ‘... institutional voids may help to create monopolistic advantages for some firms ... and in some emerging markets it is possible to find foreign firms absorbing costs of absent institutions’.

Accordingly, entrepreneurship studies to date have offered inconsistent empirical findings on the influences of institutional barriers and voids, but has been dominated by the ‘negative’ and has mainly overlooked the ‘positive’ outcomes related to institutional challenges. I therefore adopt an open-minded perspective (i.e. barriers and voids may generate positive as well as negative influences) which may explain, even in the most propitious circumstances for negative responses, an apparent inconsistency in the extant literature (Doh et al., 2017). I also consider the institution-based view (IBV) of the firm (Peng et al., 2009) that focuses on the mutual interaction between institutions and firms as a fruitful theoretical lens to account for the sources of variations in managers’ reactions to

institutional pressures, as constraints and/or opportunities (Ahuja & Yayavaram, 2011; Yiu et al., 2014). Chowdhury et al. (2019, p. 35) also emphasised that ‘... institutions and entrepreneurial activities tend to have a bidirectional relationship’.

Besides this general presumption of a negative impact of institutional challenges, the extant literature (with the exception of voids and violent conflicts combined in Parente et al., 2019) has analysed individual sources of uncertainty without recognising the cumulative impact of uncertainty generated by institutional barriers, voids and violence together. Rather than analyse individual barriers, voids and conflicts in isolation, it is argued that they may fruitfully be studied collectively, since Aidis (2005, p. 314) noted the inter-relatedness of different business barriers, besides voids and conflicts. These cumulative institutional barriers, voids and conflict may be expected to intensify any negative impact of uncertainty.

Interestingly, the role that uncertainty plays in hindering and/or motivating entrepreneurial processes and action remains a matter of recent debate (e.g. Bylund & McCaffrey, 2017; McMullen & Shepherd, 2006; Townsend et al., 2018). Furthermore, explanations of the conditions under which uncertainty may impede and/or promote entrepreneurship are elusive (McKelvie et al., 2011). A ‘barriers’ perspective (e.g. Bylund & McCaffrey, 2017; Gaglio & Katz, 2001; Kirzner, 1979; Mahnke et al., 2007) suggested that greater uncertainty creates barriers to entrepreneurial action, especially opportunity exploitation, and ‘... across all fields of management research, uncertainty is largely considered an aversive state that people and organizations cope with unwillingly and generally aim to avoid’ (Griffin & Grote, in press, 2020). As entrepreneurial action is made more uncertain in unstable institutional contexts - e.g. in many emerging markets - opportunities for entrepreneurship may be inhibited (Baron et al., 2018; Chowdhury et al., 2019; Luthans & Ibraveva, 2006; Manolova et al., 2008).

However, another perspective (e.g. Knight, 1921; McKelvie et al., 2011; Tracey & Phillips, 2011; Webb et al., 2020; Zhou, 2013, 2017) has contended that entrepreneurial opportunities are likely to be greatest when market conditions are furthest from equilibrium and competitive perfection, e.g. when they are volatile, unpredictable and uncertain. Folta (2007, p. 98) went further and declared that: ‘for opportunities that create the most value, uncertainty *rules the day*’ (italicised emphasis in the original). Institutional barriers and voids are key sources of volatility and uncertainty that may create significant opportunities for some entrepreneurs (Tracey & Phillips, 2011). Sydow et al. (2020) reported that major

voids did not hold back the entrepreneurs but, rather, encouraged them to ‘bloom where planted’ (Moullick et al., 2019, p. 7). This perspective coincides with Claire et al. (2019) and Shepherd et al. (2007), who suggested that hostile and rapidly changing environments may stimulate entrepreneurship.

I suggest that to some extent, these two competing views may be attributed to the subjective perception, interpretation and judgement of uncertainty in a ‘state of unknowingness’ (Townsend et al., 2018, p. 670) among individual entrepreneurs. Packard et al. (2017, p. 846) commented that ‘[entrepreneurial] decisions, in the end, depend on how the decision maker perceives the relevant uncertainties...’, i.e. a subjective, judgement-based view of uncertainty echoed in Foss and Klein (2012), McKelvie et al. (2011), and Teece and Leih (2016). This view explains the heterogeneity of entrepreneurial actions even in the same uncertain environmental context (McKelvie et al., 2011; Shepherd et al., 2015). Drawing on this subjective view of entrepreneurship, this study synthesises the two facets (negative and positive) of the role of uncertainty in the entrepreneurship processes.

The phenomenon of entrepreneurship is largely centred around the individual-opportunity nexus (Shane, 2003). Therefore, unsurprisingly, a wide variety of individual factors influence the processes of opportunity identification, development, evaluation, and exploitation (Cox et al., 2018). Even though scholars of personality and the psychology of the entrepreneur are united in their understanding of the importance of opportunity, judgement, and uncertainty to entrepreneurial processes and action (Packard et al., 2017; Ramoglou & Tsang, 2016), they vary considerably in how entrepreneurs conceptualise the process and its enablers (McMullen et al., 2020). Personality and psychology have both been identified as key components in explaining how and why entrepreneurs act, however, questions remain about what different factors lead to entrepreneurial process and action as well as the role that these factors have in the process (Cox et al., 2018).

This study fills the aforementioned gaps in the literature by focusing on the combined influence of institutional barriers, voids and conflict and investigating whether the indigenous and MNE operators in the Palestinian mobile phone sector perceive these institutional challenges in an extremely uncertain environment as disincentives and/or opportunities. I propose that the integration of the IBV and the subjectivist view of entrepreneurship may contribute to explaining these current debated issues.



### 1.3 Research Setting

The choice of empirical location corresponded with the focus of this research investigating the circumstances in which the negative influences of uncertainty, according to the ‘barriers’ perspective, may be expected to dominate. It was therefore decided to study the impact of extreme uncertainty in a very hostile environment. This methodological choice effectively amplified the impact of institutions on firms and biased this study purposely *against* the probability of finding positive impacts, thus underlining the significance of any positive impact that is nevertheless found. This enabled me to claim a contribution to both institutional and entrepreneurship theories by investigating how extreme uncertainty in the Palestinian mobile phone sector may have influenced an indigenous firm and an MNE provider’s decision to act on an entrepreneurial opportunity.

The Occupied Palestinian Territory (OPT) refers to the geographical area occupied by Israel since 1967. The OPT comprises the West Bank (WB, including East Jerusalem) and the Gaza Strip (GS), and is controlled by the Palestinian National Authority (PNA) after the Oslo Accords in 1993 (International Labour Organization, 2018). The OPT has been scored with the highest national level of commercial risks from political and trading events, and an apparently unfavourable, negative and unstable business climate (COFACE, 2019; CREDENDO, 2019). The Palestinian mobile phone sector was chosen as the setting for this research because it operates in arguably the most restrictive institutional environment in the world, regulated by three different governments (PNA, Hamas and Israel) (Rossotto et al., 2016), because the industry’s market structure is unique, comprising only one established incumbent and a relative newcomer MNE. Furthermore, eight Israeli mobile operators cover the WB with mobile signals, offering illegal and unregulated services (Grimoud et al., 2015; Rossotto et al., 2016). Many of these institutional barriers are imposed by a neighbouring country (Israel) and this creates a unique and extreme institutional environment (c.f. Alvi et al. 2019) within which firms must struggle to operate and survive (Parente et al., 2019).

Despite these challenges in the past decade, the indigenous and MNE operators have each achieved significant growth, introduced innovative services, generated reasonable profits, contributed significantly to the Palestinian economy, and fostered the creation of new mobile phone-related businesses. For example, the indigenous operator attained a twofold increase in mobile subscribers from 1.5 million in 2009 to over 3 million in 2018; the latecomer MNE also reached 1.29 million subscribers in 2018, achieving an annual

growth rate of 27% in its customer base and 17% in revenue. In 2018 the MNE launched 3G services in WB as part of its network modernisation strategy and declared its intention to invest millions of dollars in its infrastructure (Gulf Times, 2018; Reuters, 2017).

In these circumstances, the long-term survival and development of the two Palestinian operators and their commitment to continuously invest in upgrading and innovation in such a turbulent environment indicate the importance of these two polar cases to the research questions addressed by this study (Patton, 2015; Yin, 2009).

## **1.4 Research Objective and Questions**

This study aims to build on recent developments in entrepreneurship and institutional theories in order to investigate and understand how an indigenous and an MNE operator in the Palestinian mobile phone sector perceive and respond to uncertainties and contradictions in their institutional environment.

Much of the existing entrepreneurship literature provides conflicting evidence on the positive or negative influences of institutional barriers and voids, and it mainly suggests that institutional challenges have a negative impact on a firm's survival and growth. This study underscores the need for entrepreneurship research in extreme contexts to capture the nuances of extreme institutional challenges in relation to their effects on the firm's survival as well as on the entrepreneurial processes. Therefore, the core research question is: *Are institutional barriers and voids in extremely uncertain environments perceived as disincentives and/or opportunities?* Based on this central research question, this study addresses the following main research sub-questions:

- 1- What are the main institutional barriers and voids faced by Palestinian mobile phone operators?
- 2- How do firms respond to institutional barriers and voids?
- 3- What are the antecedents of entrepreneurial processes and action in an extremely uncertain environment at a firm-level?
- 4- How are opportunities identified, developed, evaluated, and exploited within an extremely uncertain business environment at a firm-level?

## **1.5 Research Methodology**

This research adopted a qualitative case study approach to examine the role of uncertainty in entrepreneurial processes and action and understand how firms perceive and respond to institutional barriers and voids. This research design was suitable for addressing ‘how’ and ‘why’ questions, understanding the phenomenon of firm survival and growth in an extremely uncertain context from the perspective of those studied (informants), reporting differences in perspectives among informants and examining and articulating processes (Pratt, 2009). The study theoretically sampled two ‘polar, rich, deep’ cases (Dyer & Wilkins, 1991; Patton, 2015) - comprising one indigenous firm and one MNE – that constituted the population of Palestinian mobile phone operators.

The informants (senior and middle managers) were purposively selected from the indigenous firm and the MNE. They were qualified (highly educated and experienced) to report on how they perceived institutional barriers and voids, and how uncertainty affected their decisions regarding entrepreneurial processes and action. Thirty-one semi-structured Skype interviews were conducted (16 with 12 senior and middle managers in the indigenous firm and 15 with 11 senior and middle managers in the MNE). Thematic analysis (Braun & Clarke, 2006) was used to identify, analyse and report patterns (themes) within the data. Within each case, the systematic approach of Gioia et al. (2012) was followed to develop existing theory and new concepts. Both the within-case and cross-case analysis were achieved and shown in matrices and tables. The details of the methodology are outlined in Chapter 3.

## **1.6 Claimed Contributions**

This study claims to make four main contributions (detailed contributions and implications are discussed in Chapter 7) as follows:

- a) It enriches and complements the main argument of the IBV and institutional void literatures (advocating mainly the deleterious impact of institutional challenges) by confirming the binary effect of institutional barriers and voids – as benefits and disbenefits – on the indigenous and MNE operators.

- b) It may contribute to the IBV literature through providing a blend of three strategic responses, namely acceptance, adaptation, and influence, that the two firms adopt to navigate and shape an institutional environment.
- c) It provides an integrated framework, which incorporates the underpinnings of the IBV and the subjectivist view of entrepreneurship, that may portray a fuller view pertaining to entrepreneurial processes and action within a Palestinian uncertain environment.
- d) It informs and expands the current entrepreneurship literature in relation to how uncertainty affects entrepreneurship by confirming an ambiguous impact - as incentive and/or disincentive - of extreme uncertainty on both the indigenous and MNE operators, proposing a tentative concept of 'uncertainty overload' that needs further investigation may be through quantitative studies, and emphasising the subjective effects of emotions, together with the attributes of entrepreneurs, on entrepreneurial processes and action.

## **1.7 Thesis Structure**

The thesis is structured in seven chapters, references and appendices, as follows:

- *Chapter Two* reviews the existing literature and articulates research gaps.
- *Chapter Three* explains the research methodology.
- *Chapter Four* presents the within-case findings.
- *Chapter Five* presents the cross-case findings.
- *Chapter Six* discusses the findings.
- *Chapter Seven* concludes the study and discusses the claimed contributions.

# **Chapter 2: Literature Review**

## **2.1 Introduction**

This study is situated in entrepreneurship theory synthesised with institutional theory. It therefore provides an overview of previous research on entrepreneurship, entrepreneurial processes, institutions, uncertainty and entrepreneurial opportunity. The literature review is divided into four sections. The first presents definitions and dimensions of entrepreneurship, perspectives and approaches of entrepreneurship, entrepreneurial processes, with emphasis on the subjectivist view of entrepreneurship. The second section discusses institutional theory, definitions and dimensions of institutions, the IBV, and institutions as enabling and constraining forces for entrepreneurial behaviour. Moreover, it reviews institutional barriers and voids in uncertain contexts within the entrepreneurship field and strategic responses to institutional challenges. The third section explains the concepts of uncertainty and risk and highlights the major differences between them. It also reviews the concept of entrepreneurial opportunity and its sources, the core entrepreneurial processes and action and its antecedents and discusses whether uncertainty creates or obstructs entrepreneurial opportunity. Finally, based on this review of the extant literature, in the fourth section, three research gaps are identified as the focus of the current study and the main research question is presented.

## **2.2 Entrepreneurship Theory**

The entrepreneurial phenomenon is broad and has many facets. Steyaert and Hjorth (2003, p. 5) explained that ‘... there are many entrepreneurship in terms of focus, definitions, scope and paradigms’, and thus may be understood and interpreted from different disciplines representing a variety of research traditions, perspectives, and methods (Carlsson et al., 2013). Among several perspectives in the entrepreneurship literature describing entrepreneurial process, the subjectivist perspective on entrepreneurship views opportunities as being created by individuals and emerging from the subjective cognitions of the entrepreneur (Alvarez & Barney, 2007, 2010; Chiles et al., 2010). From this perspective, perceptions and personal knowledge are the starting points for understanding entrepreneurship (Foss et al., 2008). This section therefore discusses definitions and dimensions of entrepreneurship, perspectives and approaches of entrepreneurship, entrepreneurial processes, and the subjectivist view of entrepreneurship.

## 2.2.1 Definitions and Dimensions of Entrepreneurship

Entrepreneurship, as differently perceived and widely understood, is too broad to be confined in a single, universal classification (Alvarez & Barney, 2020; Anderson et al., 2012). Entrepreneurship is broadly described as a ‘handy disturber of order’ (Hjorth, 2004, p. 417) or a ‘malleable panacea’ (Dodd & Anderson, 2001, p. 24). Steyaert and Katz (2004, p. 182) went further and explained that entrepreneurship as ‘a model for introducing innovative thinking, reorganising the established and crafting the new across a broad range of settings and spaces.’ Baron and Shane (2008) asserted that definitions are always tricky, and for a field as new as entrepreneurship, the task is even more complex. It is not surprising, then, that currently, there is no single agreed-upon definition of entrepreneurship either as a field of study in business or as activity in which people engage. Accordingly, entrepreneurship as a concept has multiple meanings that are both contingent and contextual and open to a range of definitions (Anderson et al., 2012). Table 2-1 provides selected definitions developed in chronological order.

**Table 2-1: A Chronological Development of Selected Definitions of Entrepreneurship**

Author(s)	Definition
Kirzner (1973, p. 19)	‘The competitive behaviours that drive the market process’
Gartner (1985, p. 697)	‘The creation of new organizations’
Timmons (1989, p. 1)	‘The ability to create and build something from practically nothing. It is initiating, doing, achieving, and building an enterprise or organization, rather than just watching, analysing or describing one. It is the knack for sensing an opportunity where others see chaos, contradiction and confusion’
Stevenson & Jarillo (1990, p. 23)	‘The process by which individuals – either on their own or inside organizations – pursue opportunities without regard to the resources they currently control’
Wennekers & Thurik (1999, p. 46)	‘The manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations, to perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product-market combinations) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions’
Sarasvathy (1999, p. 2)	‘The introduction of new economic activity that leads to change in the market place’
Shane & Venkataraman (2000, p. 218-219)	‘A field of business, seeks to understand how opportunities to create something new (e.g. new product or services, new markets, new production processes or new materials, new ways of organizing existing technologies) arise and are discovered or created by specific individuals, who then use various means to exploit or develop them, thus producing a wide range of effects’
Hisrich & Peters (2002, p. 10)	‘The process of creating something new of value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence’
Davidsson (2003, p. 47)	‘The synthesis of behaviours, processes and outcomes – or the behaviours undertaken in the processes of discovery and exploitation of ideas for new business ventures’

**Table 2-1: (Continued)**

Shane (2003, p. 4)	‘An activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing markets, processes and raw materials through organizing efforts that previously had not existed’
Timmons & Spinelli (2004, p. 47)	‘A way of thinking, reasoning and acting that is opportunity based, holistic in approach and leadership balanced ... It results in the creation, enhancement, realisation and renewal of value not just for the owners but for all participants and stakeholders’
Ma & Tan (2006, p. 707)	‘The process in which pioneers, innovators or champions of innovation, immersed in and guided by the creativity-oriented perspective, engage in the practice of creation and innovation driven activities, which lead to a certain level of performance as indicated by the realized creation and innovation’
Lambing & Kuehl (2007, p. 16)	‘A process activity. It generally involves the following inputs: an opportunity; one or more proactive individuals; an organizational context; risk; innovation; and resources. It can produce the following outcomes: a new venture or enterprise; value; new products or processes; profit or personal benefit; and growth’
Stokes et al. (2010, p. 8)	‘A societal phenomenon or process of change, comprising the following three behavioural components: the identification, evaluation, and exploitation of an opportunity; the management of a new or transformed organization so as to facilitate the production and consumption of new goods and services; and the creation of value through the successful exploitation of a new idea (i.e. innovation)’
Carlsson et al. (2013, p. 914)	‘An economic function that is carried out by individuals, entrepreneurs, acting independently or within organizations, to perceive and create new opportunities and to introduce their ideas into the market, under uncertainty, by making decisions about location, product design, resource use, institutions, and reward systems’
Mishra & Zachary (2014, p. 5)	‘The entrepreneurial process driven by entrepreneurial intention and a desire for entrepreneurial reward, the process that involves from identifying an entrepreneurial opportunity to build an entrepreneurial competence to finally appropriating the entrepreneurial reward’
Rae (2015, p. 5)	‘The ability to turn ideas into actions; the subject of enterprise and entrepreneurs, encompassing both practical and conceptual knowledge, skills and techniques used in being an entrepreneur’

**Source: Author**

The definition of entrepreneurship presented by Shane and Venkataraman (2000) has gained widespread acceptance in the field of entrepreneurship (Baron & Shane, 2008). The broad definition offered by Shane and Venkataraman (2000) is applicable to the scholarly examination of what, by whom, and with what affects opportunities to create future goods and services are discovered, evaluated, and exploited. This definition denotes a wide variety of entrepreneurial operations and more importantly multiple levels of analysis from founder-focused, individual and dyadic levels up to field and international environment contexts (Jennings et al., 2013).

Later, McMullen and Shepherd (2006) extended the concept of entrepreneurship to involve two key activities (opportunity recognition and opportunity evaluation). First, potential entrepreneurs can use their existing knowledge and personal strategies for obtaining new knowledge that help them to recognise that an opportunity exists which can be developed either by themselves or others. Second, they evaluate this opportunity to

determine whether potential entrepreneurs have the knowledge and skills needed to actually develop it.

Another widely cited definition of entrepreneurship concerns new firm and organisation formation (Klyver et al., 2008; Reynolds, 2009; Spencer et al., 2008). However, Shane (2012) emphasised that the entrepreneurial processes of opportunity identification, evaluation and exploitation may not only occur through firm formation but also can be undertaken by people in established firms and/or through market mechanisms (also c.f. Shane & Venkataraman, 2000). This explanation is relevant to ‘corporate entrepreneurship’, which is discussed in 2.2.3.

In sum, Shane (2012, p. 13) stated that ‘I believe the appropriate way to define entrepreneurship is to incorporate everything that shares the dimensions researchers consider unique to the field and to exclude everything that does not share these common dimensions.’ The current study therefore adopts the definitions offered by Shane and Venkataraman (2000) and Shane (2003) while taking into consideration the clarifications of McMullen and Shepherd (2006), as this study needs a definition that is not restricted to new firm foundation.

## **2.2.2 Perspectives and Approaches of Entrepreneurship Theory**

Scholars (e.g. Blundel & Lockett, 2011; Fayolle, 2007; Nielson et al., 2012; Stevenson & Jarillo, 1990) investigated the entrepreneurial phenomenon from multiple disciplinary perspectives and approaches, and this plethora of studies on entrepreneurship led to it being categorised differently. Apart from these different classifications, there are four dominant perspectives on entrepreneurship (Cope, 2005; Fayolle, 2007; Stevenson & Sahlman, 1989; Stokes et al., 2010), as follows:

- 1- The functional/economic perspective: The main objective here was to define the ‘entrepreneurial function’ (Casson, 1982), which one might think of as including activities (behaviours) and characteristics of entrepreneurship. This perspective seeks to understand what the entrepreneur actually does (Stokes et al., 2010). Accordingly, Landstrom (1998) identified four fundamental roles that the entrepreneur can play in the economic system: ‘risk-taker/risk-manager’ (Cantillon, 1730; Knight, 1921), ‘innovator’ (Schumpeter, 1934, 1943), ‘alert seeker of opportunities’ (Hayek, 1937, 1945; Kirzner, 1973), and ‘coordinator of limited resources’ (Casson, 1982). Economists have developed two broad strands of



entrepreneurship research (Blundel & Lockett, 2011). First, a more theoretical and inward-looking strand tries to specify the function of the entrepreneurial actor within conventional economic frameworks. Second, a more policy-oriented and outward-looking strand examines the relationship between entrepreneurial activity and achieving greater economic growth.

- 2- The personality/individual-based perspective: The focus recently shifted to the entrepreneur, with research aimed at identifying so-called 'entrepreneurial traits' (Stokes et al., 2010). This perspective aims at a better understanding of the entrepreneur's psychological and social background, personality traits, motivations and behaviours (Fayolle, 2007). This trait-based perspective is regularly subject to heavy criticism (Fayolle, 2007; Stokes et al., 2010). Much of this criticism has focused on the static nature of this perspective to understanding entrepreneurs, giving little or no room for the individuals concerned to develop, learn and change as they undertake their entrepreneurial activities (Stokes et al., 2010). This realisation is gradually gaining currency and causing researchers to refocus on entrepreneurial processes (Fayolle, 2007).
- 3- The behavioural/process-based perspective: The emergence of this research perspective is partly a response to the criticism raised above (Stokes et al., 2010). It is also linked to the increasingly widespread recognition of a great variety of entrepreneurial situations and a different new venture creation (Fayolle, 2007). This perspective focuses on what entrepreneurs do, rather than on who they are (Gartner, 1988). The primary objective of this perspective is, then, to explain 'the functions, activities, and actions associated with the perceiving of opportunities and the creation of organizations to pursue them' (Bygrave & Hofer, 1991, p. 14). Entrepreneurship researchers decided to focus on the process primarily because it enabled them to overcome the limitations of previous visions, which were narrow and limited, centred on one single facet, one human trait or economic function, whereas this complex phenomenon should be considered as a whole (Fayolle, 2007).
- 4- The dynamic learning perspective: While the behavioural perspective has the advantage of joining up entrepreneurial behaviours with influences from the environment, there remain concerns that this perspective fails to take into account the ability of entrepreneurs to learn and adapt once the business is established (Cope, 2005). Gartner (1988) recognised that entrepreneurship involves a process of learning, particularly in terms of acquiring knowledge and skills regarding

organisation creation. Reuber and Fischer (1999, p. 33) also emphasised that ‘founders continue to learn, and ... studying the venture’s stream of experience can provide a better understanding of this learning process’. Therefore, this perspective goes beyond the start-up phase to consider the complex ways in which entrepreneurs learn to adapt as their enterprises grow. This perspective has important implications for the role of entrepreneurship particularly in established and larger firms (Stokes et al., 2010).

In short, each perspective introduces some contributions to our understanding of entrepreneurship. It is also important to acknowledge that many of the most interesting studies of recent years have been multidisciplinary or interdisciplinary. There are many overlaps and ‘grey areas’ within and between disciplines, contributing to occasional intellectual disputes concerning issues such as the most appropriate methods, theoretical frameworks and terminology in use (Blundel & Lockett, 2011). Entrepreneurship is a dynamic process centred on the emergence and pursuit of opportunities (McMullen & Dimov, 2013). Therefore, entrepreneurship unfolds as enterprising individuals move through distinct ‘phases’ of opportunity identification, development, evaluation and exploitation (Ardichvili et al., 2003; Shane & Venkataraman, 2000). Many activities associated with opportunity pursuit, judgements and decisions have been documented as fundamental to the process (Grégoire et al., 2011; Wood & McKelvie, 2015). This understanding of entrepreneurship highlights the cognitive and future-focused nature of opportunity-related process as well as the personality characteristics of entrepreneur. Integrating insights from both the personality/individual-based and the behavioural/process-based perspectives in this study may advance our understanding of the dynamic of opportunity-related process (i.e. aspects of functions, activities and actions associated with entrepreneurial opportunity as well as the personality and the psychology of the entrepreneur).

### **2.2.3 Entrepreneurial Process**

Entrepreneurship can be broadly understood as ‘a process that can take place in various environments and in various configurations’ (Fayolle, 2007, p. 5). More specifically, given that the current study is set in two established firms, Sharma and Chrisman (1999, p. 18) also conceptualised corporate entrepreneurship as ‘the process whereby an individual or a group of individuals, in association with an existing organization, creates a new

organization or instigates renewal or innovation within that organization.’ In other words, corporate entrepreneurship often highlights a vision-directed behaviour that purposefully and continuously rejuvenates a firm and reshapes the scope of its operations through the identification and exploitation of entrepreneurial opportunities (Ireland et al., 2009).

The standpoint here that entrepreneurship is a process rather than a single event is definitely not new or unique. On the other hand, there is a growing consensus in considering entrepreneurship as process which grows over time and which moves through distinct but closely interrelated phases (Baron & Shane, 2008). The entrepreneurial processes will be discussed in detail in Section 2.4.4.

## **2.2.4 The Subjectivist View of Entrepreneurship**

The subjectivist view of entrepreneurship focuses on the interrelationships among persons, knowledge, and perceived economic opportunities (Mahoney & Michael, 2005). It deals constructively with both individual creativity, surprise and learning in the process of opportunity discovery and the non-deterministic nature of dynamic capabilities and entrepreneurial activities (Kor et al., 2007; Mahoney & Michael, 2005). This view is built on the fact that individuals who hold different preferences, knowledge, and expectations have different subjective perceptions (An et al., 2017; Boettke, 2002; Mahoney & Michael, 2005; Penrose, 1959).

The subjective perceptions and personal knowledge of entrepreneurs shape their own visions about the possible uses of a specific resource (Kor, 2003), as well as different combinations of resources (Penrose, 1959) and the business opportunities resulting from such resources and combinations (Chiles et al., 2010). The entrepreneur also actively creates and recreates the social world through actions and interactions, which are necessary and functional because of uncertainty in environmental conditions (Lachmann, 1976; Shackle, 1979). From this perspective, entrepreneurs are considered formulators of mental images or mental constructs in the process of conceiving new opportunities and they not only respond to changes in the business environment, but also create change (Alvarez & Barney, 2005; Bechky, 2011; Goel & Karri, 2020). In other words, individuals vary in their capacity to deal with or control the institutional environment they face (Voronov & Yorks, 2015).

Beyond individuals, the subjectivist view of entrepreneurship also conceives entrepreneurship as a team-level activity in which top managers with different perceptions

and personal knowledge interact to create a collective perception and configure resources to produce a collective output (Foss et al., 2008; Kor, 2003). The heterogeneity of perceptions and personal knowledge (e.g. experience, skills, capabilities) in entrepreneurial teams may increase task-related diversity and boost the likelihood of entrepreneurial success (Foss et al., 2008).

Finally, both opportunities and individuals (or firms) are embedded in an institutional environment (Goel & Karri, 2020; Jack & Anderson, 2002; Williams & Wood, 2015). Entrepreneurs thus represent actors who create opportunities through expectations of an imagined future (Chiles et al., 2007), and/or innovative manipulation and configuration of institutions (Brinkerink & Rondi, 2020), and exploit opportunities through continuous resource combination and recombination (Chiles et al., 2007). The institutional environment in which firms operate may have an important impact on entrepreneurial opportunities and processes (Alvarez & Barney, 2007; Barney et al., 2001), the strategies they pursue (Oliver, 1997) and resources allocation (Peng, 2001). Accordingly, it is important to understand the wider institutional context and the institutional characteristics that may determine the nature of entrepreneurial processes and action (Zahra & Wright, 2011). This study therefore considers, and focuses on, the institutional environment and its impact on entrepreneurship, discussed in detail below.

## **2.3 Institutional Theory and Institutional Challenges**

Institutional theory has gained momentum in entrepreneurship research. Many recent studies (e.g. Amankwah-Amoah et al., 2019; Bjerregaard & Luring, 2012; Bruton et al., 2008; Desa, 2011; Hörisch et al., 2017; Liedong et al., 2020; Myer & Thein, 2014; Parente et al., 2019) have documented the importance of institutions for entrepreneurial activity. This seems to be particularly true in emerging economies where the institutional framework is often weak, ambiguous and turbulent, generating major uncertainties for firms (Ahlstrom & Bruton, 2010; Puffer et al., 2009; Tran, 2019; Welter & Smallbone, 2011).

Institutions can be generally defined as formal and informal constraints [and incentives] devised by humans that structure social, political and economic interaction (North, 1990). Such institutions may significantly influence the nature, pace of development and extent of entrepreneurship as well as the way entrepreneurs behave (Ahlstrom & Bruton, 2010; Baumol, 1990; Busenitz et al., 2000; Chowdhury et al., 2019; Fuentelsaz et al., 2019;

Hoppmann & Vermeer, 2020; Welter & Smallbone, 2011). However, definitions of institutions are problematic and more nuanced definitions will be considered later.

Regarding the impact of institutions on entrepreneurship, a dominant view in the entrepreneurship literature emphasised that a well-functioning institutional environment facilitates entrepreneurship and provides individuals with entrepreneurial opportunities (Bylund & McCaffery, 2017; Estrin et al., 2013), but weak institutions featuring institutional barriers and voids prevent opportunities and set boundaries for entrepreneurial action (Aidis, 2005; Banalieva et al., 2015; Bruton et al., 2010; Gao et al., 2017; Luthans & Ibrayeva, 2006; Manolova et al., 2008; Oliveria et al., 2018; Skiti, 2020; Welter & Smallbone, 2011). Nonetheless, another strand of research (e.g. Doh et al., 2017; Henrekson & Sanandaji, 2011; Moulick et al., 2019; Shepherd et al., 2007; Smallbone & Welter, 2008; Sydow et al., 2020; Tracey & Phillips, 2011) acknowledged that a challenging business environment may create distinctive opportunities for firms.

The next section discusses institutional theory, definitions and dimensions of institutions, the IBV, and institutions as enabling and constraining forces for entrepreneurial behaviour. Moreover, it reviews institutional barriers and voids in uncertain contexts within the entrepreneurship field. Finally, this section presents some strategic responses to institutional challenges.

### **2.3.1 Institutions and the Entrepreneurial Environment**

The terms ‘institutions’ or ‘institutional environment’ have different meanings and dimensions within the institutional literature. Scott (1995, p. 235) commented that ‘there is no single and universally agreed definition of an “institution” in the institutional school of thought’. This may be attributed to the major differences between the two main streams of research: institutional economics and socio-psychological/institutional sociology. The institutional economics stream focuses exclusively on the ‘rules of the game’ that define and limit the set of choices and preferences of individuals (North, 1990, 1991; Williamson, 1975). However, the sociology stream typically examines informal institutions and questions whether ‘... individual choices and preferences can be understood apart from a cultural framework in which they are embedded’ (Powell & DiMaggio, 1991, p. 10). Nevertheless, institutional theorists in other research domains such as industrial organisation, entrepreneurship and strategic management have suggested the possibility of the joint effects

of formal and informal institutions (Carney et al., 2009; North, 2005). The consideration of each of these streams of research (i.e. economic and sociological) results in the recently articulated IBV proposed by Peng et al. (2008, 2009) and Meyer and Peng (2016). The current study derives theoretical inspiration from the IBV and it will be reviewed in detail in the next section. Table 2-2 shows selected definitions of institutions developed in chronological order.

**Table 2-2: A Chronological Development of Selected Definitions of Institutions or Institutional Environment**

Author(s)	Definition
Veblen (1914, p. 49) Veblen (1919, p. 191)	'Institutions are settled habits of thought common to the generality of individuals which include usage, customs, canons of conduct, principles of right and propriety'
Giddens (1984, p. 24)	'Institutions are the more enduring features of social life ... giving 'solidarity' to social system across time and space'
North (1986, p. 231)	'Institutions are regularities in repetitive interactions ... rules that provide a set of incentive and disincentives for individuals'
Neale (1987, p. 1186)	'Institutions are a way of thought or action of some prevalence or permanence, embedded in the habits of a group or the customs of a people (Hamilton, 1932), and mental constructs, common rules governing sets of activities'
Meyer et al. (1987, p. 10)	'Institutions as cultural rules giving collective meaning and value to particular entities and activities, integrating them into the larger schemes'
North (1989, p. 1321)	'Institutions are rules, enforcement characteristics of rules, and norms of behaviour that structure repeated human interaction'
North (1990, p. 3)	'Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction'
Ostrom (1990, p. 51)	'Institutions can be defined as the sets of working rules that are used to determine who is eligible to make decisions in some arena, what decisions are allowed or constrained, what aggregation rules will be used, what procedures must be followed, what information must or must not be provided, and what payoffs will be assigned to individuals dependent on their action'
Friedland & Alford (1991, p. 232)	'Institutions as both supra-organisational patterns of activity through which humans conduct their material life in time and space, and symbolic systems through which they categorise that activity and infuse it with meaning'
Jepperson (1991, p. 145)	'Institution represents a social order or pattern that has attained a certain state or property'
Scott & Meyer (1991, p. 123)	'Institutional environments are those characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive support and legitimacy from the environment'
Powell & DiMaggio (1991, p. 8)	'Institutions are the products of human design, the outcomes of purposive actions by instrumentally oriented individuals', but neo-institutionalism in organisation theory stated that 'institutions are certainly the result of human activity; they are not necessarily the products of conscious design'
North (1991, p. 97)	'Institutions are the humanly devised constraints that structure political, economic and social interaction'
Scott & Meyer (1994, p. 68)	'Institutions are symbolic and behavioural systems containing representational, constitutive, and normative rules together with regulatory mechanisms that define a system and give rise to distinctive actors and action routine'
Scott (1995, p. 33)	'Institutions consist of cognitive, normative, and regulative structures and activities that provide stability and meaning to social behavior. Institutions are transported by various carriers - cultures, structures, and routines - and they operate at multiple levels of jurisdiction'

<b>Table 2-2: (Continued)</b>	
Scott (2008, p. 48)	‘Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life’
Jennings et al. (2013, p. 2)	‘Institutions are the routinized, taken for granted sets of ideas, beliefs and actions used in society, which includes both formal and informal institutions, and macro and micro institutional patterns’
Furusten (2013, p. 12)	‘Institutional environment is a label for the legal, social and mental structures that individual organizations are embedded in’
Stephan et al. (2015, p. 309)	‘Institutions refer to deep aspects of social structure, which act as authoritative guidelines and constraints for behavior (North, 1991, 2005; Scott, 2005). Institutions are taken-for-granted rules that can be explicit and consciously perceived by individuals, or can act as implicit guidelines for individuals’ actions (Powell and DiMaggio, 1991)’
Hörisch et al. (2017, p. 48)	‘Institutions are ‘deep aspects of social structures which can take the form of authoritative guidelines’ (North 1991; Stephan et al. 2015) or of rather implicit ‘values, norms, rules, beliefs, and taken-for-granted assumptions’ (Barley and Tolbert, 1997: 93)’

**Source: Author**

Given the definitions of institutions in the extant literature, institutions operate at various levels, from the world system to localised interpersonal relationships (Scott, 2008, p. 48). They also impose restrictions by defining legal, moral and cultural boundaries, distinguishing legitimate from illegitimate activities (Scott, 2008, p. 50), but they also enable behaviour. The existence of rules implies constraints; however, such constraints can open up possibilities, choices and actions that otherwise would not exist (Hodgson, 2006, p. 2). Therefore, institutions are related to rules, norms and habits, which control social, political and economic interactions, and provide stability and meaning to social life.

North (1990) and Welter (2010) proposed that institutional context draws on the concept of formal and informal institutions as ‘rules of the game’. Formal institutions are a tangible, political, legal and economic-related framework, bureaucratic and administrative procedures, and rules and regulations (North, 1990). They are erected mainly by the government to regulate the individual and organisational actions and create or restrict opportunity for entrepreneurship (Bruton et al., 2010; Dheer, 2017; Scott, 2008; Welter, 2010). On the other hand, informal institutions refer to intangible, slowly changing, culturally transmitted and socially-constructed institutions such as norms, attitudes, values, and codes of behaviour and conventions (Hörisch et al., 2017; Stephan et al., 2015). Informal institutions also influence opportunity recognition by (potential) entrepreneurs as well as opportunity exploitation and access to resources (Welter, 2010). This classification of institutions could be seen as a bridge between the economist’s and the socio-psychologist’s perspective of institutions (Powell & DiMaggio, 1991). It is also important to remember that,

despite their conceptual distinctiveness (i.e. formal and informal institutions), these elements operate in conjunction with each other (Crnogaj & Hojnik, 2016; Dheer, 2017; North, 1991; Williamson, 2000).

Scott (2008, 1995) went further and differentiated two types of informal institutions, namely normative and cultural-cognitive, arguably corresponding to the concepts of cultural values and practices in cross-cultural research (Javidan et al., 2006; Stephan et al., 2015). He then categorised formal and informal institutions more finely into three institutional pillars: regulative, normative and cultural-cognitive. With particular reference to the entrepreneurship literature, the following explanations may broaden our understanding of these pillars:

- 1- The regulative dimension consists of laws, regulations and government policies that provide support for new businesses, reduce risks and uncertainty, and facilitate entrepreneurs' efforts to acquire resources and exploit opportunities (Busenitz et al., 2000; Urbano & Alvarez, 2014). Government intervention can therefore either promote and/or inhibit entrepreneurial action (Urbano & Alvarez, 2014).
- 2- The normative dimension measures the degree to which a country's residents admire entrepreneurial activity and value creative and innovative thinking (Busenitz et al., 2000; Dana, 1987; Urbano & Alvarez, 2014). Societal feelings toward entrepreneurial activities are critical to entrepreneurship. In order for an individual to act upon an entrepreneurial opportunity, the entrepreneur must feel supported to engage in entrepreneurial activity (Valdez & Richardson, 2013; Wennekers et al., 2002).
- 3- The cultural-cognitive dimension consists of the knowledge and skills possessed by potential entrepreneurs in a country that affect their engagement in entrepreneurial action (Busenitz et al., 2000; Urbano & Alvarez, 2014). The subjective perceptions and beliefs of individuals also have a significant influence on entrepreneurial activity (Arenius & Minniti, 2005). For example, perceptions of knowledge and skills have an impact on opportunity recognition and exploitation (Kirzner, 1973; Shane, 2003).

While terms and labels may ostensibly differ, Peng et al. (2009) noted that North's classification of institutions are complementary to Scott's categorisation of the three supportive pillars (see Figure 2-1). To identify institutions which are important in the context of entrepreneurship, this study follows a general distinction of institutions made by North



(1990) into formal and informal institutions. In fact, whatever the classification of institutional factors, these institutional factors can be incentives to act entrepreneurially (Baumol et al., 2009; Hoogendoorn et al., 2019) and/or barriers and challenges that hamper entrepreneurial process (Hoogendoorn et al., 2019; Soto, 2000).

**Figure 2-1: Dimensions of Institutions**

Degree of Formality (North, 1990)	Examples	Supportive Pillars (Scott, 1995)
Formal Institutions	Law, regulations, rules	Regulative
Informal Institutions	Norms, culture, ethics	Normative and Cultural- Cognitive

Source: Peng (2016, p. 37); Peng et al. (2009, p. 64)

### 2.3.2 The Institution-Based View

Starting with the proposition that ‘institutions matter’, the IBV has emerged to become a leading theoretical perspective in the strategy literature (Meyer & Peng, 2016). The IBV brings together several distinct lines of research (institutional economics and institutional sociology) with a shared interest in the interaction between economic actors and institutional environments at different levels of analysis (Ahuja & Yayavaram, 2011; Peng et al. 2008). It was first developed in relation to emerging economies (Peng et al., 2008) because of dissatisfaction with using just firm-level (from the Resource-Based View), and industry-level variables (from Corporate Strategy) in explaining firm strategies and ultimately performance. These variables were described as a ‘strategy tripod’ (Peng et al., 2008, p. 920) with institutions providing the third leg.

Scholars of the IBV have argued that institutional conditions to a large degree determine which strategic choices are most feasible and effective, and ultimately, most likely to lead to business success and survival (Oliver, 1997; Peng et al., 2009). The IBV suggests that firms continuously adapt their routines to the institutional framework through ‘an endogenous, experience-based process’ (Knudsen, 1995, p. 203). It further conceives strategic choices as the result of the mutual interaction between organisations and the formal and informal institutional environment (Ahuja & Yayavaram, 2011; Peng, 2002; Yiu et al., 2014).

The recognition of the relevance of institutions for entrepreneurship (Brinkerink & Rondi, 2020; Lee et al., 2011; Makhmadshoev et al., 2015; Sadeghi et al., 2019) is important, as they cease to be treated as background conditions or control variables (Peng et al., 2008).

The key premise of IBV is that institutions set the context and the boundaries for doing business (North, 1990). As a result, institutional environments of countries can create conditions that either facilitate or hinder the economic behaviour firms (Sadeghi et al., 2019; Meyer, 2001). Accordingly, the next section discusses how institutions act as enabling and/or constraining forces for entrepreneurial behaviour.

### **2.3.3 The Influence of Institutions on Entrepreneurial Activity**

The influence of institutions on entrepreneurship has served as a focus for significant research (Webb et al., 2020). The quality of the institutional environment may influence an entrepreneur's attitudes, motives and the ability to mobilise resources (Reynolds, 2010; Schoar, 2010), and a firm's entry, survival and growth (Tran, 2019). When there is greater stability and efficacy of formal institutions (Clemens & Cook, 1999), these institutions are better equipped to support entrepreneurial activity (Bosma et al., 2008; Bruton et al., 2010; Jennings et al., 2013). Alongside formal institutions, informal ones reflect whether a society tolerates and accepts entrepreneurship, which in turn influences entrepreneurial responses (Thornton et al., 2011). It seems plausible that together the formal and informal institutions shape the 'rules of the game', which in turn affect whether or not individuals/firms decide to pursue entrepreneurial activity (Aidis et al., 2008; Belitski et al., 2016; Gomez-Haro et al., 2011; Hoppmann & Vermeer, 2020; Stenholm et al., 2013; Welter & Smallbone, 2011; Williams & Vorley, 2015) and the quality of entrepreneurship (Chowdhury et al., 2019; McMullen et al., 2008).

Extant empirical research (e.g. Aidis et al., 2008; Alvi et al., 2019; Gao et al., 2017; Khoury & Prasad, 2016; Puffer et al., 2009; Tonoyan et al., 2010; Williams & Vorley, 2015) has suggested that institutions in emerging economies may impose formal institutional challenges on firms, increasing uncertainty as well as the operating and transactions costs of firms. However, emerging economies are often characterised by informal institutions which have substituted rather than complemented changes in the formal institutional environment (Estrin & Prevezer, 2011; Guseva, 2007; Puffer et al., 2010). Entrepreneurial activity is also typically guided and governed by informal 'codes of conduct' within environments featuring highly uncertain outcomes and weak formal institutions (Ahlstrom & Bruton, 2002; Mair et al., 2012; Webb et al., 2010).

A long-standing assumption is that ‘a functional business environment provides positive incentives for entrepreneurs while a weak one is likely to be deleterious’ (Estrin et al., 2013, p. 566). Several studies (e.g. Banalieva et al., 2015; Bylund & McCaffery, 2017; Ge et al., 2019) caution that weak or absent institutions may hinder entrepreneurship to the point that, when entrepreneurs face formal and informal constraints at the same time, they may be expected to abandon growth goals and focus more on survival (Webb et al., 2020). Nonetheless, recent empirical studies (e.g. Moulick et al., 2019; Su et al., 2016; Sydow et al., 2020; Welter & Smallbone, 2011; Zhou, 2013, 2017), especially those on emerging economies, have found that even with deficient formal institutions many economies have high levels of entrepreneurial activity and investment. The next section discusses in detail these institutional deficiencies and challenges in terms of institutional barriers and voids.

### **2.3.4 Institutional Barriers and Voids**

In the entrepreneurship literature, barriers are commonly defined as those factors or conditions that constrain entrepreneurial behaviour (Kouriloff, 2000) or the antecedents of these obstructions (Krueger & Brazeal, 1994). Chang and Wu (2014, p. 1104) defined institutional barriers as ‘... the hindrance in the institutional environment that prevent the market selection mechanism from functioning properly’. Institutional barriers can result from inadequate institutional infrastructure, such as poorly specified property rights and contract laws (Li & Atuahene-Gima, 2001; Nee, 1992). They can also be a result of institutional voids such as underdeveloped labour and capital markets (Khanna & Palepu, 1997) or institutional susceptibility/obstacles such as excessive regulatory requirements and requests for bribery (Luo & Junkunc, 2008; Tybout, 2000). In fact, weak property rights generate uncertainty that makes long-term investment risky and destroys the ‘transactional trust’ that is essential to entrepreneurship (Fogel et al., 2008). Ambiguous and redundant amounts of legislation also increase transaction costs and decrease operating efficiency. Cumbersome regulation and excessive government intervention raise the threat of arbitrary expropriation and generate additional costs of new business operations (Estrin et al., 2013).

This study focuses on institutional barriers and voids in relation to opportunity. Institutional barriers vary greatly from region to region and from time to time, even within the same country (Chang & Wu, 2014). However, several distinctive institutional barriers and challenges faced by entrepreneurs and firms operating in emerging economies can be identified (see Table 2-3). The review (in Table 2-3) is not meant to be exhaustive, but rather

to provide illustrative examples of institutional barriers. The current study adopts the broad classification of Peng (2000) for institutional barriers into formal and informal institutional constraints.

**Table 2-3: A Summary of Institutional Barriers in Selected Entrepreneurship Studies**

<b>Author(s)</b>	<b>Institutional Barriers</b>
Peng (2000)	<b>Formal institutional constraints</b> such as a lack of credible legal frameworks, lack of stable political structures and of strategic factor markets; and <b>Informal institutional constraints</b> such as the prominence of deeply embedded networks and personalised exchanges.
Robinson & McDougall (2001); Lutz et al. (2010)	Economies of scale, capital requirements, product differentiation, access to distribution channels, government rules and regulations, research and development, and advertising.
Mambula (2002); Cavusgil et al. (2002)	Lack of financing, poor infrastructure (e.g. roads, telecommunications, sanitation and power), difficulty getting machines and spare parts, difficulty getting raw materials, high levels of corruption, and government policies and attitudes of public officials, especially the harsh economic policy.
Aidis (2005)	<b>Formal barriers</b> (e.g. high level of taxes, frequent changes to tax policies, ambiguity of tax policies, business legislation, general regulatory environment); <b>Informal barriers</b> (e.g. implementation of business regulations, too many tax inspections, national governmental corruption, regional governmental corruption, unfair competition from the large informal economy, time spent negotiating with local officials and inspectors, tax inspector corruption, Mafia, racketeering); <b>Environmental barriers</b> (e.g. low purchasing power, lack of funds for business investment, competition from illegal businesses, lack of information, competition from legal businesses, lack of qualified workers, late payment by client); <b>Skill-based barriers</b> (e.g. lack of business-related skill development, inability to grow into new markets, management problems).
Robson & Obeng (2008)	<b>Financial</b> (e.g. inadequate access to debt finance, inadequate access to equity finance, interest rates too high, do not have collateral to secure bank loan, difficult to meet lean criteria, inadequate family finance); <b>Market</b> (e.g. inadequate demand, too many competing firms, competition from imported goods, high advertising costs, inadequate market research); <b>Managerial or technical know-how</b> (e.g. shortage of skilled labour, high wages for skilled labour, access to new technology, inadequate financial skills, inadequate management skills, inadequate marketing skills, inadequate technical skills); <b>Input</b> (e.g. high cost of local raw materials, high cost of imported raw materials, outmoded equipment, high cost of replacing old equipment, difficulty in finding appropriate equipment, poor quality of local raw materials, poor quality of imported raw materials); <b>Economic or regulatory</b> (e.g. high rate of inflation, high depreciation of the currency, high tax and import duties, registration/licensing/red tape, corruption); <b>Infrastructure</b> (e.g. high cost of utility charges, lack of industrial sites, high transport costs, low quality of electricity/ water supply, poor telecommunication networks); and <b>Socio-cultural</b> (e.g. use of business resources to support family).
Doern & Goss (2011)	<b>Formal barriers</b> (e.g. lack of access to capital, too much bureaucracy, high competition, low skilled labour); and <b>Social barriers</b> (e.g. social exclusion, acts of discrimination, corrupt practices relating to entry or growth, conflicts of interpersonal relationships).
Rahman et al. (2017)	<b>Economic barriers</b> such as political instability, legal procedural barriers, lack of express service, inadequate legal supports and corruption; and <b>Social barriers</b> which includes different languages, different social approaches, different socio-cultural traits, verbal and non-verbal language differences, different habits and attitude of foreign customers and clients, and lack of R&D facilities.

**Table 2-3: (Continued)**

D'Este et al. (2012)	<b>Revealed barriers</b> reflect the degree of difficulty of the innovation process and the learning experience consequent on the firm engaging in innovation activity (i.e. increases consciousness and knowledge of the factors constraining innovation through the 'disclosing' or 'learning' outcome of direct experience), although it does not prevent them from engaging in innovation activities or being successful innovators; and <b>Deterring barriers</b> encompass the obstacles that prevent firms from committing to innovation (i.e. it is related to the perception of the impediments to innovation by firms that otherwise would be keen to engage in this activity. Firms' engagement in innovation activities is therefore significantly reduced or discouraged by the presence of obstacles).
Hulbert et al. (2013)	Limited access to finance, lack of experience, shortage of skill, competition, inability to use advanced technology, improper record keeping and lack of knowledge.

**Source: Author**

It has been argued that without supporting institutions, entrepreneurship can be unproductive or even destructive, thereby impairing economic performance and growth (Baumol, 1990; Bylund & McCaffrey, 2017). A notable characteristic of emerging economies for entrepreneurs is that the institutional structures which underpin them are often rapidly changing, unstable, underdeveloped, malfunctioning and deficient (Puffer et al., 2009; Smallbone & Welter, 2012; Tracey & Phillips, 2011). The profound nature of these barriers and challenges suggests that the outcomes of entrepreneurship in emerging economies are often highly uncertain (Douhan & Henrekson, 2010; Tracey & Phillips, 2011; Zahra, 1993). In part, this is because '... rapid and often hostile ... political, economic and social changes ... are placing unprecedented demands on entrepreneurial functioning' (Luthans & Ibrayeva, 2006, p. 93–94) in emerging economies. In such environments, entrepreneurs/firms have to deal with high volatility, risk and uncertainty that have significant impacts on their behaviour (Ge et al., 2017; Peng, 2003; Peng & Heath, 1996).

In developed economies, a range of specialised intermediaries provides the necessary information and contract enforcement needed to complete transactions. In contrast, emerging markets are characterised by situations where institutional arrangements that support markets are either absent, weak or fail to accomplish the role expected of them (Easterly, 2006; Mair & Marti, 2009). They also suffer from structural impediments such as unreliable formal institutions and widespread 'market imperfections, inadequate information flows, and fragile legal and financial framework' (Ge et al., 2019, p. 3). These situations often generate great uncertainty and create 'institutional voids' (Doh et al., 2017; Khanna & Palepu, 2010; Narooz & Child, 2017; Puffer et al., 2009; Webb et al., 2020), which refer to '... the absence of specialized intermediaries, regulatory systems, and contract-enforcing mechanisms in emerging markets' (Khanna et al., 2005, p. 63). Institutional voids may also

refer to ‘the lacunae created by the absence of such market intermediaries’ (Khanna & Palepu, 2010, p. 14). Later, absent or ill-enforced formal institutions were conceptualised by Webb et al. (2020) as formal institutional voids.

In addition to formal institutional voids, Webb et al. (2020, p. 505) defined ‘informal institutional voids’ as ‘the inability of norms, values, and beliefs and their localized representations to facilitate stable, efficient, and effective transactions and enterprise processes that contribute to the development of productive markets’. This conceptualisation of informal institutional voids does not suggest an inherent lack of a society’s norms, values, and beliefs. Instead, it refers to settings in which there is a lack, suppression, or limited manifestation of the specific informal institutions that can support efficient and effective market transactions at a level that fosters developmental progress (Webb et al., 2020).

These voids may indeed prevent an efficient functioning of markets, increase the probability of instability and unrest, generate higher transaction costs and uncertainty, and impose more constraints and operating challenges on firms (Khanna & Palepu, 2010). They also increase the likelihood of opportunism (including corruption), generate excessive rents and grant market power for a few actors (Doh et al., 2017; Gao et al., 2017).

Institutional barriers and voids - whether in the form of missing or malfunctioning institutions and either formal or informal - can be the root cause underlying inefficient market transactions and a lack of growth (Khanna & Palepu, 1997; Krasniqi & Desai, 2016; Sutter et al., 2013). Nevertheless, they may also offer opportunities and competitive advantage to those firms that have the skills and resources to address them (Doh et al., 2017; Sydow et al., 2020). Some firms perceive these deficiencies differently and employ different institutional arrangements and strategic responses to deal with them (Bjerregaard & Luring, 2012; Cao & Shi, 2020; Ge et al., 2019; Mair & Marti, 2009; Sutter et al., 2013).

Recent research in management continues to uncritically deploy the notion of institutional voids and promote imitation of Western market and corporate governance institutions (Bothello et al., 2019). However, I believe in ‘relativist conception’ of institutional voids and support Bothello et al. (2019) in criticising the idealisation of Western systems, a narrow view of institutional voids and their broad application to non-western countries. It is argued that even Western countries may have institutional voids and alternative orders may have value insofar as they can support the emergence of a market order. I therefore agree with Bothello et al. (2019) in recognising formal western, market-

oriented institutional arrangements as not an ideal end-state, but as one possible permutation of a broad array of institutional building blocks. The next section presents and discusses some strategic responses to institutional barriers and voids.

### **2.3.5 Strategic Responses to Institutional Challenges**

Considering that the influence of institutional barriers and voids are highly salient for market exchanges, business transactions, and business success and growth, it could be worthwhile to consider how firms respond to them according to the IBV. Extant studies mainly build on Oliver's (1991) early typology of five generic strategic responses to institutional challenges, i.e. to acquiesce, compromise, avoid, defy and manipulate. Accordingly, researchers have identified some strategies to deal with institutional challenges (see Table 2-4). In a review paper, Marquis and Raynald (2015) referred to these tactics and actions as 'institutional strategies', which are defined as 'the comprehensive set of plans and actions directed at leveraging and shaping socio-political and cultural institutions to obtain or retain competitive advantage' (p. 291).

The five strategic responses in Table 2-4 based on Oliver (1991) represent a sequential escalation of firms' efforts in coping and/or dealing with prevailing institutional conditions. As institutions are multifaceted and dynamic (Scott, 2008), firms may deploy a mix of institutional strategies in any one context (Bylund & McCaffrey, 2017). Therefore, exploring these strategic responses to institutional barriers and voids is important because it provides a clearer understanding of impediments to entrepreneurial activity in uncertain markets. It also provides insights which may lead to helpful policies in such environments to address institutional challenges that face entrepreneurs/firms. Firms may respond differently, designing more active and dynamic strategies to navigate and/or thrive on, institutional pressures. In other words, they may not simply take environmental conditions as a given, but rather may look to alter aspects of institutions in creating their response (Sutter et al., 2013). This understanding corresponds with the IBV by assuming that individuals, especially entrepreneurs, are not only influenced by prevailing institutions but they may themselves also influence (both intentionally and unintentionally) institutional change (Bechky, 2011; Kalantaridis & Fletcher, 2012).

**Table 2-4: Summary of Strategic Responses to Institutional Challenges**

Firm's intentions towards institutions	Responses (Oliver, 1991)	Strategies
<b>Accept</b> No intention to manipulate or change institutional norms but take them for granted.	<b>Acquiescence:</b> adhering to institutional norms. It may take alternative forms: habit, imitation, and compliance.	<ul style="list-style-type: none"> <li>▪ Adapt business models to comply (Khanna &amp; Palepu, 2010; Sutter et al., 2013; Welter &amp; Smallbone, 2011)</li> <li>▪ Abiding (Bylund &amp; McCaffrey, 2017)</li> <li>▪ Internalisation of activities (Doh et al., 2017; Khanna &amp; Palepu, 1997, 2000; Kim &amp; Song, 2017)</li> <li>▪ Bricolage (Baker &amp; Nelson, 2005; Desa, 2011; Phillips &amp; Tracey 2007)</li> <li>▪ Prospecting (Welter &amp; Smallbone, 2011)</li> <li>▪ Financial bootstrapping (Welter &amp; Smallbone, 2011)</li> <li>▪ Hybridisation of goals (Sydow et al., 2020)</li> </ul>
	<b>Compromise:</b> negotiating when firms are confronting inconsistencies between institutional expectations and internal organisational objectives related to efficiency or autonomy. Firms may attempt to balance, pacify, or bargain with external constituents.	<ul style="list-style-type: none"> <li>▪ Spanning institutional voids (Jayanti &amp; Raghunath, 2018; Tracey &amp; Phillips, 2011)</li> <li>▪ Institutional brokering (Bjerregaard &amp; Luring, 2012; Jayanti &amp; Raghunath, 2018; Tracey &amp; Phillips, 2011)</li> <li>▪ Bridging institutional distance (Jayanti &amp; Raghunath, 2018; Tracey &amp; Phillips, 2011)</li> <li>▪ A market-based strategy (Peng, 2003)</li> <li>▪ Nonmarket or Political strategies/tactics (Boddewyn &amp; Brewer, 1994; Cantwell et al., 2010; Child et al., 2012; Dang et al., 2020; Li et al., 2013; Musacchio &amp; Lazzarini, 2014; Ramamurti, 2005)</li> <li>▪ Relationship/network-based strategies (Narayanan &amp; Fahey, 2005; Khanna &amp; Palepu, 2010; Narooz &amp; Child, 2017; Parente et al., 2019; Peng, 2003; Teege et al., 2004; Welter &amp; Smallbone, 2011)</li> <li>▪ Reputation building (El Ghoul et al., 2017; Gao et al., 2017; Kim &amp; Song, 2017; Marono et al., 2017)</li> <li>▪ Strategic orchestration of business relationships (Sydow et al., 2020)</li> </ul>
	<b>Avoidance:</b> evading the need to conform to institutional pressures through buffering, concealment, or escape.	<ul style="list-style-type: none"> <li>▪ Circumvent/Evade (Bylund &amp; McCaffrey, 2017)</li> <li>▪ Non-entry/Exit (Bylund &amp; McCaffrey, 2017; Khanna &amp; Palepu, 2010)</li> <li>▪ Evasion (Welter &amp; Smallbone, 2011)</li> <li>▪ Waiting to enter a particular industry (Khanna &amp; Palepu, 2010)</li> </ul>
<b>Resist</b> No intention to accept or change existing institutional arrangements but to oppose them.	<b>Defiance:</b> actively dismissing institutional pressures. Defiance is a more active form of resistance to institutional processes. The three tactics of defiance in order of increasing active resistance are dismissal, challenge, and attack.	<ul style="list-style-type: none"> <li>▪ Attack institutions, which may include informal ones, e.g. using violence against violence (Sutter et al., 2013)</li> </ul>



**Table 2-4: (Continued)**

<p><b>Change</b></p> <p>There is a clear intention to influence and change existing institutional arrangements, and even to create new institutions.</p>	<p><b>Manipulation:</b> <i>the most active response</i> to institutional pressures: a purposeful and opportunistic attempt to co-opt, influence, or control institutional pressures.</p>	<ul style="list-style-type: none"> <li>▪ Diversification and portfolio entrepreneurship (Welter &amp; Smallbone, 2011)</li> <li>▪ Market redefining (Mair et al., 2012)</li> <li>▪ Borrowing better developed international institutions (Kingsley &amp; Graham, 2017; Pinkham &amp; Peng, 2017)</li> <li>▪ Substituting institutional information (Kingsley &amp; Graham, 2017; Pinkham &amp; Peng, 2017)</li> <li>▪ Corporate political strategies (e.g. lobbying) (Bylund &amp; McCaffery, 2017; Liedong et al., 2020)</li> <li>▪ Cross-bracing of the institutional infrastructure (Sydow et al., 2020)</li> </ul> <hr/> <ul style="list-style-type: none"> <li>▪ Geographical clustering to create favourable institutional conditions at microcosmic level (Lundan, 2012)</li> <li>▪ Creating intermediary-based businesses (Khanna &amp; Palepu, 2010)</li> <li>▪ Infrastructure building (Amankwah-Amoah et al., 2019)</li> <li>▪ Creating new institutions (Regnér &amp; Edman, 2014; Tracey &amp; Phillips, 2011)</li> </ul>
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**Source:** Author

Recognising that institutional barriers and voids may provide a counter-intuitive source of new opportunities for value creation through deploying different strategies and tactics (Sydow et al., 2020; also c.f. George et al. 2016), there is a need to understand the opportunity-related processes in the presence of uncertainty (Townsend et al., 2018) since barriers and voids may also exacerbate uncertainty (c.f. Bylund & McCaffrey, 2017). The next section therefore argues the role of high uncertainty in perceiving opportunity and stimulating and/or obstructing entrepreneurial action.

## 2.4 Uncertainty and Entrepreneurial Opportunity

Uncertainty, institutions and opportunity are inherently vital concepts in entrepreneurship research (Bylund & McCaffrey, 2017; Mair & Marti, 2009; Shane, 2003). Nonetheless, little work has been done to integrate them into a conceptual framework for investigating and understanding the dynamic aspects of entrepreneurial action, uncertainty and institutional change (Bjerregaard & Luring, 2012; Bylund & McCaffrey, 2017). Even entrepreneurship studies that considered the role of institutions have paid little or no attention to opportunities (Mair & Marti, 2009; Phillips & Tracey, 2007). Most entrepreneurship studies have indeed assumed that opportunities simply ‘exist out there’ and ignore the fact that opportunities are dependent on the institutional environment of the firm or entrepreneur (Baker et al., 2005; Mair & Marti, 2009).

Without uncertainty, it could be argued that there would be no opportunity for entrepreneurs (McMullen et al., 2007) since entrepreneurial decisions are at least subject to some degree of uncertainty due to the futurity of markets (Fisher et al., 2020; Foss & Klein, 2020; McGrath, 1999; Packard et al., 2017). However, the role that uncertainty plays in motivating and/or hindering entrepreneurial processes and action remains a matter of recent debate (Bylund & McCaffrey, 2017; McMullen & Shepherd, 2006; Townsend et al., 2018). Furthermore, explanations of the conditions under which uncertainty may impede and/or promote entrepreneurship are elusive (McKelvie et al., 2011).

This section discusses the concepts of uncertainty and risk and highlights the major differences between them. It also reviews the concept of entrepreneurial opportunity and its sources, the core entrepreneurial processes and action, its antecedents and discusses whether uncertainty creates or obstructs entrepreneurial opportunity.

### **2.4.1 Uncertainty in Entrepreneurship Research**

In many entrepreneurship studies, ‘uncertainty and risk’ are not distinguished. ‘Risk and uncertainty are treated as if they were synonyms’ (Alvarez & Barney, 2005, p. 778). Nonetheless, managers do consider uncertainty and risk as ‘distinct constructs’ that have different impacts, individually and jointly on the decision-making process (Alessandri et al., 2004, p. 755). Indeed, the distinction between uncertainty and risk is essential for any fine-grained understanding of how these elements affect entrepreneurial processes and action and decision-making process (Koudstaal et al., 2016; Liesch et al., 2011).

Knight (1921) distinguished pure (subsequently ‘Knightian’) uncertainty from risk, defining an informational setting as being risky where the decision makers face uncertain outcomes but can estimate probability distributions for them. On the other hand, Knight (1921) defined pure uncertainty as where the decision makers do not and cannot quantify possible outcomes or their probabilities. Uncertainty is therefore present because certain knowledge is unknown, perhaps unknowable (Shackle, 1979).

Knightian uncertainty is crucial to understanding and explaining the nature of competition, profit, and entrepreneurship (Alvarez & Barney, 2020; Knight, 1921; Miller, 2007). Such uncertainty determines whether or not an opportunity exists, the actions required to identify and exploit that opportunity, the entrepreneurial skills required to develop and exploit an opportunity and the potential for that opportunity to generate economic profits

(Burns et al., 2016). Entrepreneurs are often identified as uncertainty-bearers with relatively low loss-aversion (Knight, 1921; Marshall, 1930). By Knight's reasoning, only under uncertainty, rather than risk, can entrepreneurs exceed the normal profits associated with equilibrium in competitive markets (Miller, 2007). In other words, uncertainty and risk are not synonymous. It must be conceded, however, that in practice uncertainty and risk are not mutually exclusive and that uncertainty can evolve into situations of risk and *vice-versa*. Accordingly, uncertainty and risk can be viewed as belonging on a continuum (Hmieleski et al., 2015) and involving different degrees of judgement 'ranging from straightforward to impossible' (Miller, 2007, p. 58).

There are two main sources of uncertainty: endogenous and exogenous (Gregorio, 2005). In contrast with uncertainty inside the firm or individuals themselves, exogenous uncertainty can be associated with price changes, technological innovation and competitors' actions. However, this distinction may become blurred in concepts such as perceived uncertainty (Downey & Slocum, 1975), which defines and measures exogenous uncertainty in terms of subjective judgements (Downey & Slocum, 1975; Gartner & Liao, 2012; Griffin & Grote, 2020; Milliken, 1987).

Scholars have increasingly recognised the need to distinguish different types of uncertainty (Packard et al., 2017), because 'the type of uncertainty matters' (McKelvie et al., 2011, p. 274) for a nuanced understanding of its impact, and explanations of different action. In a seminal article, Milliken (1987) differentiated subsets of Knightian uncertainty (state, effect, and response) that the current study adopts here in a subjectivist view of entrepreneurship, where 'the source of the uncertainty is specified as being the organizational environment' (p.136). Each of these three types of environmental uncertainty may be associated with a specific type of information about a condition (i.e. a specific locus of uncertainty) that an individual perceives to be lacking. State uncertainty is experienced when '[administrators of an organisation] perceive the organizational environment, or a particular component of that environment, to be unpredictable' (p.136). Effect uncertainty refers to 'an inability to predict what the nature of the impact of a future state of the environment or environmental change will be on the organization' (p.137). Finally, response uncertainty refers to 'a lack of knowledge of response options and/or an inability to predict the likely consequences of a response choice' (Milliken, 1987, p.137). Each of these three types of environmental uncertainty may be associated with a distinctive impact on opportunity exploitation and how uncertainty may be resolved (Townsend et al., 2018).

The existence of deep uncertainty does not mean that action is impossible, or results are random (Foss & Klein, 2020). Therefore, managing these types of uncertainty is crucial to entrepreneurship, where uncertainty must be dealt with not only in the firm or project's foundation phases, but throughout its entire life cycle. Knight's theory of rational entrepreneurship highlights individuals' differences and abilities in moving from pure uncertainty towards risk, or possibly avoiding investment altogether. Packard et al. (2017), for example, showed that entrepreneurs can reduce uncertainty either by selecting from a narrow set of means and anticipating all the possible ends of those means, or focusing on a few target outcomes and being more open about potential means. Individuals may at times also actively create uncertainty that is functional and adaptive for themselves and others (Griffin & Grote, 2020). This may reveal new opportunities for those entrepreneurial firms that are able to discover and/or create, and exploit opportunities (Hitt et al, 2011). Accordingly, the next section considers whether uncertainty creates or obstructs entrepreneurial opportunity.

#### **2.4.2 Does Uncertainty Create Entrepreneurial Opportunity?**

Since Shane and Venkataraman's (2000) ground-breaking paper, much of the field of entrepreneurship has focused on opportunities - where they come from and how they are exploited (Alvarez & Barney, 2020). For example, Shane and Venkataraman (2000) themselves studied how alert entrepreneurs discover opportunities, Sarasvathy (2001) discussed the impact of cognitive biases on forming and exploiting opportunities, Baker and Nelson (2005) showed how opportunities can emerge out of the resources that entrepreneurs already control, and Alvarez and Barney (2007, 2013) emphasised how opportunities may be created through an iterative and path-dependent social construction process. While these theories vary on many dimensions, they all have one thing in common, focusing on opportunities.

Nonetheless, a group of scholars (e.g. Davidsson, 2015; Davidsson et al., 2020; Foss & Klein, 2020) has recently begun to question whether the field of entrepreneurship should have committed itself so strongly to the study of the causes and consequences of opportunities. Davidsson (2015) and Davidsson et al. (2020) argued that the term is not defined in a uniform or consistent way, and Foss and Klein (2020) argued that the concept of opportunity is at best redundant and at worst misleading. In a response to these criticisms, Alvarez and Barney, 2020, Wood and McKinley (2020) and Dimov (2020) acknowledged

that much work remains to be done to clarify and operationalise the concept of opportunity, but they also argued that opportunities will continue as a central concept in the field of entrepreneurship for some time.

Indeed, debates about the definition of opportunities are reminiscent of the debates about the definition of entrepreneurship that plagued the field for many years (Alvarez & Barney, 2020). Shane and Venkataraman (2000, p. 220) defined entrepreneurial opportunities as ‘those situations in which new goods, services, raw materials, and organizing methods can be introduced and sold at greater than their cost of production’. Unlike other fields (e.g. Barney, 1991; Porter, 1980) that usually take the existence of market disequilibrium as given, prior work on opportunity (e.g. Alvarez & Barney, 2004, p. 622; see also Alvarez & Barney 2007, p. 13, 2013, p. 302) defined opportunities as ‘competitive imperfections exist in product or factor markets’. Theory hereby examines how these competitive imperfections are formed, and then sometimes exploited, by the actions of individuals (or groups). Alvarez and Barney (2020) themselves emphasised that creation theory definition of opportunities does not mean that that definition is, or should be, the only definition of opportunities in the field. This notion supported by Wood and McKinley (2020) suggesting that ‘opportunity’ is best characterised as a holistic and integrative umbrella construct that incorporates many meanings and competing and complementary theories.

To date, scholars have been engaged in an ongoing debate - concerned with the ontological nature of opportunities and where do such phenomena come from? - that is still described as ‘opportunity wars’ (Wright & Phan, 2020). Two broad answers to this question have been proposed: (1) They are formed by exogenous shocks to pre-existing markets or industries (i.e. products of exogenous market gaps) (Shane, 2003), and (2) They are formed endogenously, by the actions of entrepreneurs themselves (Alvarez & Barney, 2007, 2013; Wood & McKinley, 2010).

These two models of where opportunities come from have resulted in at least three prominent perspectives on the ontological nature of the phenomenon (Wood & McKinley, 2020). The first, ‘discovery’ perspective (Kirzner, 1973) views opportunities as objective entities that exist independently of the perceptions of entrepreneurs (Shane, 2003) and their existence requires only differential alertness, or access to existing information (information asymmetry). Opportunities arise from market imperfections/disequilibrium and entrepreneurs move resources to restore equilibrium (arbitrage logic). The second ‘creation’

perspective (Schumpeter, 1934) suggests that, rather than restore equilibrium, entrepreneurs create disequilibrium with their changes in resource combinations, e.g. innovations. Subsequently, Kirzner (1982) addressed his fellow Austrian economists and supported the notions of Schumpeter, confirming that the entrepreneur may actively try to shape or create the future in favourable ways. The creation perspective (Alvarez & Barney, 2007; Alvarez et al., 2013) views opportunities as a subjective and socially constructed by those who form and exploit them (Alvarez et al., 2017). The creation model suggest that the formation of opportunities is strongly path-dependent in nature (Alvarez et al., 2015; Wood & McKinley, 2010). The third, more recently developed perspective, called ‘actualisation’ perspective, seeks a middle ground between the discovery and creation approaches. This perspective conceptualises opportunities as clearly external to the entrepreneur but cannot be known or accessed prior to their actualisation into profits. Therefore, it considers opportunities as propensities that reside outside the consciousness of the entrepreneur (Ramoglou & Tsang, 2016). Opportunities are real but cannot be objectively measured or detected because they exist as latent market demand, which can be accessed only through the imagination or belief of the entrepreneur (Ramoglou & Tsang, 2016). Thus, the subjectivity of ‘opportunity perception’ can be meaningfully conceptualised in parallel with the objectivity of ‘opportunity existence’ within the actualisation perspective (Ramoglou & Tsang, 2016: p.424).

Alvarez and Barney (2007) argued that ‘discovery’ theory is more relevant to ‘risk’ and ‘creation’ theory to ‘uncertainty’, and Alvarez et al. (2013) further suggested that the entrepreneur not only discovers existing opportunities, but also builds new landscapes for action that create uncertainties for themselves and others. Indeed, some critics have maintained that the actualisation approach is meta-theoretically and practically unsatisfactory, in part because it is overly deterministic (Berglund & Korsgaard, 2017) and depends on ‘unobservable generative mechanisms’ (Berglund & Korsgaard, 2017, p. 730) that truncate possibilities for empirical research (Davidsson, 2017). Alvarez et al. (2017) also criticised how the actualisation approach radically misrepresents the modern constructivist perspective. Nonetheless, some of these criticisms have been refuted by Ramoglou and Tsang (2017a, 2017b). For example, Ramoglou and Tsang (2017b) argued against Berglund and Korsgaard’s (2017) position by noting that propensities are not deterministic factors that inevitably lead to the actualisation of opportunities into successful product introductions or profits.

One of the insights from work, on where opportunities come from, is that opportunities can emerge in very different informational settings (uncertain and risk contexts). In this way, some work on opportunities has emphasised the role of Knightian uncertainty in entrepreneurship (Alvarez & Barney, 2005), particularly in models of endogenous opportunity formation and exploitation (Alvarez & Barney, 2007, 2013; Sarasvathy, 2001). Indeed, Knightian uncertainty plays an important role in the opportunity formation process; therefore, different entrepreneurs are more likely to make different decisions, which leads to the formation of different opportunities and the creation of heterogeneous resources and capabilities (Alvarez & Barney, 2020). Foss and Klein (2020, p. 370) further noted the emerging consensus among entrepreneurship scholars, concluding that Knightian uncertainty should be ‘front and center’ in the entrepreneurship literature.

One strand of research (e.g. Gaglio & Katz, 2001; Kirzner, 1979; Mahnke et al., 2007) suggested that greater uncertainty creates barriers to entrepreneurial action, especially opportunity exploitation, and ‘... across all fields of management research, uncertainty is largely considered an aversive state that people and organizations cope with unwillingly and generally aim to avoid’ (Griffin & Grote, in press, 2020). As entrepreneurial action is made more uncertain in unstable institutional contexts - e.g. in many emerging markets - opportunities for entrepreneurship may be inhibited (Luthans & Ibraveva, 2006; Manolova et al., 2008). This lack of entrepreneurial action under great uncertainty is often seen as the consequence of a lack of alertness, unperceived opportunities (Kirzner, 1982) and/or suboptimal market coordination (Kirzner, 1973).

However, another strand (e.g. Doh et al., 2017; Knight, 1921; McKelvie et al., 2011; Tracey & Phillips, 2011) has contended that entrepreneurial opportunities are likely to be greatest when market conditions are furthest from equilibrium and competitive perfection, e.g. when they are volatile, unpredictable and uncertain. Folta (2007, p. 98) went further and declared that: ‘for opportunities that create the most value, uncertainty *rules the day*’ (italicised emphasis in the original). Institutional barriers and voids are key sources of volatility and uncertainty that may create significant opportunities for some entrepreneurs (Tracey & Phillips, 2011). Moulick et al. (2019, p. 2) also argued that ‘... entrepreneurs are increasingly working around weak institutions to develop viable ventures often in institutional contexts that are less than hospitable’.

It seems that uncertain contexts may facilitate and/or impede the generation of new entrepreneurial opportunities. As ‘entrepreneurial opportunities do not simply jump out in a final, ready-made form but emerge in an iterative process of shaping and development’ (Dimov, 2007, p. 561), the next two sections review the core entrepreneurial processes, action and antecedents and discuss whether uncertainty motivates or obstructs entrepreneurial processes and action.

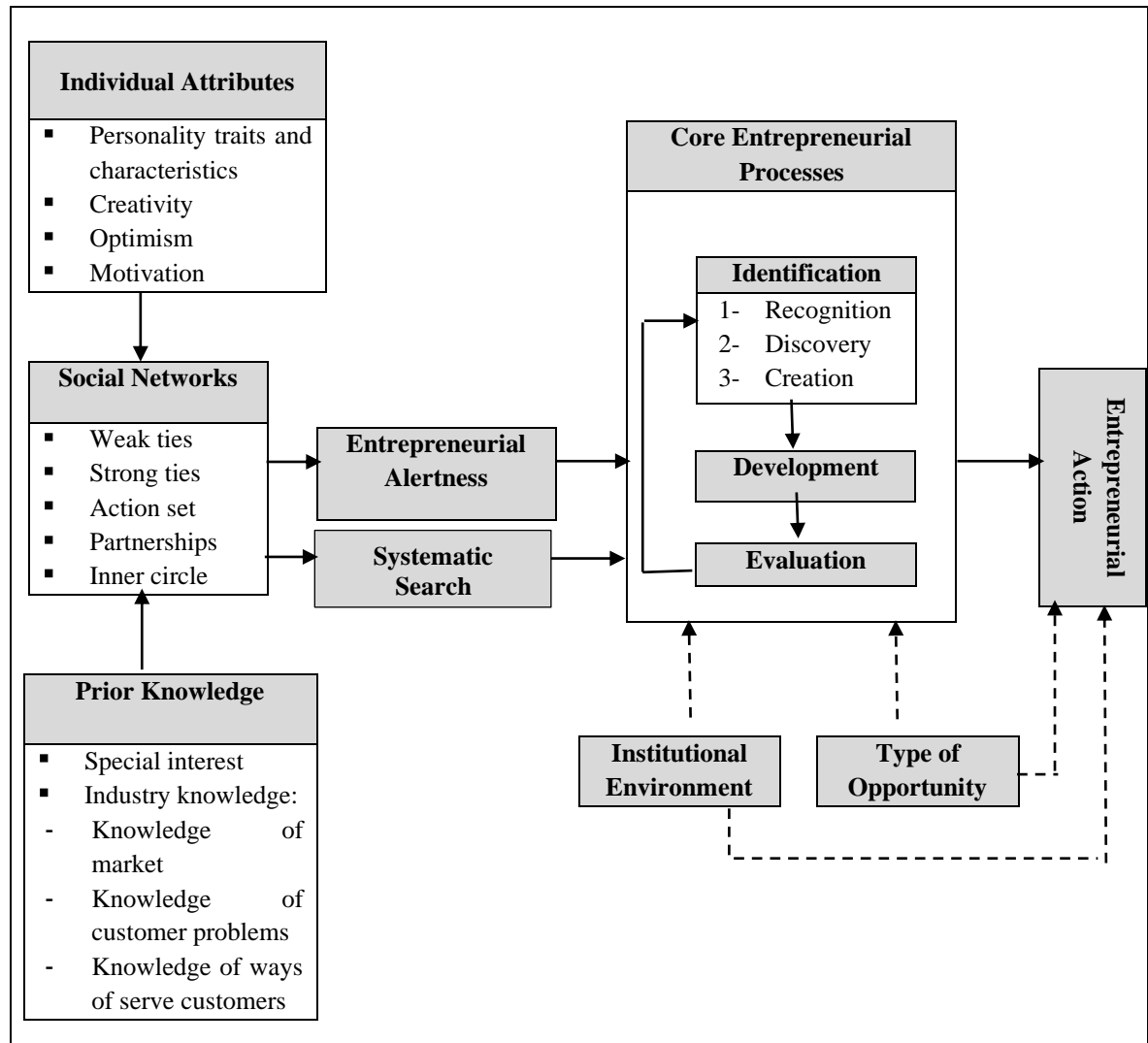
### **2.4.3 Antecedents of Core Entrepreneurial Processes and Action**

For an opportunity to be meaningful, it must be recognised, discovered, and/or created and thus, scholars have also debated how to define the processes related to opportunities (Hansen et al., 2011). Scholars have different views of the opportunity-related processes and action. For example, a group of scholars argued it as a cognitive process (Baron, 2006) that can involve a mental simulation and counterfactual thinking (Gaglio & Katz, 2001), a heuristics-based logic (Baron, 2004), or maybe an effectuation process of forming, shaping, creating, or enacting an opportunity that emerges from within the entrepreneur (Sarasvathy, 2001). Another group considered it as a creative process (Dimov, 2007), involving creativity (Hansen & Hills, 2004), or even as a special case of problem-solving (Harper, 2008). Foss and Klein (2020) recently offered a judgement-based approach to entrepreneurship and operationalised the entrepreneurial processes in the beliefs-actions-results (BAR) framework.

It should also be noted that access to, and effective utilisation of, information are not the only behavioural and cognitive factors that have been found to play a role in opportunity-related processes and action (Baron, 2007). In addition, seven others have received major attention. Given that the current study aims to explore deeper and elaborate more on these factors that are related to entrepreneurial process and action, Figure 2-2 summarises the antecedents of core entrepreneurial processes and action and portrays the interactions and relationships among these factors.



**Figure 2-2: Antecedents of Core Entrepreneurial Processes and Action**



**Source:** Author, developed from (Ardichvili et al., 2003; McMullen & Shepherd, 2006; Phillips & Tracey, 2007; Shane, 2003) concerning (individual attributes); (Ardichvili et al., 2003; Baron, 2007; Ellis, 2011; Phillips & Tracey, 2007) concerning (social networks); (Ardichvili et al., 2003; Arentz et al., 2013; Grégoire et al., 2010a; McMullen & Shepherd, 2006; Phillips & Tracey, 2007; Shane, 2003; Shepherd & DeTienne, 2005) concerning (prior knowledge); (Ardichvili et al., 2003; Gaglio & Katz, 2001; Kirzner, 1973, 1979, 1997; McMullen & Shepherd, 2006; Tang et al., 2012) concerning (entrepreneurial alertness); (Fiet, 2007; Fiet et al., 2005) concerning (systematic search); (Alvarez & Barney, 2007; Ardichvili et al., 2003; Miller, 2007) concerning (opportunity identification: recognition, discovery, creation); (Ardichvili et al., 2003) concerning (opportunity development); (Ardichvili et al., 2003; Haynie et al., 2009; Hisrich et al., 2013) concerning (opportunity evaluation); (Alvarez & Barney, 2013; Gartner, 1985; Miller, 2007; Shane, 2003; Tang, 2010; Webb et al., 2011) concerning (institutional environment); (Ardichvili et al., 2003; Shane, 2003; Smith et al., 2009) concerning (type of opportunity); and (Alvarez & Barney, 2007, 2013; McMullen & Shepherd, 2006; Miller, 2007) concerning (entrepreneurial action).

Further details of these factors can be explained as follows:

- 1- Individual attributes: Creativity (Ardichvili et al., 2003; Baron, 2006; Shane & Nicolaou, 2015), optimism and self-efficacy (Ardichvili et al., 2003; Baron, 2006; Schmitt et al., 2018), risk-taking (Baron, 2006; McMullen & Shepherd, 2006; Shane, 2003), motivation (Nicolaou et al., 2009; Shane, 2003; Tominc & Rebernik, 2007)

and locus of control (Shane, 2003) have been discussed as being important personal attributes for successful opportunity recognition. Other scholars have shown that high levels of intelligence and creativity are essential for identifying a niche opportunity (Ardichvili et al., 2003; Nicolaou et al., 2009). Curiosity, imagination and open-mindedness are also essential qualities (Shane et al., 2010).

- 2- Prior knowledge: This influences entrepreneurs' ability to comprehend, extrapolate, interpret and apply new information in ways that those lacking that prior information cannot replicate (Roberts, 1991; Shane, 2000). This may provide them with the capacity to identify certain opportunities (Shane, 2000; Shepherd & DeTienne, 2005; Venkataraman, 1997). Prior knowledge has been considered to be the cognitive resource of an individual and a cornerstone of the opportunity identification process (Ardichvili et al., 2003; Arentz et al., 2013; Grégoire et al., 2010a; Shepherd & DeTienne, 2005). For example, Grégoire et al. (2010a) indicated that prior knowledge fosters the consideration of structural relationships. It also creates 'richer mental representations' and 'opportunistic-assimilation' which facilitate the noticing of structural parallels between new information and a relevant context, even in the superficial absence of correspondence between the two.
- 3- Social networks: They may provide an access to a wide range of both tangible and intangible resources (Baron, 2007). These ties may also allow a greater diversity of ideas, increased prospects for innovation, and possibly more rapid decision making (Cooper, 2007). Indeed, entrepreneurs who connect with people from different fields and locations can use pattern recognition and peripheral vision to spot opportunities in unlikely situations (Tang, 2010). The social networks may influence a person's access to information that facilitates opportunity identification (Baron, 2007; Shane, 2003). In this regard, entrepreneurs utilise information provided not only by personal contacts (i.e. informal social networks), but also information attained in professional forums (e.g. conventions, meetings) and from mentors (i.e. more experienced individuals) who share their knowledge and wisdom with them (Baron, 2007). Although important, several dichotomies exist in the literature related to the importance of networks and their effect on opportunity identification. One stream (e.g. Alvarez & Busenitz, 2001; Ardichvili et al., 2003; Arenius & De Clercq, 2005; Granovetter, 1973; Hills et al., 1997; Kontinen & Ojala, 2011) argued that entrepreneurs gather unique and more information when they interact with weak ties

(including casual acquaintances) than they do when interacting with strong ties (including friends and family). Another stream (e.g. Ellis, 2011; Granovetter, 1992; Hite, 2005; Hmieleski et al., 2015) emphasised that strong (relationally embedded) ties provide critical strategic opportunities and resources for entrepreneurs.

- 4- Entrepreneurial alertness: It was a critical element of Kirzner's (1973, 1979, 1985, 1997) theory of entrepreneurship. Entrepreneurial alertness is defined as 'the ability to notice without search opportunities that have hitherto been overlooked' (Kirzner, 1979, p. 48) or as 'a motivated propensity of man to formulate an image of the future' (Kirzner, 1985, p. 56). Kirzner (1973, 1997) argued that entrepreneurs have a natural alertness (i.e. antenna) to signals about possible opportunities and they are at all times spontaneously on the lookout (i.e. unique preparedness) for hitherto unnoticed features on the environment (present or future) which might inspire new activity. Gaglio and Katz (2001), Kirzner (1979) and Shane (2003) asserted that the mental representations and interpretations of entrepreneurs do indeed differ because they are driven by entrepreneurial alertness, a distinctive set of perceptual and cognitive processing skills that direct the opportunity identification process. Since then, individuals with a higher level of alertness (i.e. heightened alertness to information) are more likely to identify opportunities even without actively searching for them or by simply observing phenomena (Ardichvili et al., 2003; Gaglio & Katz, 2001; Renko et al., 2012; Tang et al., 2012).
- 5- Systematic search: The alertness perspective's primary limitation is that it offers practically no guidance to aspiring entrepreneurs regarding opportunity discovery and creation other than to advise them to stay alert (Baumol, 1993; Fiet, 2007). Alertness also is problematic for wealth creation because it can only provide for discovery rather than creation (Fiet, 2007; Ricketts, 1993). Therefore, Fiet et al. (2005) and Zahra et al. (2009) stated that the systematic search, discovering opportunities by actively searching for them from a known information domain, helps individuals discover opportunities. Constrained, systematic search accommodates concerns of alertness advocates by replacing the search for unknown venture ideas with the search of known information sources. The basic rationale for this approach is that entrepreneurial discovery depends on a fit between an entrepreneur's specific knowledge and a particular venture idea, which may be discovered through systematic search (Fiet, 2007). Murphy (2011) argued that

systematic search is not always the opposite of alertness but can be a supplement or complement. He emphasised that extensive search and serendipity (i.e. alertness) reflects situations in which deliberate actions contribute to an opportunity and yet leave a substantial portion of it undetermined. Therefore, entrepreneurs may need to be alert and conduct systematic research to identify entrepreneurial opportunities.

- 6- Institutional/External environment: Environmental factors broadly encompass a society's economic growth, social and political contexts, geographical location, and cultural values. For further details about institutional environments, see 2.3.1. In fact, institutional or environmental conditions can positively and negatively influence entrepreneurial processes and action. For further details regarding the influence of institutions on entrepreneurial activity, see 2.3.3.
- 7- Type of opportunity: The characteristics of opportunities themselves influence the willingness of entrepreneurs to identify and exploit them. Entrepreneurial opportunities vary on several dimensions, which influences their expected value (Shane & Venkataraman, 2000). Ardichvili et al. (2003) believed that the process of opportunity development may differ among four types of opportunities defined by the matrix in Figure 2-3.

**Figure 2-3: Types of Opportunities**

Value Creation Capability	Value Sought	
	Unidentified	Identified
	Undefined	Defined
	"Dreams" (I)	Problem Solving (II)
	Technology Transfer (III)	Business Formation (IV)

Source: Ardichvili et al. (2003, p. 117).

This matrix differentiates between opportunities based on their origin and degree of development. In this matrix, value sought may represent problems and value creation capability may represent solutions. The upper left cell (I), where value sought is unidentified and value creation capability undefined (i.e. problems and solutions both unknown), may represent some kind of creativity. The upper right cell (II), where problems are known but solutions are not, describes settings in which structured

problem solving, including information search, occur (e.g. design a specific product/service to match an expressed market need). The lower left cell (III), where problems are unknown, but solutions or capabilities are available, includes what usually identified as ‘technology transfer’ challenges (e.g. search for applications rather than product/service development). In the lower right cell (IV), where both problems and solutions are known, entrepreneurs match known resources and needs to form businesses that can create and deliver value (Ardichvili et al., 2003). The situations in cell (I) and cell (III) are more associated with opportunity creation, and the situations in cell (II) and cell (IV) are more associated with opportunity discovery.

Smith et al. (2009) also proposed that there are two different types of opportunities - codified and tacit - and that the type of opportunity influences the identification of the opportunity. A codified opportunity is a ‘well-documented, articulated or communicated profit-seeking situation in which a person seeks to exploit market inefficiency in a less-than-saturated market’ (Smith et al., 2009, p. 44). A codified opportunity is more likely to focus on imitated or moderate improvements of products, services, raw materials, or organising methods. In contrast, a tacit opportunity is ‘a profit-seeking situation that is difficult to codify, articulate or communicate, in which a person seeks to exploit market inefficiency in a less than-saturated market’ (Smith et al., 2009, p. 44). A tacit opportunity is therefore more likely to focus on major improvements or new innovations of products, services, raw materials, or organising methods. In addition, the market is likely to be severely underexploited or completely new (i.e. previously non-existent).

In summary, the literature provides support for the role of seven key factors in the opportunity identification, development and evaluation processes and entrepreneurial action: (1) individual attributes, (2) prior knowledge of a market, industry, or customers, (3) the extent, breadth, and quality of entrepreneurs’ social networks - their connections with others, (4) alertness to opportunities (the capacity to recognise them when they emerge), (5) engaging in an active search for opportunities, (6) institutional environment, and (7) types of opportunity. This research focuses on the importance of the institutional environment and how entrepreneurs perceive and interact with it within the Palestinian context. Therefore, the next section will focus on the core entrepreneurial processes and entrepreneurial action within uncertain institutional environments.

## **2.4.4 Core Entrepreneurial Processes and Entrepreneurial Action**

The entrepreneurship literature has heavily investigated entrepreneurial opportunities for more than two decades. However, opportunities remain a phenomenon of interest, as they hold promise for both the academic field of entrepreneurship and the practical pursuit of entrepreneurial gains (Alvarez & Barney, 2020; Dimov, 2020; Welter & Alvarez, 2015; Wood & McKinley, 2020). Furthermore, opportunity identification, development, evaluation, and entrepreneurial action are at the heart of modern theories of entrepreneurship (Autio et al., 2013; Kirzner, 1973, 1997; McMullen & Shepherd, 2006; Shane & Venkataraman, 2000). Therefore, entrepreneurship research focused on questions that relate to ‘how, by whom, and with what consequence opportunities to produce future goods and services are discovered, evaluated, and exploited’ (Shane & Venkataraman, 2000, p. 220). Accordingly, the remainder of this section discusses, in detail, opportunity identification, development, evaluation and entrepreneurial action, and investigates in particular the role that uncertainty plays in stimulating and/or obstructing entrepreneurial processes and action.

### **2.4.4.1 *Opportunity Recognition***

The recognition of new opportunities is important for entrepreneurs, managers, and executives alike. Indeed, recognising high-potential opportunities can lead to significant gains in survival, profit, growth, and/or competitive positioning (Grégoire et al., 2010b). Opportunity recognition can be defined as ‘... the ability to identify situations in which new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends, or means–ends relationships’ (Eckhardt & Shane, 2003, p. 336). Grégoire et al. (2010a, p. 415) further described the process of recognising opportunities as ‘... efforts to make sense of signals of change (e.g. new information about new conditions) to form beliefs regarding whether or not enacting a course of action to address this change could lead to net benefits.’

Individuals (i.e. entrepreneurs) differ in the opportunity recognition process due to the heterogeneity in individuals’ sensitivity to opportunities for creation and delivery of new value (Grégoire et al., 2010a). Some entrepreneurs can identify possibilities for new products or solutions simply by observing their environment, but this sensitivity does not necessarily extend to the generation of ideas for solutions to the problems. Other entrepreneurs may be particularly sensitive to identifying un/underemployed resources, but they may or may not

be able to define particular uses or users for which the resources could create value (Ardichvili et al., 2003). The outcome of this process lies in those subjective *ex-ante* beliefs that an opportunity exists, or not. This is separate from the evaluation of whether one particular individual or firm should attempt to exploit the opportunity (Shepherd et al., 2007).

Grégoire et al. (2010b) proposed that opportunity-recognition beliefs are reflected in indicators relating to three perceptual dimensions: (a) perceptions of alignment between an opportunity-specific means of supply and a target market/demand, (b) the general feasibility of introducing this new/improved supply-demand combination, and (c) the general desirability of doing so (i.e. whether an idea to introduce new/improved goods and services is seen as something useful and necessary, and/or as something that would bring economic value and other benefits to the parties involved in such transactions). Entrepreneurs with a higher perception of alignment between supply and demand, general feasibility, and general desirability, are more certain about their beliefs in regard to constituting an opportunity (Grégoire et al., 2010b). Opportunities therefore ‘... are enacted, on the basis of the entrepreneur’s perception, interpretation, and understanding of environmental forces’ (Dutta & Crossan, 2005, p. 426). Opportunity recognition rests on the subjective perception and interpretation of objective realities (Grégoire et al., 2010b).

Opportunity recognition requires foresightful attention to alternative states and their performance implications. The fundamental action of the entrepreneur is to value investment opportunities. This is done through forward-look valuations based on a logic of arbitrage (Miller, 2007). Rational entrepreneurs may seek to improve allocative efficiency through obtaining information and assurances that overcome information asymmetry and mitigate the risks of entering into transactions with unpredictable outcomes (Darby & Karni, 1973). They may also seek to control or hedge contingencies that affect firm performance, through operational (e.g. improving quality and safety, increasing operational flexibility) and strategic hedging (e.g. gaining control over key contingencies, changing product-market portfolios, increasing organisational flexibility - Miller, 2007).

In addition, Miller (2007), and Trigeorgis and Reuer (2017) suggested real option analysis as a tool to evaluate the determinants of the payoffs to investments from operational and strategic flexibility and, where possible, place a forward-looking value on such investments. Firms also can benefit from undertaking a sequential investment strategy to

resolve endogenous uncertainty. Each additional stage may disclose new information and incrementally gain knowledge that can be used in a subsequent decision-making process (Ahsan & Musteen, 2011). Conversely, exogenous uncertainty can be resolved through passive observation since it may be prudent for firms to defer investment before incurring irreversible investments under conditions of exogenous uncertainty (Chi & Seth, 2002).

#### **2.4.4.2      *Opportunity Discovery***

The discovery theory of opportunity stems from realist assumptions (Alvarez & Barney, 2007). Accordingly, opportunities are objective and thus, in principle, observable but unexplored phenomena - at least for the particular entrepreneur undertaking the search - that exist independent of the actions or perceptions of the entrepreneurs (Alvarez & Barney, 2007, 2013). In the discovery view, the competitive imperfections that may constitute opportunities are formed by exogenous shocks to existing markets (Shane, 2003). These opportunities constitute Kirznerian (1973) opportunities that do not require new information (only access to information). The nature of these opportunities is less innovative, common and limited to discovery. For further information about this discovery perspective, see 2.4.2.

Opportunity discovery starts either from a known supply, and proceeds in search of an unknown demand, or from a known demand that motivates search for an unknown supply. Once the missing side of the transaction is discovered, the market opportunity can be exploited. Discovery theory assumes that entrepreneurs who discover opportunities are significantly different from others in their ability to either see opportunities (i.e. alertness) or, once they are seen, to exploit these opportunities (Alvarez & Barney, 2007; Kirzner, 1973; Shane, 2003). Their ability to make these discoveries depends on their subjective perceptions (Kirzner, 1979), cognitive abilities (Baron, 2004) and capacity for bisociative thinking (Ko & Butler, 2006). It also depends on their ability to estimate the potential net gains that result from disequilibrium (Eckhardt & Shane, 2003; Kirzner, 1973), the networks they belong to (Arenius & De Clercq, 2005), their openness to new options (Burmeister & Schade, 2007) and prior knowledge.

Any of these attributes, or any combination of these attributes, might lead some entrepreneurs to become aware and see different opportunities in similar institutional context, while others may remain ignorant of them. Arentz et al. (2013) identified at least four steps in the entrepreneurial discovery process: (1) unnoticed entrepreneurial profit opportunities exist, (2) entrepreneurs notice hitherto unexploited opportunities, (3)



entrepreneurs exploit the noticed opportunity (which may generate new opportunities), and (4) entrepreneurs develop heuristics and accumulate knowledge that may help them identify new opportunities.

The decision-making setting, in discovery theory, is risky because it assumes that opportunities are objective in nature. As objective (i.e. real) phenomena, entrepreneurs can use a variety of data collection and analytical techniques to understand the possible outcomes associated with an opportunity, along with the estimated probability of those outcomes (Alvarez & Barney, 2007, 2013). It may take some time and effort to complete these analyses, but, in principle, they can be done when an opportunity is objective in nature. For further information about the risky setting, see 2.4.1.

Opportunity discovery replaces *ex-ante* ignorance with newly identified feasible possible outcomes and may estimate their probabilities, but it also involves searching under ‘sheer ignorance’ (i.e. not knowing that we do not know) which can produce genuine surprises (Miller, 2007). Opportunity discovery therefore can be attributed to two main modes that facilitate this discovery. One is conducting a deliberate search for an opportunity using search tactics (for further details see factor number (5), above at 2.4.3). The other mode is serendipitous discoveries that have an element of surprise or ‘Eureka’ (Shane, 2000). For further details see factor number (4), above at 2.4.3.

Entrepreneurs may have limited ability to formulate expectations, so learning occurs by assessing discovered outcomes retrospectively and goals for the discovery process may be adapted, based on experience over time (Alvarez et al., 2017). They may select the area of the environment in which the search is to take place, and risk arises due to the inherently unknowable aspects of the search process, incomplete knowledge of potential outcomes and inherently ambiguous assigned probabilities to the possible outcomes. Subsequently, rationality can be articulated in exploratory search, learning from experiences, and attempting to achieve aspirations which are adapted, based on one’s own experience as well as the experiences of others in a relevant reference group (Alvarez & Barney, 2013). Indeed, search based on such partial knowledge is more informed than random trial-and-error search under complete ignorance, and search may involve finding a satisfactory, rather than an optimal, outcome (Miller, 2007).

#### **2.4.4.3      *Opportunity Creation***

The creation theory of opportunity stems from evolutionary realist assumptions (Alvarez & Barney, 2007). It views opportunities as social constructions that do not exist independent of the entrepreneur's perceptions (i.e. actors construct their own reality). However, when entrepreneurs act to exploit these socially constructed opportunities, they may interact with an environment - the market - that tests the veracity of their perceptions (Alvarez & Barney, 2013). In the creation view, entrepreneurs do not wait for exogenous shocks to form opportunities and then provide agency to those opportunities, they act, and in acting, they form opportunities that could not have been known without the actions taken by these entrepreneurs (Alvarez & Barney, 2007; Alvarez et al., 2017). For further information about this creation perspective, see above at 2.4.2.

Such Schumpeterian opportunities are created, endogenously, by the entrepreneurs through their actions, reactions, combinative capabilities, improvisation, enactment, and effectuation to explore ways to produce new products or services, without much involvement with a search process (Alvarez & Barney, 2007). Opportunity creation also involves redirecting or recombining of resources in order to create and deliver value superior to that currently available. It may even lead to dramatic restructuring of an existing business or 'radical innovation' (Ardichvili et al., 2003).

In creation theory, neither the supply nor demand exists prior to entrepreneurial action, and instead, entrepreneurs both create and exploit market imperfection (Alvarez et al., 2017). In this view, there is no 'end' until the creation process has unfolded. Therefore, the creation of opportunities is a path dependent process, emphasising the importance of knowledge and information generated in the iterative process of enacting opportunity. As that process evolves differently for different entrepreneurs, the opportunities that result may be heterogeneous in costly-to-copy, and costly-to-reverse ways (Alvarez & Barney, 2007).

Alvarez and Barney (2007) broadly described the opportunity creation process in seven steps: (1) entrepreneur's beliefs and social constructs are formed which guide their subsequent actions, (2) entrepreneurs act upon their initial beliefs about opportunity, (3) entrepreneurs observe the market (i.e. suppliers and customers) responses, (4) entrepreneurs' beliefs are transformed reflecting the acquisition and creation of knowledge and information, (5) entrepreneurs are forced to develop new beliefs about opportunities reflecting what they learned, (6) if these additional beliefs about an opportunity are not justifiable, which often

happens, then entrepreneurs may be forced to rethink their beliefs, and (7) after several iterative actions, evaluations and reactions, if entrepreneurs realised that they misinterpreted the results of previous actions, they may decide to go back several sequences and start again or even completely give up the entire process.

Creation theory assumes an uncertain decision-making context as opportunities do not exist until they are created (Hmieleski et al., 2015), see 2.4.1 above. Under uncertainty, even entrepreneurs with a great deal of time, or with outstanding analytical abilities, may not be able to forecast the relevant probabilities as the required information simply has not been created yet (Miller, 2007). This does not mean that entrepreneurs operating in creation settings will be unable to collect at least some information, *ex-ante*, about certain courses of action. Throughout the formation of opportunities, entrepreneurs may be able to collect and analyse information about opportunities (Alvarez & Barney, 2007).

In opportunity creation, the context is controllable, but only to a limited extent, resulting in risk. The freedom of others to act creatively is a source of ‘irreducible uncertainty’ (Miller, 2007). To address these deeply uncertain settings, entrepreneurs can employ creativity which involves reinterpreting and seeing new possibilities for vague problems (Hatchuel, 2001). They also can apply ‘simple rules’ (Sull & Eisenhardt, 2012) or other rational heuristics (Bingham & Eisenhardt, 2011) to make sense of their context. Entrepreneurs can further proceed according to a logic of causation which involves selecting means to achieve chosen ends (Miller, 2007), or effectuation which starts with available means and chooses among feasible ends (Sarasvathy, 2001). Finally, March (1994) proposed a logic of appropriateness which applies rules that determine appropriate actions based on one’s identity and assessment of the situation faced rather than attempting to determine future consequences and preferences. Indeed, entrepreneurship arises not only from looking forward (anticipating future prospects) and looking backward (learning from experience), but also from looking inward (an implication of one’s sense of self) (Miller, 2007).

In summary, Sarasvathy et al. (2003) acknowledged that opportunity recognition, discovery and creation are confounded in entrepreneurial practice. Whereas opportunity recognition presumably could occur by itself, opportunity discovery entails recognition at some point in the process, and opportunity creation includes both discovery and recognition processes.

#### **2.4.4.4      *Opportunity Development***

Opportunities begin as simple and unclear ideas or concepts that become more elaborate as entrepreneurs develop them. Prior work on the entrepreneurial process has acknowledged that initially identified opportunities are further developed in dynamic social processes (Dimov, 2007), ‘through which insights are contemplated, new information is collected and considered, and knowledge is created over time’ (Lumpkin & Lichtenstein, 2005, p. 457). Opportunities are developed when entrepreneurs shape their initial ideas and imaginations into full-blown business plans. Therefore, the process of opportunity development is conceptually distinct from opportunity identification (Ardichvili et al., 2003). This process may include extensive proactive efforts as the developmental process may give rise to an entire economic activity, not just a limited action (Pavia, 1991). The development process is continuous, cyclical and iterative (Johanson & Vahlne, 2006) as entrepreneurs may conduct evaluations several times at different stages of development, and evaluation could also lead to recognition of either completely new or additional opportunities, or adjustments to the initial vision (Ardichvili et al., 2003; Dimov, 2007).

#### **2.4.4.5      *Opportunity Evaluation***

Opportunities are evaluated at each stage of their development; however, the evaluation may be informal or even unarticulated (Timmons et al., 1987). Indeed, the process of evaluating entrepreneurial opportunities differs in significant ways from the typical evaluation process (Nielsen et al., 2012). Entrepreneurs may informally pursue investigations of presumed market needs or resources until concluding whether to abandon opportunity, with no need for further consideration, or to conduct more formal investigations and search of the possibility is appropriate. Viewing such gradual emergence alongside the acting entrepreneur, it becomes clear that the opportunity’s articulation evolves from a tentative idea prone to attracting scepticism to focused pitch, eliciting confidence and commitment, inviting evaluation and refinement (Nair et al., 2020).

Opportunity evaluation can be defined as ‘a phase of the entrepreneurship process which culminates in a judgement about whether investing time, effort, money, and other resources into a specific opportunity is personally attractive to me or my firm’ (Scheaf et al., 2020, p. 7). The purpose of evaluation, in entrepreneurship, is not to verify or adduce something that has already happened, but to assess the future potential of an idea. Opportunity evaluation policies are constructed as future-oriented, cognitive representations

of ‘what will be’ to determine whether the idea can form the basis for a profitable, attractive and sustainable opportunity (Haynie et al., 2009, p. 337). Keh et al. (2002, p. 130) emphasised that ‘the entrepreneur ... use intuitive judgement to gauge market potential’. This suggests that the entrepreneurial evaluation is, in essence, a cognitive and emotional process, meaning that it takes place in the minds of entrepreneurs, who may end up with different decisions within the same situation (Gruber et al., 2015; Williams & Wood, 2015; Wood & McKelvie, 2015). This makes the evaluation process more uncertain and complex (Nielsen et al., 2012).

Ardichvili et al. (2003) suggested a ‘stage gate’ procedure as a popular evaluation procedure. This procedure may be adapted to a wide range of circumstances and explicitly calls for evaluation at each of several levels of development. Whether or not an opportunity will pass through each of the ‘gates’ depends, to a large extent, on a number of constraints commonly experienced by entrepreneurs. In the end, an opportunity may either successfully pass to implementation (i.e. exploitation) or fail to pass through a gate to the next stage of development or implementation, and may be revised or even abandoned.

However, Ardichvili et al. (2003) emphasised the importance of an opportunity’s circumstances (i.e. a recognised, discovered, or created opportunity) that may require different opportunity evaluation procedures. In the case of opportunity creation, for example, the first formal evaluation may involve a feasibility analysis that addresses the question of whether the proposed combination of resources can actually deliver a specified value. In another example, Ardichvili et al. (2003) proposed ‘due diligence’ evaluation as appropriate for a new business, or for acquiring and restricting an existing business for which entrepreneurs can develop a full-blown business plan.

Regardless of an opportunity’s circumstances, Hisrich et al. (2013) broadly identified four sections (two major, and two minor) for an opportunity assessment plan. The first major section develops the product or services idea, analysing the competitive products and companies and identifying the uniqueness of the idea in terms of its unique selling propositions. The second major section focuses on the market, analysing its needs, size, trends, characteristics and growth rate. The third section, a minor one, focuses on the entrepreneur and the management team in terms of their background, education, skills and experience. The final section develops a timeline indicating what steps need to be taken to successfully exploit the opportunity and translate the idea into a viable business activity.

Therefore, a favourable opportunity is generally considered to be a necessary antecedent of entrepreneurial action (Shane & Venkataraman, 2000; Wood et al., 2017).

#### **2.4.4.6      *Entrepreneurial Action***

The identification of an opportunity is a necessary condition for entrepreneurship, but it is not sufficient (Shane & Venkataraman, 2000); therefore, entrepreneurship requires action (McMullen & Shepherd, 2006). An entrepreneurial action can be defined as ‘any activity entrepreneurs might take to form and exploit opportunities’ (Shane, 2003, p. 4; also c.f. Shane & Venkataraman, 2000). Entrepreneurs can take time and gather information to reduce uncertainties and build the firm’s resources and capabilities (i.e. wait or defer) before exploiting the opportunity or maybe revising or even aborting the opportunity (Hoogendoorn et al., 2019). Entrepreneurs can alternatively exploit the opportunity immediately to shorten their lead time (Choi & Shepherd, 2004). Accordingly, entrepreneurial action is not limited to opportunity exploitation, but opportunity exploitation is a necessary step to bring the entrepreneurial process to fruition.

Opportunity exploitation refers to the set of new venture activities and investments through the building of efficient business systems for full-scale operations (i.e. acquire, bundle, and leverage resources) to create the value perceived in the opportunity (Choi & Shepherd, 2004; Webb et al., 2009). This stage is characterised by great uncertainty that stems from the inability to accurately predict market demand, changes in the institutional environment or competitor actions (Webb et al., 2009). Although uncertainty poses a critical challenge for an entrepreneur (Hirsh et al., 2012), entrepreneurs are known for their readiness to engage with the opportunities arising from uncertainty (Alvarez et al., 2015; Edelman & Yli-Renko, 2010). For instance, entrepreneurs high in self-efficacy are more likely to increase their exploration and identification of business opportunities in the face of uncertainty, respond favourably to dynamic changes in uncertainty, and embrace highly uncertain situations as challenges (Schmitt et al., 2018).

However, McMullen and Shepherd (2006) tentatively investigated how uncertainty may deter entrepreneurial actions such as opportunity identification and exploitation. They suggested that perceived uncertainty and the willingness to bear uncertainty are decisive factors in influencing those who decide to act entrepreneurially and those who do not. Uncertainty for McMullen and Shepherd (2006) becomes a mental construct related to a sense of doubt that may lead to hesitation. However, in line with the subjectivist view of

entrepreneurship, Griffin and Grote (2020), Kirzner (2009) and Schmitt et al. (2018) considered that uncertainty is more than a mental construct, it is a factual characteristic of activity and process.

It is suggested that an entrepreneur's perceptions of uncertainty are likely to inform beliefs, which in turn affect the likelihood of action (Griffin & Grote, 2020). This supports the notion that belief formation helps an entrepreneur to escape ignorance, defined as 'a lack of information or a lack of awareness that an opportunity exists within the environment' (Shepherd et al., 2007, p. 77-78), and to avoid doubt that is created by entrepreneurial uncertainty and ambiguity. This is consistent with the suggestion by McKelvie et al. (2011) that entrepreneurs make different decisions with regard to exploitation depending on the type of uncertainty that they experience. This study therefore proposes to move beyond the single negative impact of uncertainty with its focus on hesitancy, indecisiveness and procrastination, toward its potential dual function involving exploration, creativity and proactive behaviours.

#### **2.4.5 Psychology and the Attributes of the Entrepreneur**

Psychology literally means 'the science of the mind'. Psychological research examines 'how individuals think, feel and behave', and connects directly to key concepts of 'perception, learning and motivation' (Bratton, 2015, p. 9). In correspondence with basic psychological domains, Omorede et al. (2015) and Shaver (2003) identified five substantive key areas of entrepreneurship psychology research, including personality, cognition, emotion, attitude, and self.

Entrepreneurship scholars (e.g. Cacciotti et al., 2020; Hayton et al., 2013; Schmitt et al., 2018) have integrated the psychology and entrepreneurship literatures to offer an understanding of the dynamics of, and behavioural responses to, perceived environmental uncertainty. Some approaches suggested that perceived uncertainty may provide a suitable starting point for further exploration, refinement and search for alternatives, and may facilitate the identification of business opportunities (Shane & Venkataraman, 2000). Others suggest precisely the opposite. In other words, anxiety and doubt lead to reluctance and avoidance behaviours and consequently a decrease in exploration and opportunity identification (Hirsh et al., 2012).

There is indeed evidence that uncertainty can generate negative emotions, which may prevent opportunity identification and exploitation (Kollmann et al., 2017; Patzelt & Shepherd, 2011). Nonetheless, negative emotions triggered by an increase in uncertainty may stimulate alertness and perseverance (Baas et al., 2011; Schmitt et al., 2018; Shepherd et al., 2020). For instance, Cacciotti et al. (2020) and Hayton et al. (2013) criticised the broad assumption that fear of failure leads entrepreneurs to have a less positive attitude towards opportunities (Li, 2011; Welp et al., 2012) and it is always and only an inhibitor of entrepreneurial behaviour (Deniz et al., 2011). This is in accordance with the assumption by Cacciotti et al. (2016) and Martin and Marsh (2003) that fear may stimulate greater striving. Entrepreneurs also respond differently to stress when it is perceived as a challenge, not a hindrance (Podsakoff et al., 2007), possibly underpinning more adaptive and positive responses (Hagtvedt et al., 2019). An increase in perceived uncertainty may result in anxiety as well, that may signal a need for more effort and active behaviour, and thus, may prompt entrepreneurs to engage in exploration and/or exploitation actions in order to better clarify and be in control of the situation (Angie et al., 2011; Schmitt et al., 2018).

Uncertainty can also generate positive emotions under certain circumstances (Griffin & Grote, 2020), which may encourage entrepreneurial behaviour (Cardon et al., 2009). Wilson et al. (2005, p.5) described a ‘pleasure paradox’, especially when the uncertainty is connected to a generally positive event. It is also argued that some positive experiences seem to be intensified with greater uncertainties (Kurtz et al., 2007). The negative and positive experiences of perceived uncertainty may help entrepreneurs to develop their resilience (Bonanno, 2004; Shepherd, 2020) and self-efficacy (Schmitt et al., 2018). High resilience may help to maintain a relatively stable trajectory of psychological and physical functioning over time. Entrepreneurs with higher resilience and self-efficacy are more likely to intuitively anticipate the positive emotions and favourable outcomes that result from the exploration and potential discovery of new opportunities (Bullough et al., 2014).

In short, a subjectivist perspective of both entrepreneurship and psychology may generate many ways in which uncertainty can have negative and positive impacts. This integration may enrich this study through providing tentative explanations of some aspects of the current study’s findings. The next section identifies three research gaps in the extant literature as the focus of the current study and presents the main research question.



## 2.5 The Literature Gaps

Based on this review of the extant literature, three major gaps are identified and positioned as the focus of this study as follows:

***Gap 1: Many issues regarding the origins of opportunity, its related processes, and the key factors that play an inevitable role in opportunity-related processes and entrepreneurial action, remain largely unanswered to the satisfaction of many entrepreneurship scholars.***

The question that has been driving entrepreneurial opportunity research is concerned with why, when, and how some individuals or teams can recognise opportunities whereas others cannot (Alvarez & Barney, 2020; Alvarez et al., 2017; Plummer et al., 2007; Shane & Venkataraman, 2000; Wood & McKinley, 2020). Researchers from distinct disciplines (e.g. Baron & Ensley, 2006; Bingham & Eisenhardt, 2011; Choi & Shepherd, 2004; Corbett, 2007; Grégoire et al., 2010a, 2010b; Shane, 2000; Welter et al., 2016) have attempted to address these questions, but have mostly provided insufficient understanding and explanation of many issues related to how entrepreneurs identify business opportunities, and the influencing factors of opportunity-related processes and entrepreneurial action (Davidsson, 2015; Foss & Klein, 2020; Gaglio & Katz, 2001; Plummer et al., 2007). This study therefore corresponds with Alvarez and Barney (2020), Davidsson (2015), Davidsson et al. (2020) and Foss and Klein (2020) in acknowledging that much work remains to be done to clarify and operationalise the concept of opportunity and answer opportunity-related questions.

***Gap 2: The role that uncertainty in the institutional environment plays in stimulating and/or obstructing entrepreneurial action has remained obscure.***

Uncertainty is widely recognised as a fundamental concept in entrepreneurship research, since all entrepreneurial decisions and actions are at least subject to some degree of uncertainty due to the futurity of markets (Fisher et al., 2020; McGrath, 1999; Packard et al., 2017). However, the role that uncertainty plays in precluding and/or motivating entrepreneurial processes and action remains a matter of recent debate (e.g. Bylund & McCaffrey, 2017; McMullen & Shepherd, 2006; Townsend et al., 2018). Furthermore, explanations of the conditions under which uncertainty may impede and/or promote entrepreneurship are elusive (McKelvie et al., 2011).

Scholars (e.g. Gaglio & Katz, 2001; Kirzner, 1979; Luthans & Ibraveva, 2006; Mahnke et al., 2007; Manolova et al., 2008) have long argued that greater uncertainty can constitute a significant limitation for entrepreneurial action and, in particular, for opportunity exploitation. However, a growing subset of entrepreneurship research (e.g. Doh et al., 2017; Knight, 1921; McKelvie et al., 2011; Moulick et al., 2019; Sydow et al., 2020; Tracey & Phillips, 2011) has acknowledged the positive impact of institutional challenges in generating opportunities and stimulating entrepreneurial action.

***Gap 3: Few studies have integrated the institutional perspective in examining opportunity-related processes, and entrepreneurial action.***

Most research has focused on micro-level explanations for entrepreneurial behaviour, e.g. Katz and Shepherd (2003) and Shepherd et al. (2009) investigated the role of cognition and emotions on entrepreneurial behaviour, Baker and Nelson (2005), Baker et al. (2003) and Sarasvathy (2001) studied behavioural responses such as effectuation or bricolage.

On the other hand, there is growing recognition that entrepreneurial behaviour needs to be interpreted in the institutional context in which it occurs (Welter & Smallbone, 2011; Zahra & Wright, 2011). Many scholars (e.g. Alvarez & Barney, 2020, 2007; Boettake & Coyne, 2009; Gartner, 1985; Kirzner, 1997; Shane, 2003; Su et al., 2016) have emphasised that entrepreneurship depends on the institutional environment and the existence of opportunity cannot be separated from its external environment. Therefore, it has been argued that institutional theory provides a useful framework for enhancing understanding of the relationship between firms, entrepreneurs and their context (Bruton et al., 2014; Hoskisson et al., 2000; Jennings et al., 2013; Lang et al., 2014; Muhammad et al., 2016; Thornton et al., 2011). Nevertheless, little work has been done to integrate them into a reliable conceptual framework for investigating and understanding the dynamic aspects of entrepreneurial action, uncertainty, and institutional change (Bjerregaard & Luring, 2012; Bylund & McCaffrey, 2017; Urbano & Alvarez, 2014). Even studies that did consider the institutional environment pay little or no attention to opportunities (Mair & Marti, 2009; Phillips & Tracey, 2007). In brief, few studies have considered the institutional perspective in examining opportunity identification, development, evaluation, and exploitation (Bruton et al., 2010; Su et al., 2016; Tracey & Phillips, 2011; Valdez & Richardson, 2013).

Based on the three research gaps above, this study underscores the need for entrepreneurship research in extremely uncertain contexts to comprehend the nuances of institutional barriers and voids in relation to their influence on the firm's survival and growth as well as on the opportunity-related processes and entrepreneurial action. Accordingly, the current study integrates the IBV and the subjectivist view of entrepreneurship as its main theoretical foundations. This integrated theoretical framework is proposed to investigate and understand how an indigenous and an MNE operator in the Palestinian mobile phone sector perceive and respond to uncertainties and contradictions in their institutional environment.

Therefore, the core research question posed here is: ***Are institutional barriers and voids in extremely uncertain environments perceived as disincentives and/or opportunities?*** Based on this central research question, this study addresses the following main research sub-questions:

- 1- What are the main institutional barriers and voids faced by Palestinian mobile phone operators?
- 2- How do firms respond to institutional barriers and voids?
- 3- What are the antecedents of entrepreneurial processes and action in an extremely uncertain environment at a firm-level?
- 4- How are opportunities identified, developed, evaluated, and exploited within an extremely uncertain business environment at a firm-level?

## **2.6 Summary**

The subjectivist view of entrepreneurship has been recognised as one of the key theories in entrepreneurship since perceptions and personal knowledge can be a starting point for understanding entrepreneurship. Since both opportunities and individuals (or firms) are embedded in an institutional environment, it has increasingly become clear that the institutional environment also has impact on entrepreneurial processes and action. Institutional theory is indeed gaining attention in entrepreneurship research, as many recent studies document the importance of institutions for entrepreneurial activity. The institutional environments of countries can create conditions that either facilitate or deter entrepreneurial processes and action. However, the IBV suggests that there is a mutual interaction between firms and their institutional environments. The idea is that although institutional barriers and voids offer both challenges and opportunities, they have largely been associated with firms'

efforts and strategies to avoid or mitigate institutional deficiencies, exploit contradictions and reduce the transaction costs associated with operating in settings subject to those institutional shortcomings.

Many recent studies have contended that entrepreneurial opportunities are likely to be greatest when market conditions are furthest from equilibrium, volatile, uncertain, and unpredictable. Institutional barriers and voids may exacerbate this volatility and uncertainty, and uncertain and risky contexts may play an important role in the emergence or creation of opportunity. Opportunity can therefore be both objective (discovery view) and subjective (creation view), and these views of opportunity are complementary rather than competing perspectives. Therefore, entrepreneurs may need more proactive action and effective strategies that fit contexts throughout the exploitation and execution stages. The next chapter will discuss the research methodology used to investigate this basis for the core research question.

## Chapter 3: Research Methodology

### 3.1 Introduction

This chapter discusses the adopted research orientation, approach and design. It also explains the chosen research strategy, research setting, data collection and analytical processes, and quality of research design. The chapter further identifies the rationale behind each methodological choice. The extant entrepreneurship literature provides conflicting evidence on the positive or negative influences of institutional barriers and voids but is dominated by the negative. Therefore, the core research question is: *Are institutional barriers and voids in extremely uncertain environments perceived as disincentives and/or opportunities?* Based on this main research question, this study aims to build on recent developments in entrepreneurship and institutional theories in order to investigate and understand how an indigenous and an MNE operators in the Palestinian mobile phone sector perceive and respond to uncertainties and contradictions in their institutional environment.

### 3.2 Research Orientation

The research question and purpose were matched with an exploratory study that aims to build an in-depth understanding of the complexities of an emergent and evolving phenomenon from different perspectives (Birkinshaw et al., 2011). Eisenhardt and Graebner (2007) argued that exploratory research may be appropriate to examine a phenomenon that is poorly understood by the extant empirical and theoretical literature. The phenomenon of the ‘survival and development’ of firms operating in challenging environments might not have been adequately explained. Entrepreneurship scholars have considered the possibility of upside potentials in mature, supportive environments, and it is suggested that an environment featuring extreme barriers and voids, especially in the context of conflict, may be expected to generate fewer positive, and mostly negative, influences (Bylund & McCaffery, 2017; Estrin et al., 2013).

The possibility arises that institutional barriers and voids may have an ambiguous impact and the existing literature lacks necessary theoretical and empirical frameworks to make predictions, the exploratory research therefore may help in discovering this complicated context (Saunders et al., 2019), identifying and understanding different

perspectives of the phenomenon and providing useful insights that cannot be reached through quantitative methods (Mintzberg, 1979).

The Palestinian mobile phone sector operates in a highly uncertain and possibly the most restrictive institutional environment in the world, involving many extreme institutional barriers and voids. Despite these challenges, the indigenous and the MNE operators have each achieved significant growth, introduced innovative services, generated reasonable profits, contributed significantly to the Palestinian economy, and fostered the creation of new mobile phone-related businesses. The survival and development of these two Palestinian operators therefore represent ‘extreme cases’ that may provide potential theorising (Fletcher et al., 2018) and can generate new/novel insights (Benbasat et al., 1987) by applying exploratory research (Saunders et al., 2019; Yin, 2009).

### **3.3 Research Approach**

Abduction may be applied in a wide range of circumstances in which we encounter a phenomenon or patterns of relations that challenge extant knowledge (Bamberger, 2018; Shepherd & Suddaby, 2017). Shepherd (2019, p. 219) suggested that ‘... abductive research is likely a useful approach to building and extending the boundaries of existing theories ...’ to accommodate the other sides of entrepreneurship, particularly from extreme contexts. I therefore believe that an abductive reasoning approach is most likely to be suitable for this phenomenon-driven (exploratory) empirical research, a theorising choice recently made in a related entrepreneurship studies in specific emerging economy contexts, e.g. Erdogan et al. (2020) on Turkey, Muñoz and Kimmitt (2019) on Chile, and Sydow et al. (2020) on Kenya.

Instead of moving from theory to data as in deduction, or from data to theory as in induction, an abductive approach moves back and forth, incorporating both deduction and induction (Dubois & Gadde, 2002; Suddaby, 2006). This combination offers a theorising path that overcomes the limitations associated with the deductive approach, e.g. its reliance on the strict deductive logic of theory-testing and falsifying hypotheses, and the inductive approach with its relative incapacity to ensure theory-building (Bryman & Bell, 2015). While induction works with the aim of demonstrating the probable generalisability of a situational reality on the basis of a sample of experience and deduction is grounded on the logic of confirmation with prior knowledge about the phenomena and the population, with

the aim of demonstrating the situational validity of a generalisable rule or claim (Campos, 2011; Locke, 2011), abduction offers a logic for considering conjectures about complex phenomena (Locke, 2011; Van Maanen et al., 2007), aiming for generating plausible, conjecturable explanations that might develop new or alternative conceptual frameworks (Dubois & Gadde, 2002; Shapira, 2011; Shepherd & Suddaby, 2017).

Applying an abductive approach to this study meant obtaining data that were sufficiently detailed and rich, allowing me to explore and describe the phenomenon, elicit tentative claims, identify and explain themes and patterns, and narrow range of possible explanations for entrepreneurial processes and action within uncertain context (Bamberger, 2018). I applied two types of abductive inquiries in this study, namely *exploitative and exploratory* (Bamberger, 2018). First, I started with exploitative abduction since I observed the long-term survival and development of an indigenous and an MNE Palestinian mobile phone operators in an extremely uncertain business environment. I collected as much information as I could about this phenomenon and then sought to find some plausible theories (entrepreneurship, psychology and strategy) that explain how survival/development could have occurred.

I further uncovered more ‘surprising facts’ during data analysis (Golden-Biddle, 2020; Locke, 2011; Locke et al., 2008) such as some benefits of institutional barriers and voids, different types of opportunity, opportunity identification process, entrepreneurial action, types of uncertainty and positive and negative impacts of uncertainty. These puzzling facts encouraged me to employ an exploratory abductive logic through using the pattern of results to conceive a plausible explanation. I engaged in back-and-forth iteration with the social world as an empirical source (data) for theoretical ideas, and with the literature in order to identify the underlying conditions that helped me to build a theoretical story. I was also open to the possibility of new findings, rather than using the study to confirm my preconceptions and then to select the ‘best’ explanation from competing explanations or interpretations of the data. This abductive approach provided this research with the flexibility needed to follow up on promising leads and to abandon lines of inquiry found to be fruitless (Edmondson & McManus, 2007).

In summary, I was involved in a deliberate abductive process (Bamberger, 2018) in order to understand a phenomenon of firm’s survival and growth in an uncertain context that although commonly observed, cannot be readily explained by extant theory. I moved from

the description and abstract analysis of a concrete phenomenon to a reconstruction of the basic conditions that make it possible, and then tried to integrate these explanations in an overall conceptual framework (Burg et al., 2020; Shapira, 2011), thereby contributing to a theory of entrepreneurship in uncertain contexts.

### **3.4 Research Design**

Much case study research uses an abductive approach to theory development (Dubois & Gadde, 2002; Saunders et al., 2019). Qualitative methods have been gaining importance in entrepreneurship research that has conventionally been dominated by quantitative enquiries (Molina-Azorín et al., 2012; Perren & Ram, 2004). Qualitative research has also been considered increasingly as being important to complement quantitative research to understand entrepreneurial phenomena (Burg et al., 2020; Suddaby et al., 2015). Qualitative research methods capture context richness and diversity and seem to be appropriate to the advancement of entrepreneurship research into tools and concepts (Hindle, 2004; Hlady-Rispal & Jouison-Laffitte, 2014; Rauch et al., 2014).

Qualitative case study research was particularly well suited to this study in order to achieve theory development through framing the study in terms of both existing debates in the literature, as well as being explicit about what body of theory(ies) it is building upon, and why (Birkinshaw et al., 2011). This research design was suitable for addressing ‘how’ and ‘why’ questions, i.e. understanding the phenomenon from the perspective of those studied (informants), reporting differences in perspectives among informants and examining and articulating processes (Pratt, 2009). It also allowed a deep scrutiny of the complex plurality of a site-specific context (phenomenon) as well as mechanisms (Birkinshaw et al., 2011; Stake, 2000; Yin, 2009). Therefore, the case study approach used in this study fits with what Welch et al. (2011) described as a ‘contextualised explanation’ approach, which represents an escape from the explanation-contextualisation trade-off.

A theoretical sample of two ‘polar, rich, deep’ cases (Dyer & Wilkins, 1991; Patton, 2015) – comprising one indigenous firm and one MNE - constituted the population of Palestinian mobile phone operators. The two cases were chosen in order to avoid industry differences and because of the importance of choosing surviving firms within the acutely uncertain Palestinian market where the failure of firms is common (UNEP, 2020; World Bank, 2019) and the greatest negative impact on opportunity is predicted. They thus



represent ‘unusually revelatory, extreme exemplar’ cases (Eisenhardt & Graebner, 2007, p. 27) of surviving firms, a methodological choice recently made in related, authoritative papers based on Alvi et al. (2019) on Palestine, Bullough et al. (2014) on Afghanistan, and Parente et al., (2019) on the DR of Congo. Theoretical sampling - particularly of extreme cases (whether notable failures or successes) - is a useful tool for developing theory because it allows researchers to generate insights that might be obscured or absent in more ‘typical’ settings (Eisenhardt & Graebner, 2007; Pratt, 2009). The two cases therefore facilitated the investigation of a phenomenon (the survival and development of firms in a highly uncertain context) that is not well understood (Marshall & Rossman, 1995), and the development of existing theory ‘by pointing to gaps and beginning to fill them’ (Siggelkow, 2007, p. 21). They also enabled a broad exploration of the research question and theoretical elaboration (Eisenhardt & Graebner, 2007).

The two cases were chosen with matched-pair and replication logic to strengthen the basis for an ‘analytical generalization’ (Yin, 2009, p. 43), ‘mechanistic explanations’ (Bunge, 1997, p. 440) and ‘contextualised explanation’ (Welch et al., 2011, p. 745) of an empirical phenomenon. I therefore used these two cases to yield thick descriptions of the phenomenon within a specific context, so as to develop and/or generate deep insights into how firms perceive institutional barriers and voids in extremely uncertain environments and elucidate the specific contingent conditions under which the postulated mechanisms of the relationship between entrepreneurial processes and action and uncertainty operate.

### **3.5 Research Setting**

In line with others (e.g. Alvi et al., 2019; Khoury & Prasad, 2016), this study considers Palestine a promising laboratory for exploring the phenomenon of firm’s survival and growth ‘in context’ (c.f. Shepherd et al., 2020; Sydow et al., 2020; Welter et al., 2019) and to develop more contextualised understanding of entrepreneurship theory (Bruton et al., 2018; Moulick et al., 2019).

The Occupied Palestinian Territory (OPT) refers to the geographical area occupied by Israel since 1967. The OPT comprises the WB (including East Jerusalem) and the GS, and is controlled by the PNA after the Oslo Accords in 1993 (International Labour Organization, 2018). According to these accords, in the WB the PNA has a civilian and security control of area (A), a civilian but not security control over area (B), and neither a

civilian nor security control over 61% of the WB, called area (C), where Israel still exercises full civil and military control over bypasses, checkpoints, crossing points, ports, and airports (Roberts, 1995).

Beyond these areas of the WB, the GS has been geographically and politically separated since the intra-Palestinian conflict that erupted after Hamas's victory in the 2006 election. Subsequently, Hamas seized power and controlled the GS in June 2007, while the PNA remained in control of the WB. Israel imposes controls on both areas through the closure of the GS since 2007, controlling crossing points and the movement of resources (BBC, 2019). Besides having three sets of national political institutions (involving the PNA, Hamas and Israel) for firms to deal with, the negative impact of institutional challenges is sharpened by violent conflict. This violence involves an external force (Israel) as well as internal violence between the two major political parties: Fatah and Hamas (Alvi et al., 2019; International Labour Organization, 2018). Outbursts of violence in the Israeli-Palestinian conflict and within the WB and GS amplify already extreme levels of uncertainty (Hiatt & Sine, 2014) resulting from institutional barriers and voids (Gao et al., 2017). Many of these institutional barriers are imposed by a neighbouring country (Israel) and this creates a unique and extreme institutional environment within which firms must struggle to operate and survive (Alvi et al., 2019; Parente et al., 2019; Khoury & Prasad, 2016). The OPT has been scored with the highest national level of commercial risks from political and trading events, and an apparently unfavourable, negative and unstable business climate (COFACE, 2019; CREDENDO, 2019).

The Palestinian mobile phone sector was chosen as the setting for this research because it operates in arguably the most restrictive institutional environment in the world, regulated by three different governments (PNA, Hamas and Israel) (Rossotto et al., 2016), because the industry's market structure is unique, comprising only one established incumbent and a relative newcomer MNE (see Table 3-1). Furthermore, eight Israeli mobile operators cover the WB with mobile signals, offering illegal and unregulated services (Grimoud et al., 2015; Rossotto et al., 2016). Despite these challenges in the past decade, the indigenous and the MNE operators have each achieved significant growth, introduced innovative services, generated reasonable profits, contributed significantly to the Palestinian economy, and fostered the creation of new mobile phone-related businesses. In these circumstances, the long-term survival and development of the two Palestinian operators and their commitment to continuously invest in upgrading and innovation in such a turbulent

environment indicate the importance of these two polar cases to the research question addressed by this study (Patton, 2015; Yin, 2009).

**Table 3-1: Profile of Companies**

<b>Firm</b>	<b>Profile</b>
<b>An Indigenous Firm</b>	It is the first Palestinian cell/mobile phone operator in the OPT. It is a part of a domestic company group. The firm was established in 1999 and immediately launched its commercial operations in the WB and GS. Since its inception, the firm has succeeded in providing its clients with a high-quality mobile phone service despite of the fiercest competition from incumbent Israeli mobile phone operators and facing a very difficult political, economic and social circumstances. It has been accomplishing outstanding financial and commercial milestones and attracted a significant customer base of 3 million subscribers by 2018.
<b>An MNE</b>	It is a subsidiary/member of an international group. It is owned by an international group (49.03 %), the Palestine Investment Fund (34.6 %) and the public (16.01 %). The MNE has been licenced as the second Palestinian cell/mobile operator in the OPT in September 2006. However, its commercial operations were subject to a 3-year delay in the WB and a 11-year delay in the GS in releasing their service by the Israeli government (Rossotto et al., 2016). The firm launched its commercial services in November 2009 in the WB and in October 2017 in the GS. It has succeeded in overcoming many political, economic, social and regulatory challenges as well as intense competition from incumbent local operator and Israeli operators since its launch. The MNE offers a range of services and products tailored to the needs of individuals and businesses in Palestine. It also provides high standards of mobile services and ideal coverage, high-quality 3G services in the WB, and real value for subscribers. The firm reached 1.29 million subscribers in 2018, achieving an annual growth rate of 27% in customer base and 17% in revenue.

### 3.6 Data Collection Tool and Process

The interview is probably the most widely employed method in qualitative research (Bryman & Bell, 2015), and semi-structured interviews may be used in an exploratory study (Saunders et al., 2019). This study therefore used the semi-structured interview as its primary data collection tool. Because little is known, rich, detailed, and evocative data are needed to understand the phenomenon of interest (Edmondson & McManus, 2007). Such semi-structured interviews were particularly suitable for this study as an efficient way to gather rich, empirical data with an open mind, especially as the phenomenon under study is unique (Eisenhardt & Graebner, 2007). The use of interviews enabled me to identify and investigate key variables over the course of the study, explore points of interest, and clarify and confirm meanings.

Purposive sampling is often used when working with very small samples such as in case study research and selecting participants who are particularly informative (Saunders et al., 2019). I applied purposive sampling to select the informants in a strategic way, so that those sampled were relevant to the research question being posed (Bryman & Bell, 2015).

Within the indigenous firm and the MNE, senior and middle managers were selected (see Table 3-2), who were qualified (highly educated and experienced) to report on how they perceived institutional barriers and voids, and how uncertainty affected their decisions regarding entrepreneurial processes and action. I achieved triangulation (Piekkari et al., 2009) in the form of a ‘triangulation of informants’ (Stake, 2000) and ‘unit triangulation’ (Marschan-Piekkari et al., 2004) whereby knowledgeable informants (e.g. organisational actors from different hierarchical levels, functional areas, and geographies) offered diverse views on the focal phenomenon (Eisenhardt & Graebner, 2007). Cross-case analysis was also conducted to identify the main similarities and differences between the two firms.

**Table 3-2: Profile of informants**

<b>Informant code</b>	<b>Job title</b>	<b>Years of experience before joining the firm (local or international)</b>	<b>Years of experience with the firm</b>	<b>Date of interviews</b>	<b>Average length of interviews (hour)</b>
<b>The Indigenous firm</b>					
J01	Marketing Director	1 (Local IT industry)	20	02/09/2018 & 03/09/2018	1
J02	Networks Director	1.5 (Local Telecom Sector)	20	02/09/2018 & 04/09/2018	1
J03	Customer Care Director	1 (Local Insurance Sector)	19	03/09/2018	2
J04	Procurement Department Head	No experience	17	11/09/2018	2
J05	Legal Advisor	5 (Legal Services Sector & Higher Education)	15	13/09/2018	2
J06	Sales Director	2 (Local Service Sector)	19	17/09/2018	2
J07	Project Management Office Manager	No experience	12	23/09/2018	2
J08	Technical Department Head (Gaza)	1 (Electric Power Industry)	20	27/10/2018	2
J09	Product Development Department Head	13 (Local and International Telecom Sector)	4	30/09/2018 & 08/10/2018	1
J10	Sales Planning Department Head	3 (Local IT Industry)	16	04/10/2018	2
J11	Segment Department Head	9 (Local Telecom Sector)	3	10/10/2018 & 14/10/2018	1
J12	Network Planning Head (Gaza)	1 (Local IT Industry)	20	15/10/2018	2
<b>The MNE</b>					
W01	Customer Services Director	13 (Local Banking Sector)	10	03/09/2018 & 30/09/2018	1

**Table 3-2: (Continued)**

W02	Regulatory and Public Affairs Director	11 (Ministry of Telecom & Information Technology)	10	05/09/2018	1.5
W03	Marketing Communications Director	6 (Local Real Estate Sector)	4	06/09/2018	1.5
W04	Chief Commercial Officer	20 (Local Telecom Sector, Banking Sector, INGOs)	7	09/09/2018 & 11/09/2018	1.5
W05	Acting Sales Director	15 (International Telecom Sector)	3	10/09/2018 & 18/09/2018	1.5
W06	Network Director	12 (International & Local Telecom Industry)	11	10/09/2018	2
W07	Human Resources and Administration Director	10 (International Telecom Sector)	11	12/09/2018	1.5
W08	Chief Financial Officer	14 (International Financial Services and Local Telecom Sector)	11	13/09/2018	1.5
W09	Marketing Director	20 (International Telecom Sector)	5	17/09/2018 & 13/12/2018	1.5
W10	Business Transformation Director	20 (International & Local Telecom Industry)	11	25/09/2018	2
W11	Head of Procurement & Supply Chain	15 (INGOs, World Bank)	8	09/10/2018	2

**Source: Author**

I developed an interview guide (see Appendix A). The interview guide was sometimes amended during the interview process and questions were revised to elicit different and unhesitant responses. Skype interviews were necessitated for interviews within the two case firms by the repeated refusal of the Israeli government to grant entry permits for me to enter the WB and GS. This reflects the severe constraints in the context where this research situated. Thirty-one (31) semi-structured interviews were conducted (16 with 12 senior and middle managers in the indigenous firm and 15 with 11 senior and middle managers in the MNE). The interviews were conducted in Arabic by me (a native Arabic speaker) after first piloting them with two other native Arabic speakers with excellent English, in order to ensure the correspondence and reliability of the interview questions. The questions were asked in English, then in Arabic, and there were no differences in their understanding. The questions also were tested in the end of each interview with managers.

The interviews started with three predetermined themes, and fifteen open-ended questions related to these themes (see Appendix B), to guide the conduct of each interview.

In a few interviews, these questions were asked in an order as in Appendix B, but in the majority of interviews, the discussion in interviews determined the sequence of questions. In the majority of interviews, all questions were asked, and respondents were able to answer them. However, in some interviews, respondents were not able to answer some questions because they were not related to their area of experience. At the beginning of an interview, I explained to the interviewee some terms such as ‘institutions’ and their types to ensure a better and accurate understanding of these technical terms and resolve the problem of tautology.

The interview structure consisted of two main sections. The first asked for information about the informant, and a description and background of the business, industry and Palestinian context. Once sufficient trust had been established, the second part of the interview explored the three main themes: (1) institutional challenges and obstacles, (2) entrepreneurial processes and action, and (3) uncertainty and entrepreneurial opportunity, processes and action.

The interviews were conducted from September to December 2018, and each lasted between 1 and 2 hours. All interviews were recorded and transcribed into Arabic. The interview scripts were translated into English by me. This resulted in over 48 hours of interviews captured in 260 pages of English transcript. While a two-way professional translation (i.e. back-translation) is recommended for some qualitative studies (Chen & Boore, 2009) to establish translation equivalence (Hult et al., 2008), it generates the ‘paradox’ of equivalence (Sechrest et al., 1972) and encourages ‘a spurious lexical equivalence’ (Deutscher, 1973, p. 167). I therefore discarded this option in light of the risk of losing the richness of context-specific accounts and social and cultural aspects and adopted ‘contextualising translation’ (Chidlow et al., 2014), which were central to the examination of entrepreneurial process and action within an extremely uncertain context. I relied on my own language skills to translate and overcome language differences (Chidlow et al., 2014) and the Arabic and English transcripts and results of this study were shared with the interviewees to check their accuracy and whether they reflected their opinions. This process verified the understanding and meaning of collected data and their analysis. It also ensured that most of the participants were generally happy with the drafts but wanted minor amendments. I then revised the drafts, taking research participants’ comments into account. Appendix C provides an example of one of the interview scripts.

### 3.7 Unit of Analysis and Data Analysis Process

A case study may involve the examination of a single unit of analysis (holistic case study) and/or more than one unit of analysis (embedded case study) (Yin, 2009). A holistic design may be used where a single case examines only the overall nature of an organisation (Fletcher et al., 2018; Saunders et al., 2019). Given that this study consists of two holistic cases (two firms) and is concerned only with each organisation as a whole (a holistic case study), this study used a single unit of analysis (i.e. the firm level) that was well suited with the research question being addressed.

Generally, an abductive data analysis in this study was divided into two parts: with inductive and deductive contributions. First, in inductive data analysis, I conducted a within-case analysis (Eisenhardt, 1989). This involved an in-depth examination of each of the two cases, where unique insights were drawn from detailed case-level narratives of interview data. It allowed for gaining familiarity with each of the cases and identifying early patterns for each case, before embarking on the systematic examination of generalised patterns across cases. Subsequently, I conducted a cross-case analysis focusing on contrasts and similarities across the two cases. In a second, deductive stage, the inferred categories (Figure 3-1) and existing literature were considered in tandem (Gioia et al., 2012), whereby emergent ideas and extant concepts and frameworks were combined to uncover theoretical concepts that could be useful for both making sense of the collected data and facilitating conceptual development. This abductive approach to theorising and conceptual development was particularly useful when emerging constructs and relationships were not yet well articulated in the literature (Poole et al., 2000). It enabled me to make sense and (re)contextualise the phenomenon of a firm's survival and growth within an extremely uncertain context within a set of ideas (Hlady-Rispal and Jouison-Laffitte 2014).

At a more detailed level, Thematic Analysis (Braun & Clarke, 2006) was used to identify, analyse and report patterns (themes) within the data. Thematic data analysis enabled me to 'identify or examine the underlying ideas, assumptions, and conceptualizations - and ideologies - that are theorized as shaping or informing the semantic content of the data' (Braun & Clarke, 2006, p. 84). Within each case, I followed the systematic approach of Gioia et al. (2012) to explore existing theory and to develop new concepts by using a form of 'abductive' research that considers both data and existing theory.

I first read the transcripts carefully, labelled all relevant sentences, developed individual codes and combined them under emerging concepts. In the second step of the analysis, the nascent concepts were analysed against existing theories and framed into emerging themes by bringing several codes together and labelled themes until saturation was reached. Some codes involved iteration between responses and concepts from prior theorising and others were inductively derived. I then identified the most relevant themes, aggregated them into different dimensions and created a matrix demonstrating their connection and a hierarchy of themes. Figure 3-1 illustrates the structure and ordering of the data, from specific first-order codes to more general second-order codes and aggregate dimensions.

These dimensions were synthesised under the three parts of the study as:

- (1) Institutional barriers (formal and informal) according to the categorisation of institutional constraints (Peng, 2000) and conceptualisation of institutional voids (Khanna et al., 2005; Khanna & Palepu, 2010), their benefits and disbenefits for the company, and strategic responses.
- (2) Antecedents of entrepreneurial processes and action, entrepreneurial processes and action, and types of opportunity and their impact on entrepreneurial processes and actions.
- (3) Environmental uncertainty (state, effect and response) according to Milliken's (1987) typology of uncertainty, their impact as an incentive and disincentive on entrepreneurial opportunities, process and action, strategic actions to deal with uncertainty, and the effect of the psychology and attributes of managers on entrepreneurial action.

I continued this process until it achieved sufficient coding consistency (Weber, 1990). This structured procedure for data collection and analysis enhanced the reliability of the research (Yin, 2003). Data coding was followed by within-case analysis of each firm. In a final step, I focused on cross-case analysis to allow insights to emerge from the data and identify patterns among the firms, which provide a stronger base for theory development and elaboration.



**Figure 3-1: An Example of the Data Analysis Process**

Quotes	1 <sup>st</sup> Order Code	2 <sup>nd</sup> Order Themes	Aggregate Theoretical Dimensions
<ul style="list-style-type: none"> <li>▪ <i>'The Palestinian context is very complicated, and it is very difficult to generate expectations of what could happen in the Palestinian market at any political, economic, social level'. (W05)</i></li> <li>▪ <i>'We do our best to categorise uncertain contexts according to their causes ... e.g. the political complications (the Israel-PNA relationship, and PNA-Hamas relationship), the turbulence in Palestine, and the market's changes. But we are still uncertain about how things are changing'. (W07)</i></li> </ul>	Statements about the company's inability to predict how its external environment changes	State uncertainty	<b>Environmental uncertainty</b>
<ul style="list-style-type: none"> <li>▪ <i>'We also cannot easily estimate how these changes in the external and business environments could affect our company'. (W04)</i></li> <li>▪ <i>'The risk department tries to estimate the influence of any changes in the external or business environment on our company, but this task is very complicated in the Palestinian market'. (W09)</i></li> </ul>	Statements about the company's inability to predict the impact of current and future event	Effect uncertainty	
<ul style="list-style-type: none"> <li>▪ <i>'Some environmental changes sometimes benefited our company and created some opportunities'. (W01)</i></li> <li>▪ <i>'... the continuous changes ... generated some opportunities for our dynamic firm as we can rapidly adapted to changes'. (W03)</i></li> </ul>	Statements about how state uncertainty motivates opportunity identification	Positive impact of state uncertainty on opportunity identification	<b>Impact of types of uncertainty on opportunity identification</b>
<ul style="list-style-type: none"> <li>▪ <i>'This ever-changing business environment often impeded entrepreneurial opportunities, especially when we cannot determine its impact on our company and cannot design appropriate solutions to deal with it'. (W01)</i></li> </ul>	Statement about how state uncertainty demotivates opportunity identification	Negative impact of state uncertainty on opportunity identification	
<ul style="list-style-type: none"> <li>▪ <i>'fear of failure drove us to be more aggressive and increased our tendency to be creative in order to implement our projects and achieve success'. (W01)</i></li> <li>▪ <i>'If this opportunity will lead to a significant development, we ignore our fears and exploit the opportunity'. (W06)</i></li> </ul>	Statement about how fear of failure can result in the generation of opportunity exploitation	Positive impact of fear of failure	<b>Impact of emotions</b>
<ul style="list-style-type: none"> <li>▪ <i>'... fear of failure encouraged you to avoid failure and achieve success, but if we do not notice any progress, this will lead to frustration'. (W05)</i></li> <li>▪ <i>'The fear of failure varies from one managerial level to another. For example, lower levels of staff fear losing their jobs, but the higher managerial levels are not afraid, and this was a motive for them to identify and exploit new opportunities'. (W07)</i></li> </ul>	Statements about how fear of failure can result in the deterrence of opportunity exploitation	Negative impact of fear of failure	

**Source: Author**

### 3.8 Research Trustworthiness

Trustworthiness issues (quality criteria of qualitative research) were carefully considered in this research by assessing four criteria of qualitative data robustness, namely, creditability, transferability, dependability, and confirmability (Bryman & Bell, 2015; Lincoln & Guba, 1985; Sinkovics et al., 2008).

#### *1- Credibility*

A high level of credibility of findings was achieved by ensuring methodological fit (Edmondson & McManus, 2007). I followed systematic procedures to design and implement a two holistic case studies, articulating why case study research was appropriate and why it was chosen in preference to other methodologies, and providing an explanation of how and why the two firm cases were chosen. I also was carried out according to the ‘canons of good practice’ (Bryman & Bell, 2015) where semi-structured interviews were conducted carefully using clarifying questions, probing meanings and by exploring responses from different perspectives (Saunders et al., 2019).

Credibility was enhanced by piloting the Arabic and English versions of questions of interview with two other native Arabic speakers with excellent English. It was also ensured by achieving triangulation with informants and unit triangulation. The selection of knowledgeable informants from different managerial levels, functional areas and geographies generated different insights and diverse views on the focal phenomenon (Gibbert & Ruigrok, 2010). This allowed me to reach precise understandings and conclusions based on varying opinions.

Credibility was also established by the review and validation of evidence (Bryman & Bell, 2015; Sinkovics et al., 2008). Each key research informant was provided with the interview protocol, the Arabic and English script of interview, and the findings in relation to his/her organisation. Most of the participants were generally happy with the drafts but wanted minor amendments. I revised the drafts, taking research participants’ comments into account. Such reviews helped in avoiding researcher bias and subsequent misinterpretations, ‘giving voice to participants’ (Bluhm et al., 2011, p. 1870), and ensuring a good correspondence between the findings of the study and the perspectives and experiences of the research participants (Bryman & Bell, 2015).

In relation to the data analysis process specifically, I employed two analytic approaches to achieve credibility. The first approach involved conceptual ordering for drawing from case study data (Miles & Huberman, 1994). I theorised by using activities such as abstracting, generalising, relating, selecting, explaining, synthesising and idealising (Weick, 1995). In this iterative process, I was able to build a logical chain of evidence and establish concrete outputs. Second, pattern-matching was used for comparing empirically observed patterns within-and-cross data with either predicted ones, or patterns established in prior studies and in different contexts (Gibbert & Ruigrok, 2010; Yin, 2009). This enabled me to move back and forth between theory and data and to be open to challenging the initial theoretical framework in order to develop a richer theoretical perspective than already exists in the literature.

## ***2- Transferability***

I recognise the limits of case studies in relation to generalisability. However, the purpose and value of case studies may be judged not on the basis of generalisability but on their transferability and comparability (Chreim et al., 2007). Transferability of findings was enhanced by including two firms constituting the population of Palestinian mobile phone operators (i.e. this study was the entire sector). The inclusion of two cases increased the robustness of a finding by replicating it across cases (literal replication). Once such direct replications have been made, the results might be accepted as being consistent with the theory, even though further replications had not been performed (Yin, 2009). This study therefore achieved ‘analytical generalisation’ rather than ‘statistical generalisation’ (Gibbert & Ruigrok, 2010; Yin, 2009) where I established a contextualised explanation from a particular set of results (empirical observations).

I further produced a ‘thick description’ (Bryman & Bell, 2015) of the two cases. I provided a full description of the research question, design, context, findings and resulting interpretations in the research report. This may allow another researcher to make judgements about the possible transferability of findings to another context and to design a similar research project to be used in a different, although suitable, research setting (Saunders et al., 2019). The research also explained how its findings were related to existing theory and demonstrated their broader theoretical significance than the two cases that form the basis of this study.

### ***3- Dependability***

The dependability of findings was enhanced by ensuring the transparency of data collection process and clear presentation of data analysis process and research findings (Gibbert & Ruigrok, 2010; Sinkovics et al., 2008). The research process and procedures (study protocol) were carefully documented and clarified. A detailed research design was described, the choice of research strategy and methods was justified, and the data collection and analysis processes were explained. The interview guide and questions were included in the research report (see Appendix A & B), the selection of research participants was explained and information on their characteristics were provided (see Table 3-2), and a database of interview transcripts was developed (one example of interview scripts was provided in Appendix C).

With regard to the data analysis process and research findings presentation, the coding schemes and each step of process were documented (see Figure 3-1) and the analytical techniques were described. The research data were also systematically presented through Tables and Figures, designed to provide a chain of evidence and ensure that the reader understands how I reached his conclusions (Miles & Huberman, 1994). An appropriate balance between data and interpretation (Pratt, 2009) was attempted to demonstrate how the evidence led to the study findings. The research report was written to allow a ‘drive toward some new concept development and theoretical discovery’ (Gioia et al., 2012, p. 23). I sought to move beyond conceptual ordering (describing the data and condensing them into patterns and concepts) toward theorising (Yin, 2009).

### ***4- Confirmability***

I am cognisant of the impossibility of complete objectivity in business research (Bryman & Bell, 2015). Nonetheless, I strived to be as objective as possible through employing good practices and appropriate operational procedures and minimising the impact of my personal values and theoretical inclinations on the conduct of the research and findings deriving from it. Confirmability was further achieved by ensuring my openness to different views and new emerging concepts and themes (Sinkovics et al., 2008). I was open to the possibility of being surprised by the data, rather than using it to confirm my preconceptions and then selecting the ‘best’ explanation from competing explanations or interpretations of the data as explained in the data analysis process and theorising.

### **3.9 Summary**

This chapter discussed and justified each methodological choice to ensure methodological fit. This study adopted an exploratory research orientation and an abductive-theorising approach. It used qualitative methodology with two case studies, focusing on the two (one indigenous, one MNE) mobile phone operators from Palestine/OPT. The semi-structured interview was used as a primary data collection tool and purposive sampling was used to select the key research informants. The thematic analysis approach (Gioia et al., 2012), and cross-case analysis were followed to derive the findings. Finally, the quality criteria of qualitative research (credibility, transferability, dependability and confirmability) were satisfied. The next chapter will present the within-case data analysis and findings.

# Chapter 4: Within-Case Data Analysis and Findings

## 4.1 Introduction

This chapter presents the within-case findings revealed through the thematic analysis. Findings within each case are presented and analysed into three main parts that correspond to the research questions. The first presents analysis related to the formal and informal institutional challenges faced by the indigenous and the MNE operators. This part identifies the institutional barriers and voids, disbenefits and benefits of institutional challenges, and strategic responses to institutional barriers and voids. The second part identifies the antecedents of entrepreneurial processes and action and explains entrepreneurial processes and action within Palestinian uncertain mobile phone market. The third part presents analysis related to the effect of uncertainty on entrepreneurial processes, action and opportunity. This part identifies types of environmental uncertainty and types of opportunity and their impact on entrepreneurial processes and action and explores the effect of emotions on entrepreneurial action.

## 4.2 Formal and Informal Institutional Challenges: An Indigenous Firm

### 4.2.1 Institutional Barriers and Voids

All interviewees of the indigenous firm confirmed that there were many extreme institutional challenges in the Palestinian mobile phone sector exacerbated by violent conflict. Since violence, particularly Israeli-Palestinian, was arguably inherent in the Palestinian context, it was decided not to investigate separately the effects of violence. However, the networks director remarked that *'The Israeli-Palestinian conflict (Second Intifada) severely affected our company and was the reason to prevent us to install new transmissions in the OPT after 2000' (J02)* and the customer care director also reported that *'The intra-Palestinian armed conflict and civil unrest in 2007 negatively affected our commercial operations and significantly added further administrative burdens' (J03)*.

The findings suggested that the *formal* institutional barriers, especially political instability and imprecise regulative relations between the PNA and Israeli governments, and the PNA and Hamas governments, negatively affect the stability of the mobile phone sector

and the indigenous firm's operations, growth and profitability. The interviewees also asserted that the different institutional environments and barriers within the Palestinian market (WB and GS) after the Palestinian division in 2007 increased the complexity of institutional dimensions (e.g. regulative, political, economic, legal, technological) of the indigenous firm's business environment. Some managers mentioned a few *informal* institutional barriers, among which an unfavourable perception of Palestinian operators' service quality in comparison to that of Israeli operators was the most commonly considered as the most important. Some respondents further identified some institutional *voids* in their business environment such as the lack of a telecommunications infrastructure, and local and international contractors and vendors (i.e. intermediaries). Table 4-1 summarises the main institutional barriers and voids that the indigenous firm faced and provides some illustrative quotations for each barrier or void identified.

**Table 4-1: A Summary of Institutional Barriers and Voids for the Indigenous Firm**

Institutional barriers and voids	Quotations
<b>Formal institutional barriers</b>	
The different institutional environment and barriers within the Palestinian market	<ul style="list-style-type: none"> <li>▪ <i>'... the regulatory, economic and political institutions changed after the Palestinian division in 2007. There are two governments: the PNA in the WB and Hamas government in the GS, which resulted in different laws and regulation' (J03, J08)</i></li> <li>▪ <i>'There are two markets and there are many differences between the WB and GS markets' (J10)</i></li> </ul>
Unstable political structure	<ul style="list-style-type: none"> <li>▪ <i>'... the PNA has no power in GS; therefore, we have to deal with different laws and regulations in GS, but at the same time, we cannot coordinate with Hamas government in GS' (J03)</i></li> <li>▪ <i>'Political instability and the Israeli occupation created more uncertainty in the Palestinian market' (J04)</i></li> </ul>
No unified, credible and harmonised legal frameworks	<ul style="list-style-type: none"> <li>▪ <i>'The Palestinian division ... led to two different legal systems. There is no unified Palestinian commercial law since the Jordanian commercial law is used in the WB and the Egyptian commercial law is used in GS' (J05)</i></li> <li>▪ <i>'The contradiction of laws, regulations and taxes due to the Palestinian division (two regulators: the PNA and Hamas)' (J11)</i></li> </ul>
The technology gap between the Israeli and Palestinian operators	<ul style="list-style-type: none"> <li>▪ <i>'The Israeli operators have been granted 3G frequencies (2004) and 4G (2014) ... however, the Palestinian operators have been granted only 3G frequencies after 10 years of negotiation (2018) in the WB without GS' (J01)</i></li> <li>▪ <i>'The Israeli government prevents us from transferring advanced technologies such as 3G and 4G to the Palestinian market' (J04)</i></li> </ul>
The limited spectrum and frequencies granted to the Palestinian operators	<ul style="list-style-type: none"> <li>▪ <i>'The Israeli government, rather the PNA, controls frequencies ... our company was granted 5 MHz dedicated and 5 MHz shared with the Israeli operators. However, the smallest Israeli operator was granted at least 20 MHz dedicated' (J01)</i></li> <li>▪ <i>'The Israeli government granted our company only 4.8 MHz band of 2G frequencies and around half of these frequencies are shared with the Israeli operators ... the smallest Israeli operator is granted 10 MHz band of 4G frequencies' (J08)</i></li> </ul>

**Table 4-1: (Continued)**

The illegal competition from Israeli operators	<ul style="list-style-type: none"> <li>▪ <i>'There are nine Israeli operators that are illegally operating in the Palestinian market as a black market' (J10)</i></li> <li>▪ <i>'There are 500,000 SIM cards for the Israeli operators, around 17% of the Palestinian market' (J01, J04)</i></li> </ul>
Israel's control of ports and crossings, and a very lengthy and inefficient process for importing telecommunications equipment	<ul style="list-style-type: none"> <li>▪ <i>'... but the entry of such equipment takes a long time, and the security procedures impose many restrictions ... or Israeli government allows the entry of some parts and refuses the rest. The Israeli government also bans some important equipment for the mobile phone sector such as IP Technology' (J08)</i></li> <li>▪ <i>'Israel bans the entry of some equipment, especially to GS. For example, Fleet Management Tracking System' (J10, J12)</i></li> </ul>
Movement and travel restrictions for staff and consultants	<ul style="list-style-type: none"> <li>▪ <i>'We decided to buy a new system from an American-Dutch company, but the Israeli government did not grant them permission (i.e. Visa) to enter the WB to install and configure the system' (J02)</i></li> <li>▪ <i>'The difficulty of staff's movement and travel ... and this prevented us from attending trainings, workshops, and conferences' (J12)</i></li> </ul>
The fragmentation of Palestinian cities and towns	<ul style="list-style-type: none"> <li>▪ <i>'We cannot link our infrastructure in WB and GS. There are Israeli restrictions on releasing permits to move equipment within Area C, build transmissions in the WB and GS, allow infrastructure deployment, and allow the installation of microwave links' (J01, J04)</i></li> <li>▪ <i>'The segregation of the Palestinian cities increased call drops and weakened the coverage, particularly between the WB cities, and between the WB and GS' (J02)</i></li> </ul>
The weak legislative authority of the PNA	<ul style="list-style-type: none"> <li>▪ <i>'There is a need for legislation to control the Palestinian market, but the PNA does not issue legislation to facilitate our operations' (J05)</i></li> <li>▪ <i>'The inability of the PNA to control and regulate the Palestinian market, as Israel controls all issues that related to the mobile phone sector' (J10)</i></li> </ul>
The weak regulatory capacity of the MTIT	<ul style="list-style-type: none"> <li>▪ <i>'There are no adequate experts and professionals in the Palestinian MTIT who can properly regulate the market. For example, we asked the MTIT to coordinate with the Palestinian Monetary Authority to legislate regulations and laws of the Mobile Payment System, but they don't have specialised staff to enact the proper rules and regulations yet' (J10)</i></li> </ul>
The weak enforcement power of the PNA	<ul style="list-style-type: none"> <li>▪ <i>'The PNA does not have control over area (C), so traffickers are still able to smuggle the Israeli operators' SIM cards to the Palestinian market. Moreover, the PNA does not have any enforcement power to prevent illegal Israeli mobile operators from working in the Palestinian territories ...' (J01)</i></li> <li>▪ <i>'The weak role of the MTIT in controlling the Palestinian market. Also, the weakness of the Ministry of Local Government (MLG) in controlling municipalities' (J06)</i></li> </ul>
The weak support for the Palestinian operators from the PNA	<ul style="list-style-type: none"> <li>▪ <i>'The Palestinian ministries impose extensive requirements and impose many restrictions on our operations in the mobile phone sector' (J06)</i></li> <li>▪ <i>'The PNA charged our company \$ 319 million as a license fee, while the Israeli operators paid only \$ 9 million for a 3G licence ... no adequate governmental support from the PNA to the Palestinian operators'. (J11)</i></li> </ul>
<b>Informal institutional barriers</b>	
Unfavourable perception of Palestinian operators' service quality in comparison to that of Israeli operators	<ul style="list-style-type: none"> <li>▪ <i>'The Palestinian culture, especially the belief in the superiority of Israeli products, is a challenge for our company and we are trying to change and influence it' (J03)</i></li> <li>▪ <i>'We aim to change the Palestinians' belief that the Israeli products have higher quality than the Palestinian's products' (J07)</i></li> </ul>
A lack of Palestinian awareness of some health issues related to the sites and security concerns related to the mobile phone usage in some towns	<ul style="list-style-type: none"> <li>▪ <i>'In some villages, we faced some difficulties in installing sites, as the people did not have enough awareness. They also had a fear that these sites spread diseases' (J06)</i></li> <li>▪ <i>'We terminated some products such as a child tracking system due to some security concerns of our customers (i.e. they were afraid that Israel can track them)' (J03)</i></li> </ul>



**Table 4-1: (Continued)**

A lack of awareness of how corporations work	<ul style="list-style-type: none"> <li>▪ <i>'Due to the lack of well-established corporations in Palestine, the Palestinian community did not fairly understand how corporations work and what are the major working procedures necessary to ensure a high level of governance' (J07)</i></li> </ul>
<b>Institutional voids</b>	
The absence of telecommunications infrastructure	<ul style="list-style-type: none"> <li>▪ <i>'When we entered the Palestinian market, there was no telecommunication infrastructure' (J01, J03)</i></li> <li>▪ <i>'Our company created the telecommunication infrastructure in the Palestinian market' (J12)</i></li> </ul>
The absence of installation and maintenance contractors	<ul style="list-style-type: none"> <li>▪ <i>'There were no sites installation and maintenance companies in the Palestinian market ...' (J08)</i></li> <li>▪ <i>'At the beginning, our company depended on its human resources (staff) ... we established specialised teams and divisions for installing and maintaining sites, and a handsets (mobile) maintenance centre due to the absence of specialised companies' (J10)</i></li> </ul>
A shortage of marketing consultants and media production intermediaries	<ul style="list-style-type: none"> <li>▪ <i>'There was a very limited number of professional media companies; therefore, we contracted some media companies in other countries in the region ... there were no marketing consultants ... there was no reliable database for the mobile phone sector that could be used as indicators to segment the Palestinian market' (J11)</i></li> </ul>
A shortage of reliable logistics and distribution companies	<ul style="list-style-type: none"> <li>▪ <i>'There were no logistics companies, so we encouraged and collaborated with many contractors to expand and develop more reliable distribution channels' (J03)</i></li> <li>▪ <i>'We were the first company in the Palestinian economy that created the dealership concept' (J06)</i></li> </ul>
A shortage of international and local vendors of telecommunication equipment, spare parts, software, systems, and applications	<ul style="list-style-type: none"> <li>▪ <i>'Israel allows us to buy the telecommunication equipment and spare parts only from specific international vendors such as Ericsson and recently Nokia' (J02)</i></li> <li>▪ <i>'The absence of international vendors due to the political instability and a very limited number of local contractors' (J04)</i></li> <li>▪ <i>'The inability of our international sub-contractor and vendors, e.g. Ericsson, to enter the Palestinian territories to install, configure, and operate the equipment' (J12)</i></li> </ul>

Source: Author

#### 4.2.2 Disbenefits and Benefits of Institutional Challenges

The managers of the indigenous firm stated that the aforementioned institutional barriers and voids (see Table 4-1) engender an extremely complex business context. They also increase the level of environmental uncertainty in the Palestinian mobile phone market. The findings of this study indicated that these institutional barriers and voids have different levels and trajectories of impact on the firms' operations, growth, competitive position and profitability. The interviewees pointed out that these institutional barriers and voids generate various *disbenefits/diseconomies* for the indigenous firm in the form of costs, efficiency, quality, and overall competitiveness and prospects of growth (see Table 4-2).

On the other hand, many managers emphasised that the institutional barriers and voids creates some *benefits/advantages* for the indigenous firm. They always tried to find a

way around these barriers, fill out these voids, and get the better of this uncertain business environment. The benefits can be exemplified by higher creativity and knowledge, prospective opportunities, higher barriers to entry, a better resource allocation and utilisation, a higher level of commitment, and a greater attention to customers. Table 4-2 summarises the main disbenefits and benefits of institutional challenges for the indigenous firm and provides some illustrative quotations for each disbenefit/benefit.

**Table 4-2: A Summary of the Disbenefits and Benefits of Institutional Challenges for the Indigenous Firm**

Disbenefits/Benefits	Quotations
<b>Disbenefits</b>	
High additional operating expenses (OPEX)	<ul style="list-style-type: none"> <li>▪ <i>'The increase in costs and efforts to operate the networks such as OPEX for renting data centres (i.e. transmissions in London and Amman ...' (J03)</i></li> <li>▪ <i>'We bought additional features from our vendors to ensure high quality (i.e. special licence with very high costs)' (J08)</i></li> </ul>
Extra capital expenditures (CAPEX)	<ul style="list-style-type: none"> <li>▪ <i>'If Israel grants our company enough frequencies to serve our 3 million customers, we need around 500 sites in the WB and GS, but we built 1500 sites in order to overcome the challenge of limited frequencies' (J02)</i></li> <li>▪ <i>'We installed generators for each site (i.e. towers), but we still face a problem of fuel entry. Therefore, we recently installed a solar energy system, which cost around \$ 2 million' (J04)</i></li> </ul>
The high intensity of rivalry in the Palestinian market	<ul style="list-style-type: none"> <li>▪ <i>'According to Arab Advisor Organisation, the Palestinian market is classified as the most competitive market in the region due to the illegal competition from the Israeli operators' (J09)</i></li> <li>▪ <i>'The presence of Israeli mobile operators reduced our market share and increased the competition in the Palestinian market' (J03, J07)</i></li> </ul>
The competitive disadvantage of the Palestinian operators	<ul style="list-style-type: none"> <li>▪ <i>'The technology gap gave competitive advantages to the Israeli operators over the Palestinian operators and allowed Israeli operators to extensively work in the Palestinian market' (J07)</i></li> </ul>
The inability of the Palestinian operators to expand their networks and provide new services	<ul style="list-style-type: none"> <li>▪ <i>'The limited frequencies prevented us from expanding our network to serve a larger number of customers, and from improving our network to provide 3G and 4G services' (J07)</i></li> <li>▪ <i>'Our company is not able to offer new services due to the inability of the MTIT to properly regulate the market for new services such as Mobile Payment Services' (J10)</i></li> </ul>
The low quality of services, voice and video calls	<ul style="list-style-type: none"> <li>▪ <i>'The limited frequencies affected the quality of services ... we faced more difficulties in sustaining a high quality of service by using 3G frequencies, as the frequency's wave of 3G is narrower than 2G' (J06)</i></li> <li>▪ <i>'We faced many technical problems such as fibre optic cables cuts in other countries, seas and oceans and quality problems in voice and video calls' (J08)</i></li> </ul>
The inability of the Palestinian operators to attract new customers	<ul style="list-style-type: none"> <li>▪ <i>'We cannot attract more customers (i.e. increase our market share) due to the inability to expand our networks' (J01, J02)</i></li> <li>▪ <i>'When our customer base reached 100,000 customers, Israel tried to destroy our company through preventing the entry of new transmissions to the WB and GS'. (J01)</i></li> </ul>
The inability of the Palestinian operators to fully capitalise on vendors' services and offer post-sale services to their customers	<ul style="list-style-type: none"> <li>▪ <i>'We cannot benefit from the services of our vendors (Ericsson and Nokia) such as installation, maintenance, and post-sale support' (J09)</i></li> <li>▪ <i>'The difficulty of providing post-sale services and maintenance for some products. For example, Israel allowed the entry of 400 tracking devices to Fleet Management Services in the GS, but then banned the entry of these devices or any spare parts; therefore, we are unable to provide any services to the users of these systems' (J10)</i></li> </ul>

**Table 4-2: (Continued)**

A managerial preoccupation with operational problems rather than strategic issues	<ul style="list-style-type: none"> <li>▪ <i>'Instead of focusing our efforts on strategic planning, we exert around 80% of our efforts on operational matters' (J02)</i></li> <li>▪ <i>'This environment could impede us from thinking of development and strategic planning, and we are very busy all the time finding solutions for the problems in our operations. Indeed, we are managing crisis. We cannot plan for more than a week due to the continuous and fast changes in the market' (J08)</i></li> </ul>
Delays in project execution and creating new revenue streams	<ul style="list-style-type: none"> <li>▪ <i>'The 3G services project has been delayed for more than 10 years. However, after very long negotiations with the Israeli government through the MTIT ... we launched 3G services in WB only ...' (J02)</i></li> <li>▪ <i>'The delay in launching 3G and 4G services prevented the generation of new profits' (J09)</i></li> </ul>
The suspension of some commercial activities	<ul style="list-style-type: none"> <li>▪ <i>'In 2005, our company stopped selling SIMs to our customers because the Israeli government prevented the entry of equipment and SIMs' (J04)</i></li> <li>▪ <i>'In the 2008/2009 war on GS, our network completely stopped after 7 days. In the 2012 war, around 50% of our network was working. In the 2014 war, around 70% of our network was working'. (J08)</i></li> </ul>
Economic losses and the spread of serious diseases in the Palestinian community	<ul style="list-style-type: none"> <li>▪ <i>'Israeli operators steal around 17% of the Palestinian market, which harshly affected the Palestinian economy' (J01, J04, J11)</i></li> <li>▪ <i>'The illegal operations of Israeli operators in the OPT weakened the Palestinian economy and caused health problems ... this caused many diseases to people who live near their sites' (J07)</i></li> </ul>
<b>Benefits</b>	
The creation of a more creative and innovative working environment	<ul style="list-style-type: none"> <li>▪ <i>'When Israel prevented the entry of transmissions, we hired data centres in London and Amman. Our engineers designed a system to link these transmissions and the networks in WB and GS. This solution was an innovative idea ...'. (J01)</i></li> <li>▪ <i>'We doubled the number of sites and reused the same frequencies to surmount the limited frequencies barrier, but this caused a frequency noise. We solved this problem through a frequency downgrade ...' (J06)</i></li> </ul>
The creation of a better technical know-how and faster staff learning	<ul style="list-style-type: none"> <li>▪ <i>'Nokia Company praised our staff's capabilities in solving many technical problems and designing some innovative technical solutions to surmount some barriers' (J02)</i></li> <li>▪ <i>'Our staff became experts in dealing with this uncertain and turbulent environment due to the nature, number and intensity of problems and barriers that they face on a daily basis...' (J05)</i></li> </ul>
The finding of more efficient and effective alternative solutions	<ul style="list-style-type: none"> <li>▪ <i>'... but we have to find solutions (each problem has solutions). Therefore, these barriers motivated us to find solutions and achieve success' (J05)</i></li> <li>▪ <i>'When Israel prevented the entry of scratch cards, we converted our top-up system from scratch cards to 100% online top-up system' (J01)</i></li> <li>▪ <i>'We installed generators for around 550 sites (i.e. towers), then installed a solar energy system in the GS to get around the power cuts problem' (J01, J03, J12)</i></li> </ul>
More efficient and effective allocation and utilisation of resources	<ul style="list-style-type: none"> <li>▪ <i>'Many resources ... are reallocated and combined appropriately in order to contribute to solving many problems ...' (J02)</i></li> <li>▪ <i>'Our staff surmounted some barriers due to their ability to optimally utilise and employ the available resources' (J12)</i></li> </ul>
Flexible and dynamic firm	<ul style="list-style-type: none"> <li>▪ <i>'In this turbulent environment, we need managers who can properly manage, deal with, and benefit from the rapid and continuous changes' (J05)</i></li> <li>▪ <i>'... However, after launching 3G services, we restructured the department and added new positions as 3G services are different from 2G services and need a new mentality' (J07)</i></li> </ul>
The improvement of networks and optimisation of value-added to customers	<ul style="list-style-type: none"> <li>▪ <i>'... this encouraged us to provide high quality services and new services with reasonable prices ... this encouraged us to improve our network in Area C and between the Palestinian cities' (J04)</i></li> <li>▪ <i>'We commercially did many things such as offering new products with high quality and reasonable prices. We also have many roaming agreements with other operators in different countries to offer better services and add better value to our customers'. (J11)</i></li> </ul>

**Table 4-2: (Continued)**

The creation of some opportunities for the firm	<ul style="list-style-type: none"> <li>▪ <i>'We designed a new service called Traffic, which helped our customers to know the status of road and Israeli checkpoints between the fragmented Palestinian cities and towns' (J01)</i></li> <li>▪ <i>'These barriers and voids urged us to create new companies or departments, which can be considered as added value to both our company and the Palestinian market, and helped us to achieve some competitive advantages' (J12)</i></li> </ul>
The creation of a competitive advantage for one operator rather than others	<ul style="list-style-type: none"> <li>▪ <i>'Our company was the first to move into the Palestinian market, and we enjoyed a monopoly for around 8 years, but we were competing with the Israeli operators' (J05)</i></li> <li>▪ <i>'This uncertain and challenging environment gave some competitive advantages to local companies compared with foreign companies as foreign investors are afraid to work in the Palestinian market ...' (J09)</i></li> </ul>
The generation of further revenues from products and services that are outdated in other markets	<ul style="list-style-type: none"> <li>▪ <i>'We exploited the 2G network, especially data and internet services to the maximum. For example, our customers consume daily around two Terabytes on our network in the GS' (J08)</i></li> <li>▪ <i>'When Israel banned the 3G services, we optimally exploited the 2G services (MI) and our company was achieving very good revenues from voice call services, which is the core business of our company'. (J09)</i></li> </ul>
The erection of more entry barriers to new entrants	<ul style="list-style-type: none"> <li>▪ <i>'This environment created some opportunities for our company and prevented any new operators from entering the Palestinian market, due to the absence of intermediaries or third parties to install sites or scan the market' (J06)</i></li> <li>▪ <i>'This uncertain context granted our company competitive advantages as these barriers prevented any international operator from entering the Palestinian market for around 8 years' (J09)</i></li> </ul>
The creation of more commitment and persistence to work in the Palestinian market	<ul style="list-style-type: none"> <li>▪ <i>'Our company's vision is that Palestine deserves to be served ... we consider this environment as a challenge and we have to continue working in the Palestinian market'. (J03)</i></li> <li>▪ <i>'There is pleasure in overcoming these obstacles. The reason for this commitment is patriotic and humanitarian, as allowing our network to continue working serves many people in the most difficult times and could save their life' (J08)</i></li> </ul>

Source: Author

#### 4.2.3 Strategic Responses to Institutional Barriers and Voids

In the language of the IBV, the findings of this case study emphasised that institutional barriers and voids can be addressed and their disbenefits can be reduced by designing appropriate strategies/responses and can even be turned into advantages/benefits. The analysis underlined three distinct strategic responses and labelled them as *acceptance*, *adaptation*, and *influence*.

Acceptance showed that the indigenous firm complied with institutional arrangements, without any active attempt to change either the firm or the institutions. With adaptation, the indigenous firm undertook internal adjustments to cope with prevailing institutions. With regard to influence, the firm attempted to deliberately change external institutional arrangements and/or create new institutions in favour of the company. These three strategic responses and their respective tactics will be discussed in detail in 5.2.3. Table

4-3 illustrates and classifies the strategic responses of the indigenous firm to the institutional barriers and voids and provides some quotations for each response/tactic.

**Table 4-3: Strategic Responses of the Indigenous Firm to the Institutional Barriers and Voids**

Strategic Responses	Quotations
<b>Acceptance</b>	
Compliance and conscious obedience	<ul style="list-style-type: none"> <li>▪ <i>'We complied with and implemented, some governmental decisions. For example, we implemented the VAT Presidential decree (17%) on GS after 11 years of exemption' (J02)</i></li> </ul>
Patience/wait-to-see	<ul style="list-style-type: none"> <li>▪ <i>'In 2005, Israel seized some equipment and spare parts, and prevented us from expanding our network; therefore, we temporally stopped selling new SIMs ... we were patient till we overcame this problem'. (J05)</i></li> <li>▪ <i>'We depend on patience even for a long time to reach our company's objectives' (J10)</i></li> </ul>
<b>Adaptation</b>	
A market-based strategy	<ul style="list-style-type: none"> <li>▪ <i>'... but we have changed the views of Palestinian customers through providing high quality products. They are now happy to switch to our company' (J03)</i></li> <li>▪ <i>'We employed all the company's resources, and market and competitive capabilities to surmount these institutional barriers and fill some voids' (J09)</i></li> </ul>
Internalisation of activities	<ul style="list-style-type: none"> <li>▪ <i>'... the manager's perspective and valuations of these resources played an important role in allocating and reallocating the resources to surmount the barriers' (J10)</i></li> <li>▪ <i>'We sometimes adapted our procedures to fit with this changing environment' (J03)</i></li> </ul>
Cost review	<ul style="list-style-type: none"> <li>▪ <i>'We installed a solar energy system that reduces the fuel costs' (J11)</i></li> <li>▪ <i>'Our maintenance team fixed and re-used the existing parts' (J12)</i></li> </ul>
Outsourcing	<ul style="list-style-type: none"> <li>▪ <i>'We contracted an Arab contractor who is licensed in Israel, to install and maintain our sites in area C in order to link our infrastructure among the Palestinian cities and enhance the coverage' (J02, J04)</i></li> <li>▪ <i>'We contracted local suppliers, especially in GS, to overcome some difficulties in importing the handsets' (J01)</i></li> </ul>
Bricolage	<ul style="list-style-type: none"> <li>▪ <i>'GSM system is designed for voice call, but we developed this system to provide Internet services through converting the system to GPRS, and then to Edge' (J08)</i></li> <li>▪ <i>'We maximally exploited 2G services through providing Value Added Services (VAS) in a very creative and advanced manner compared with other mobile phone operators in the region, e.g. Zain Company' (J02)</i></li> </ul>
Prospecting	<ul style="list-style-type: none"> <li>▪ <i>'We placed our transmissions in London and Amman, converted our top-up system from scratch cards to online system, and installed a solar energy system' (J01)</i></li> <li>▪ <i>'We expanded our network through increasing the number of sites and creatively allocating them' (J09)</i></li> </ul>
Heuristic-based approach, and self-sufficiency and development	<ul style="list-style-type: none"> <li>▪ <i>'We internally shared our knowledge and experiences, and our engineers depended on self-development through online training courses and reading from different sources of knowledge' (J08)</i></li> <li>▪ <i>'Our capabilities to deal with these situations have been developed, and we have learned a lot from our previous experiences' (J10)</i></li> </ul>
<b>Influence</b>	
A network-based strategy	<ul style="list-style-type: none"> <li>▪ <i>'Our relations and partnerships with the local community, local partners such as dealers and sub-contractors, helped us to overcome many barriers and solve many problems ...' (J11)</i></li> <li>▪ <i>'Our local relations with the Palestinian community, partners and CBOs significantly helped us to solve many problems ...' (J12)</i></li> </ul>

**Table 4-3: (Continued)**

Bargaining	<ul style="list-style-type: none"> <li>▪ <i>'We went through some negotiations about the 3G services, entry of equipment, etc. ...' (J03)</i></li> <li>▪ <i>'We negotiated many matters with the Palestinian MTIT or Israeli government through MTIT' (J06)</i></li> <li>▪ <i>'We negotiated, through the Palestinian MTIT, the Israeli government to license 3G services for many years, and now we are officially asking for a licence of 4G services' (J10)</i></li> </ul>
Political influence tactics	<ul style="list-style-type: none"> <li>▪ <i>'Our management puts pressures on the Palestinian MTIT to properly regulate and organise the Palestinian market ... legislating new regulations and laws that help us in providing new services and products to the Palestinian market' (J10)</i></li> <li>▪ <i>'We discussed the barriers imposed by Israel with the International Telecommunication Union in order to put a pressure on the Israeli government' (J05, J09)</i></li> <li>▪ <i>'We lobbied many international organizations to put pressure on Israel to grant us 3G frequencies, and now, we are lobbying to get 4G frequencies' (J01, J02)</i></li> </ul>
Collaboration	<ul style="list-style-type: none"> <li>▪ <i>'We collaborated with the Palestinian Society for Consumer Protection and the movements for boycott of Israeli products, to prevent the spread and penetration of the Israeli operators' SIM cards in the Palestinian territories' (J01)</i></li> <li>▪ <i>'We collaborated with our legal competitor to prevent the spread of Israeli SIMs and put pressure to grant permissions for 3G and 4G services' (J05)</i></li> </ul>
Linking of interests between the state and firms	<ul style="list-style-type: none"> <li>▪ <i>'We tried to align our interests with the PNA's interests, especially regarding the presence and spread of Israeli operators' SIM cards and operations' (J01)</i></li> </ul>
Signalling	<ul style="list-style-type: none"> <li>▪ <i>'We heavily invested in our CSR activities in order to build a trust with our community, which helped us to surmount some social and political obstacles' (J08)</i></li> <li>▪ <i>'We worked with the media, influential people (on the ground or on social media), and the local community to indirectly influence some issues. Indeed, our CSR activities helped us to approach different stakeholders' (J10)</i></li> </ul>
Substituting institutional practices	<ul style="list-style-type: none"> <li>▪ <i>'We established a local company based on international standards in order to transfer a set of organisational practices, norms, and technologies to the Palestinian market' (J10)</i></li> <li>▪ <i>'Knowledge sharing and collaboration with other international mobile phone companies in order to improve our business practices and operations, and the quality of services' (J03)</i></li> </ul>
Institutional brokering	<ul style="list-style-type: none"> <li>▪ <i>'We built the Palestinian telecommunication infrastructure. We also invested in and helped, many local contractors to develop their capabilities to help us in installation and maintenance of our sites and networks, and encouraged many local media companies to start their operations and develop their business through long-term contracts' (J01, J03)</i></li> <li>▪ <i>'We established the Software Developer Company to develop our software and system and serve the community through developing the IT sector' (J03)</i></li> <li>▪ <i>'We encouraged the applications' developers to develop many applications. For example, we worked with the banks to launch banking applications and with the Palestine Electric Company to launch a smart meter application' (J09)</i></li> </ul>

**Source: Author**

It is evident from the aforementioned findings that the indigenous firm faced many institutional challenges that may generate disbenefits and benefits. The firm also employed some strategies to deal with these institutional challenges and sometimes turn them into business opportunities. The next section therefore will focus on entrepreneurial opportunity-related processes.

## 4.3 Entrepreneurial Processes and Action: An Indigenous Firm

### 4.3.1 Antecedents of Entrepreneurial Processes and Action

The managers of the indigenous firm pointed out some antecedents of entrepreneurial processes and action within the uncertain Palestinian mobile phone market. Appendix (D) provides the relevant quotations for each antecedent. Based on the findings, these antecedents of entrepreneurial processes and action can be explained as follows:

- 1- The main *individual attributes* of entrepreneurs that help them to successfully identified and exploited new opportunities are creativity, optimism, motivation, risk-taking, innovation, imagination, openness to new ideas, leadership characteristics, smartness, challenge, patience, and determination for success.
- 2- *Prior knowledge and previous experience* facilitated identifying and exploiting new opportunities (products and services), but only to a certain level and for some types of opportunity. Indeed, continuous market changes undervalued the role of prior knowledge in the entrepreneurial process and action in the Palestinian context. Moreover, an extensive dependency on prior knowledge led to a more routine actions, and limited creativity. Previous experience may also increase familiarity bias and the impact of bad experiences, which may affect the entrepreneur's perception of any potential opportunities.
- 3- Strong *social networks* with local community and other stakeholders (e.g. staff, customers, beneficiaries), and partnerships with suppliers, dealers, and contractors played important role in entrepreneurial processes. They helped with identifying the market's needs (i.e. new opportunities), accessing many resources and market segments, solving many problems, developing new products, improving existing products, and facilitating the execution process.
- 4- A high level of heightened *alertness* to information, sensitivity to market changes, and a situational awareness increased the possibility of identifying unnoticed entrepreneurial opportunities before others. However, the entrepreneurs' posts in the company affected their abilities to convince others and exploit the opportunities.
- 5- *A systematic search* could supplement entrepreneurial alertness, especially in case of information availability. It facilitated discovering specific opportunities, creating a need for specific products, solving some problems, checking the market's readiness for new products, and estimating market changes.

- 6- A stable *external environment* facilitated both opportunity identification and exploitation. However, an uncertain, dynamic and changing environment generated some profitable opportunities, especially for entrepreneurial firms, but it also hindered opportunity exploitation.
- 7- The *characteristics of opportunities* (i.e. their origin and degree of development) themselves influenced the willingness of entrepreneurs to identify and exploit them. The clear characteristics of opportunity (i.e. a market's needs/demands) and the company's capabilities helped in identifying and exploiting the opportunity, but this opportunity could be easily imitated. However, the unclear characteristics of an opportunity required more time, effort and costs (i.e. more risk-taking), but this opportunity may not be easily imitated. Moreover, different types of opportunity and contexts (i.e. hostile, uncertain, risky, unstable, stable) may need different steps/procedures of opportunity identification, development, evaluation, and exploitation.

#### **4.3.2 Entrepreneurial Processes and Action**

The analysis of the findings for the indigenous firm case study identified three standard entrepreneurial processes commonly recognised, namely *opportunity identification*, *development*, and *evaluation*, and found detailed activities within each of them and even one further process, which better explain what and how '*entrepreneurial action*' is determined in an uncertain business environment.

##### **4.3.2.1 *Opportunity Identification***

Based on the insights of the managers of the indigenous firm, the findings underlined three distinct sub-processes of opportunity identification: recognition, discovery, and creation.

##### ***A- Opportunity Recognition***

The findings indicated that the opportunity recognition process starts either with using existing information or acquiring new information in order to formulate new means (i.e. products/supply), ends (i.e. customer's needs/demand), or means-ends relationships (i.e. matching between existing supply and demand). Entrepreneurs were found to observe a potential opportunity (i.e. attention stage), and then they decide if a potential opportunity is



an opportunity for themselves (i.e. initial evaluation). Some managers described the process of recognising opportunities as one basis for opportunity identification in the following excerpts:

*'We recognise some business opportunities through conducting a regular market scanning to monitor the market's changes and identify any market gaps, mainly customers' needs' (J01, J02)*

*'... Salespeople provide information and new ideas through their interaction with customers. They present these ideas to us if they believe that this can be an opportunity. We coordinate with the marketing department to develop these ideas and then exploit the opportunities' (J06)*

The respondents emphasised that those entrepreneurs who recognise the opportunities are different from others. Many characteristics of entrepreneurs were identified. They were sensitive to market needs, problems, and changes. Entrepreneurs were also open to new ideas, risk-takers, positive and collaborative. They had an advanced level of analysis and precognition, critical thinking, and creativity. The entrepreneur's environments, prior knowledge and experience, and background were identified as important factors that affect their abilities to recognise potential opportunities. The managers of the indigenous firm mentioned some characteristics of entrepreneurs in the opportunity recognition process in relevant quotations as follows:

*'... entrepreneurs who recognise the opportunities are different from others. They have the ability to monitor and notice any changes in the market. They are very sensitive to a market's changes and dynamics and know how to benefit from it' (J01)*

*'... They notice the market's changes faster than others ... their environments affect their perception and how they recognise changes; therefore, the harsh situation could be source of creativity' (J07)*

*'They have non-stereotypical thinking, different perspectives, and visions. They are very sensitive to how market changes, and their backgrounds (prior knowledge, experience, and beliefs) affect their ways of thinking' (J11)*

The managers of the indigenous firm employed some techniques to deal with uncertainty and risk in the opportunity recognition process. They used their entrepreneurial judgements and managerial experiences and considered all the available options. The managers also designed alternative plans, sought operational and strategic hedging, gathered additional information, increased the firm's operational flexibility, and diversified the firm's investments. The respondents demonstrated how their company dealt with, mitigated, or overcame uncertainty and risk in the process of recognising opportunities in the following quotes:

*'To deal with risk and uncertainty in recognition process, we always try to mitigate the risk (i.e. minimise the influence of risk's consequences). We use our experience, judgment and knowledge, to ensure a high level of quality and continuity of services and put forward alternative plans and guidelines. We also plan flexible strategies that allow changes at the operational level, and plan different options (postponing, gradual expansion of services, reallocation of resources, improvement of services) as the mobile phone sector is very dynamic and changing, especially in the Palestinian market ...' (J03)*

*'We deal with uncertainty in opportunity recognition through using our experience and judgment, conducting many market studies in order to collect available information, monitoring the trends in the mobile phone industry around the world, planning different options and diversifying our investment into different products and services' (J02)*

#### *B- Opportunity Discovery*

Two processes for opportunity discovery were identified. First, the firm started with identifying known market needs and gaps, and then designing and introducing a new product or service that satisfied these needs. Second, the firm stimulated customers to use the company's existing products and services through explaining how these products may satisfy their needs. The findings emphasised that entrepreneurs discover unexploited opportunities either accidentally through their entrepreneurial alertness or deliberately through conducting systematic search. The project management office manager described the process of discovering opportunities as one basis for opportunity identification in the following excerpt:

*'The Marketing Department regularly scans the market to identify customers' needs and then we develop a product or service to satisfy their needs ... we provide a new product or service for a specific segment to either solve a problem in the market or satisfy existing needs ... we monitor other markets in the region, transfer some technologies, products and services to the market and sometimes customise them to fit the Palestinian market. We also conduct some systematic research to identify some potential opportunities in the market' (J07)*

The opportunity discovery process within the Palestinian mobile phone market was primarily enabled by six information collection methods, sources and channels. First, the indigenous firm conducted market scans and surveys, focus groups, and outgoing calls in order to identify customers' needs. Second, they asked current customers about their opinion in case of launching any new services or products. Third, they analysed the current need of customers. Fourth, they explored the services and products of other mobile phone operators in the region, especially new products and services. Fifth, they participated in international telecom conferences in order to learn from others experience and meet some consultants and

vendors. Finally, they conducted benchmarking with other mobile phone operators in other countries. The marketing director identified these six enablers in the following quote:

*'... the company gets ideas from different sources: conducting focus groups in order to identify the customers' needs, asking our current customers for their opinion when we would like to launch any new services or products, conducting market surveys and outgoing calls, analysing the current usage of our customers in order to identify their needs and design suitable offers for them (i.e. voice calls, internet, messages etc.), exploring the services and products of other mobile phone operators in the region (i.e. Middle East) through reviewing Arab Advisor Group reports about their experience, especially new products and services, and participating in many international telecom conferences' (J01)*

The managers of the indigenous firm defined the characteristics of their staff who discover opportunities in the complicated Palestinian market. They were critical thinkers and creative. They also took problems and barriers as a challenge, understood market changes in different ways compared to others, and sought further development. They had bisociative thinking, a high level of entrepreneurial alertness, good systematic search skills and special capabilities to read what is 'between the lines' (i.e. underneath the surface). Some managers mentioned some characteristics of entrepreneurs in the opportunity recognition process in the relevant quotations as follows:

*'... they look differently at problems and barriers and they take them as a challenge ... they have an advanced level of linking and analysing variables and changes in the market ... they are visionary leaders ... they seek more development and further progress' (J03)*

*'They are critical thinkers and have a high level of entrepreneurial alertness and good systematic search skills' (J04)*

*'They are more creative, have special capabilities of linking fragmented events and variables, and have the ability to understand and explain the events that happen in the complicated and uncertain environments. They convince customers to use some products or services' (J10)*

Some techniques were found to deal with, mitigate, or overcome risk in the process of discovering opportunities. The indigenous firm conducted exploratory research to discover the market, conducted some experimentations (i.e. trial-and-error), transferred and shared the knowledge and experiences between its departments, and consulted experts. The company also used its managers' knowledge, experiences and heuristic, designed different scenarios at operational and strategic levels, assumed a certain level of risk in the planning process, and started its projects on a small-scale. The managers illustrated how their company dealt with risk in the opportunity discovery process in the following excerpts:

*‘... , but our company should develop its capability to collect timely and relevant information (there is deficiency in this aspect). We conduct exploratory research. Our previous experiences also play a good role in developing our capabilities to discover opportunities. We consider certain levels of risk during planning process, and prepare many alternative plans’ (J10)*

*‘We depend on our experiences and experimentation, and share knowledge and experiences among our company’s departments ..., we consult local and international consultants’ (J04)*

*‘The company depends on our previous experiences, but sometimes this does not work because we have to find a new solution instead of the previous one’ (J06)*

### *C- Opportunity Creation*

The findings of the indigenous firm case study indicated the process of creating opportunities to be one basis for opportunity identification, but opportunity creation is very limited and rare in the indigenous firm. This is evident in the following excerpts:

*‘... mobile phone operators are not innovation companies; therefore, they transfer and employ new technologies rather than invent them ...’ (J11)*

*‘The creation of opportunities could be very limited in our company’ (J04)*

*‘Indeed, the mobile phone industry does not create or manufacture new advanced technologies. We often transfer technologies rather than invent them ... Generally, the mobile phone sector is not an innovative business. It uses the technology extensively, but it does not invent the technology’ (J10)*

The findings also revealed that the indigenous firm focuses on the traditional/core business (i.e. voice calls, VAS, and data) rather than the greater digital market. The company is strong enough in managing this business and is achieving a reasonable level of revenues from it. The product development department head and sales planning department head asserted this in the following statements from the interviews, respectively:

*‘... we focus on our core business and don’t focus on creating new opportunities (i.e. we try to protect and sustain the existing revenue streams)’ (J09)*

*‘... But the most important question is if our company can exit the traditional business, which we are strong enough to manage, and enter a new market (i.e. digital market)’ (J10)*

However, some managers demonstrated that opportunity creation takes place in the indigenous firm and starts with either transferring some technologies and services from other markets to the Palestinian market, or designing completely new products or services, and then stimulating customers to use these products and services. The following quotations provide some relevant data from the interviews:

*'We created some entrepreneurial opportunities through transferring some technologies and services from other countries and markets to the Palestinian markets and designing completely new products or services for the market and motivating customers to use them. For example, our company created the mobile phone industry in Palestine ...'* (J01)

*'Creating opportunities is essential to our company, as without it we cannot expand and improve our products and services and increase our profits. We also transferred products or services after customising them to be suitable for the Palestinian market and explained to customers how these products could satisfy their needs ...'* (J09)

The findings revealed two sources of opportunities in the opportunity creation process: (1) internally from the company's staff such as initial ideas and proposals, and (2) externally from customers, vendors and partners. Some managers of the indigenous firm identified these sources in the following quotes:

*'... encouraging and asking our staff to provide their proposals for any new ideas for products or services ... Some individuals, either from the company or outside the company, suggest ideas or initiatives. For example, fleet management services were initiated internally, and we persuaded customers to try and use these services and the Kareem Taxi application was initiated from external party ...'* (J03)

*'We regularly encourage our staff to express their initiatives and ideas through a programme called "Say it". In addition, we have an innovation division in the Project Management Department. Moreover, our group established a company to design new products, create new inventions and produce entrepreneurial ideas'* (J07)

Based on the insights and descriptions from the managers of the indigenous firm, I summarised nine steps of the opportunity creation process as follows: (1) initial idea(s) formulation, (2) initial idea(s) development, (3) mature idea(s) sharing with concerned parties, (4) feedback and further development, (5) solid idea development, (6) internal application, adjustments and modifications, (7) market needs creation, (8) limited market trial and feedback, and (9) product modification and gradual market expansion. The following quotations provide detailed descriptions of these steps:

*'... starts internally in the company and we conduct many trials to reach a certain level of idea maturity. We share our thoughts with other employees or managers in order to develop the idea, but many changes could take place. We conduct some experiments or design models for this product or service. We use it internally then start externally with a limited number of customers'* (J01)

*'The creation process starts internally, i.e. in the company, as initial ideas, suggestions and proposals. Then, the owner of the idea should develop it to a certain level, then we do many pilots before going to the market. We always make many adjustments and modifications before reaching the final product or service'* (J02)

*‘... after conducting some research, we initiate the idea and discuss it either with other staff or customers and vendors to reach a certain level of clarity. Then we develop the idea to be more solid opportunity, determine the target segment, start stimulating the need for this product or service in the market, and offer this product and expand gradually in the market’ (J07)*

The managers of the indigenous firm emphasised that it is very difficult to have a clear vision from the beginning of the opportunity creation process, but it will be clearer with further progress and development of the opportunity. The segment department head explained that *‘the ideas will not be clear enough in the beginning, but they will be clearer after time, experiments, and more progress. Creating opportunities often starts with some initial characteristics and finishes with completely different products or services. The creation process could happen many times’ (J11).*

Evidence showed that opportunity creation depends on individuals who have different beliefs, backgrounds and perspectives, which vary from one entrepreneur to another. Therefore, the opportunity creation process could be based on different trajectories. This is noted in the following quotations:

*‘The opportunity creation depends on individuals who have different beliefs and perspectives, and advanced capabilities ...’ (J10)*

*‘Creating opportunities is not an easy process. It’s very complicated and needs very special capabilities and a high level of creativity and imagination. It could depend on different approaches and varies from one person to another’ (J09)*

Many techniques were used to tackle uncertainty in the process of creating opportunities. The managers of the indigenous firm used their creativity, critical thinking skills, logical thinking and problem-solving heuristics. They further employed experimentation, optimal resource utilisation, data collection, and business scaling strategy. The managers were also motivated, optimistic and patient, flexible and adaptable, and collaborative. The managers of the indigenous firm demonstrated how their company dealt with uncertainty in the opportunity creation process in the following quotes:

*‘Collecting as much available data and information as we can, creativity, using a logical linking of variables, ensuring a fit between the products or services and market, and preparing different alternatives to deal with uncertainty ...’ (J07)*

*‘... creativity and flexibility, collective work (i.e. team work), encouraging our employees to share their ideas with others, collecting data and information about the opportunity and market as much as we can, sharing our road map with other segments and stakeholders to know their opinion, depending on our judgments, experience and experimentation’ (J01)*

*'Indeed, we deal with uncertainty in different ways: ... using available resources and given conditions to maximise utilisation and benefits' (J02)*

*'We use some of the following techniques to reduce the level of uncertainty ... motivation ... starting execution on a small scale and then expanding to a wider scale (i.e. piloting); understanding the nature of the market; and being flexible, adaptable and compatible with the changes of opportunity and market' (J04)*

In summary, the study found evidence that the indigenous firm frequently identified business opportunities through opportunity recognition and discovery, and significantly less through opportunity creation. The company focused on its core traditional business rather than adopting a digitalisation strategy.

#### **4.3.2.2      Opportunity Development**

The opportunity development process was started from the emergence of initial ideas from individuals or teams within the company or its business partners. The customer care director emphasised that *'the development process starts from the time of suggesting an initial idea. We ask the owner of the idea (individual, team or department) to provide all the details and information about the idea' (J03).*

Based on the insights and descriptions from managers of the indigenous firm, I summarised eight steps of the opportunity development process as follows: (1) data and information collection, (2) initial idea(s) adjustments, (3) clear idea(s) development, (4) business case preparation, (5) initial evaluation and feedback, (6) solid opportunity(ies) development, (7) opportunity(ies) evaluation and approval, and (8) regular pre- and post-evaluations for continuous development. The following illustrative statements from the interviews provide a detailed description of these steps:

*'... we ask the owner of the idea to prepare the business case to explain their ideas, nature of the product or service, the market's needs and competition status ... In the development process, the initial idea could be adjusted many times, creating complementary services (i.e. opportunities) to fill some gaps that discovered in the market, either for the same customers (target segment) or a new segment (customers) or maybe leading to completely new opportunities ...' (J01)*

*'We collect the data and information required to develop the idea. In addition, we often make many changes to be very clear about the opportunity. This process could happen many times before reach the exploitation stage, or is changed, or a decision made to terminate' (J07)*

*'... then we direct this business case to a specialised committee to initially evaluate the extent to which this idea is valid and suitable for our company and if it is the right time for it' (J03)*

*‘... we conduct regular pre- and post-evaluations for these opportunities in order to ensure continuous development of these products’ (J04)*

*‘... We start with many opportunities, but we develop them into better and more solid conceptualisations, or this process may create new opportunities or completely different opportunities from the initial ideas... Indeed, we often change some of our offers, services and products. We may be planning to go in a certain direction, but we went in another direction’ (J09)*

The opportunity development process was frequent, continuous and iterative. It could happen many times and this could raise some new opportunities that related to existing or create completely new products. The sales planning department head asserted that *‘the development process ... is continuous and iterative and it could happen many times’ (J10)*, and the sales director added that *‘there is continuous development of products even after offering them to the market as we add some additional ideas and features or offer completely new products or services...’ (J06)*.

Many enabling factors for the opportunity development process were identified. The availability of required capabilities and resources, the accessibility of sufficient and relevant information, and the availability of relevant prior knowledge and experience were important in facilitating opportunity development. The indigenous firm was familiar with the market structure and sensitive to market changes. It also had strong networks within the local community, vendors and dealers. All of these factors enabled the indigenous firm to develop its opportunities in the uncertain Palestinian business environment. The following statements from the interviewees illustrate these factors:

*‘The suitability of the opportunity with the market, the relationships with our vendors and dealers, and the sensitivity of staff for the market’s changes due to the fast changes in the Palestinian market, so some ideas could be quickly becoming outdated’ (J11)*

*‘... the ability of our company to collect sufficient information about the external environment, our capabilities to understand the market and its needs, our experience in developing commercial opportunities in this complicated and uncertain context, our relationships with the vendors, our staff capabilities and skills, and the extent to which the market is ready for these products and services’ (J01)*

*‘... the compatibility of this opportunity with the company’s work and profile, the ability of the company to implement this opportunity (i.e. technical, human, financial resources), and the market’s dynamic and needs’ (J02)*

*‘... market mechanism, our company’s resources and capabilities ... our relations with local community, partners, and vendors, and the ability of vendors or contractors (i.e. third party) to either perform their tasks or produce the product’ (J09)*



#### **4.3.2.3 Opportunity Evaluation**

The indigenous firm used a general evaluation framework (i.e. administrative procedures). This framework was based on the company's main indicators, standards, and objectives as well as technical and financial justifications. However, some opportunities need different assessment procedures, e.g. based on the opportunity circumstances (i.e. recognised, discovered or created opportunity) and the size of the investment. The managers of the indigenous firm explained these evaluation frameworks in the following excerpts:

*'Around (90%) of our opportunities are evaluated by the same procedures and according to the main indicators. However, some opportunities (around 10%) need different evaluation procedures and indicators' (J01)*

*'There is a general process or procedure (i.e. administrative steps), but there are different procedures (i.e. technical steps and criteria), which depend on the type and nature of the opportunity' (J02, J03, J06)*

*'We use different assessment procedures. It depends on the size of investment needed to implement the idea and exploit the opportunity. If the investment is small, e.g. developing the existing products, we can easily and quickly assess the opportunity and exploit it. But, if the investment is large, it should be assessed by different committees and pass all the evaluation stages' (J07)*

The evaluation process was a stage/step assessment process. This enabled the firm to precisely evaluate each development step of the opportunity and collect feedback for further steps of development or implementation. The following illustrative quotes provide a detailed description of this process:

*'Generally, we evaluate each stage of opportunity development and consider the progress of the processes. In each stage, we evaluate the opportunity against certain criteria and organisational objectives' (J02, J03, J06)*

*'The evaluation is step-based process in order to precisely assess these opportunities and collect a sufficient feedback to develop the opportunity'. (J01)*

The findings revealed that seven indicators were considered by the indigenous firm in the opportunity evaluation process. These indicators were feasibility, financial and non-financial returns, attractiveness, market readiness, the availability of required resources and capabilities for execution, strategic fit, and durability and sustainability. Some managers of the indigenous firm mentioned these indicators in the following quotations:

*'...feasibility (return on investment, revenues, and costs), the compatibility of the opportunity with the company's objectives, and the compatibility of the opportunity with the company's capabilities and systems' (J04)*

*‘... not only financial returns, but also reputation and branding, the availability of financial and human capital for execution, and the compatibility with the company’s vision, objectives and priorities’ (J02)*

*‘... the extent to which this opportunity is compatible with our company’s objectives (profits, improvement of services, cost minimisation) ... and it should be within the specialisation of our company (mobile phone sector)’ (J03)*

*‘The market’s readiness for these products or services, and the sustainability of this project or product’ (J07)*

Seven main components of opportunity assessment plan were identified. The indigenous firm’s managers developed an opportunity assessment plan that involved: (1) opportunity description, (2) market structure and mechanism, (3) feasibility study, (4) the required resources and capabilities, (5) the execution plan, (6) resources allocation plan, and (7) monitoring procedures and plans. The following statements from interviews indicated these main parts:

*‘... opportunity and product (nature, functions, needs, specifications), market, segments (how this opportunity could affect other segments to avoid any contradiction), customers, competitors, and vendors. The benefits of this opportunity to the company (i.e. increase of either revenues or customer base) and how this opportunity is consistent with the company’s road map. The required resources and capabilities to exploit this opportunity, and the execution plan and allocation of resources’ (J01)*

*‘... the market structure, changes and players (reaction and response of competitors and customers; vendors, dealers) ... and monitoring plans and procedures’ (J11)*

#### **4.3.2.4 Entrepreneurial Action**

One of the most potentially insightful findings of the indigenous firm case study is that immediate opportunity exploitation was found to be one possible action, but not the only one, after opportunity evaluation. The firm considered other options/actions in case of the unsuitability of opportunity exploitation. These actions could be in the form of waiting before exploiting the opportunity, deferring opportunity exploitation, and revising or even aborting the opportunity. This implies that exploiting opportunity in an uncertain environment is no easy matter and it may need more actions before reaching such a kind of action. Some managers of the indigenous firm mentioned these actions in the following excerpts:

*‘Based on the results of the evaluation process, our company takes one or more of the following options: (1) postponing the project implementation or opportunity exploitation, if it’s not clear enough, (2) executing and exploiting the opportunity if the company has the required resources and capabilities, (3) developing the company’s*

*capabilities and resources if needed, (4) collecting more information and data to reach a reasonable level of clarity, not full clarity, and (5) developing the opportunity to reach a solid vision and identify potential problems and their solutions' (J02, J07)*

*'... delay the implementation to adjust or develop the idea ..., as the company currently has some priorities rather than this project, waiting for a better situation, as the current situation is not suitable for implementation, or terminate the exploitation of opportunity if it does not match our evaluation's standard' (J11)*

Uncertainty was found to be a major source of *hindrance* and/or *motivation* for opportunity exploitation. The managers of the indigenous firm addressed the uncertain Palestinian environment as a challenge and were sometimes able to exploit opportunities. The following statements from the interviews emphasised that the uncertain Palestinian market could impede and/or motivate opportunity exploitation:

*'This hostile business environment inhibits opportunity exploitation, but sometimes motivates us to be more creative and exploit the opportunity' (J03)*

*'... But we deal with this uncertain environment as a challenge and we try to employ our experience and our well-qualified team's capabilities to work in this context in order to prove themselves' (J01)*

*'Uncertain context mainly impedes opportunity exploitation, but it may not inhibit us from exploitation if some supporting factors do exist' (J04)*

Eight factors were found to be positively affecting opportunity exploitation in the uncertain Palestinian market. The availability of resources (e.g. experienced and skilled staff, financial), the willingness of the management to bear uncertainty, a familiarity with uncertainty, and mutual trust and confidence among staff were mostly cited to be important internal/organisational factors. On the other hand, the availability and accessibility of information, strong relations with, and support from, stakeholders, market readiness, and return on investment were related to external environment factors that may enable the firm to exploit the opportunity. Some managers of the indigenous firm mentioned these factors in the following quotations:

*'... understanding the environment instability, our managers' and staff's experience in this context, our company's and staff's capabilities, the strong relationships with our vendors and local community, and the good relationship with the PNA and MTIT' (J01)*

*'... (1) market readiness to receive this service/product, (2) company readiness to implement this project or exploit this opportunity, (3) the extent of clarity of the project's or product's success, and (4) the influence of opportunity exploitation on the company's financial position and competitive status in the market' (J02)*

*‘... the willingness to bear uncertainty and downplay its role, ... and the team support to us (managers) and managers’ support to our staff (i.e. mutual trust)’ (J03)*

*‘... the availability of supporting information about the market and opportunity, the availability of experienced managers and staff who know how to deal with and exploit the opportunities within these turbulent environments, the support from local community, customers, and partners ... and the familiarity with working in this uncertain market’ (J04)*

*‘... our feelings of the importance of these products and services to our customers, and our willingness to bear this uncertainty’. (J10)*

Based on insights and descriptions from the managers of the indigenous firm, I summarised five main steps in the opportunity exploitation process. First, once the exploitation decision was made, the managers start with coordination between, and with the involvement of, all concerned departments. Second, they prepared implementation and resource allocation plans. Third, each department executed all required managerial and technical functions. Fourth, according to type of opportunity, the company either implemented its project fully or scaled it up. Finally, managers received continuous feedback for improvements. The following illustrative quotations provide a detailed description of these steps:

*‘... we coordinate with concerned departments in order to plan for execution. Then, we prepare the plan that explains the allocation of resources and staff. In some opportunities, we go directly to the market and provide the product or service. However, in the case of opportunities where we are not certain about their impact and the reaction of the market, we start either by small-scale projects or experiments, then we go to the market’ (J01)*

*‘... we make a work/implementation plan and allocate the required resources (human, physical, financial), then according to the type of opportunity, some opportunities are implemented broadly to the whole market, certain segments and piloting groups, and after implementation, we receive continuous feedback from different parties (vendors, dealers, customers, staff) to develop the product or service’ (J02)*

It is apparent from the above-mentioned findings that the external/institutional environment, especially the uncertain business context, played an important role in all entrepreneurial processes and action. Uncertainty was a source of negative and/or positive impacts on entrepreneurial opportunity-related processes. Accordingly, the next section will focus on the influence of uncertainty on entrepreneurial opportunity, processes and action.

## 4.4 Uncertainty and Entrepreneurial Processes, Action, and Opportunities: An Indigenous Firm

### 4.4.1 Environmental Uncertainty

The managers of the indigenous firm reported that they experienced state, effect, and response uncertainty (Milliken, 1987). With state uncertainty, the respondents referred to their inability to predict how the components of the Palestinian business environment are changing, particularly at political and economic levels. In respect to effect uncertainty, the managers expressed their inability to predict what the nature of the impact of current and future events within their business environment (Palestinian and regional markets) or environmental changes, will be on the company. With response uncertainty, the managers indicated their inability to design actions to address these changes and/or external environment players' reactions. They were also unable to predict the likely consequences of a response choice. Table 4-4 illustrates the three types of environmental uncertainty and provides relevant excerpts from the interviews.

**Table 4-4: Excerpts from Quotes on Types of Uncertainty from the Indigenous Firm**

Type of Uncertainty	Quotations
What's happening out there? (State Uncertainty)	<ul style="list-style-type: none"> <li>▪ <i>'One cause of uncertainty could be our inability to anticipate the changes in the Palestinian market and external environment, e.g. political instability, economic situation, and Israeli policies' (J01, J03)</i></li> <li>▪ <i>'We try to understand the rapid changes in the Palestinian market, which increase the level of ambiguity and uncertainty ...' (J07)</i></li> </ul>
How will it impact me? (Effect Uncertainty)	<ul style="list-style-type: none"> <li>▪ <i>'We also cannot predict how these changes in our external environment could affect our company' (J01, J03)</i></li> <li>▪ <i>'... the inability to predict the influence of the changes of major players in the external environment on our company' (J10)</i></li> </ul>
What am I going to do about it? (Response Uncertainty)	<ul style="list-style-type: none"> <li>▪ <i>'We cannot plan for more than a week due to the continuous and fast changes in the market. It is also very difficult to identify the alternatives that can be considered in our plans because of the inability to predict the reaction of stakeholders' (J08)</i></li> <li>▪ <i>'We often face difficulty in sales planning due to our inability to ensure the entry of materials or anticipate the receiving date of these materials. This situation, to some extent, prevents us from planning our operations and designing campaigns in order to deal with these uncertainties' (J10).</i></li> </ul>

Source: Author

This study found compelling evidence that all managers of the indigenous firm shared the same perception of high state uncertainty in a Palestinian environment beset by political instability under the authority of three different governments, constant Israeli-Palestinian and intra-Palestinian conflict, and severe economic restrictions and fluctuation.

As the sales director stated: *‘We do our best to identify the changes (external environment, competitors, and customers) ... but this often does not work ...’ (J06).*

Apart from high state uncertainty, however the findings revealed that perceptions of effect and response uncertainty could vary. Three levels (high, intermediate, low) of effect and response uncertainty were specified, based on interview statements (see Appendix E). These three levels explain ‘the extent to which the firm can solve or control’ effect and response uncertainties (see Appendix F). Further explanations for these three levels will be discussed in 5.4.1.

#### 4.4.2 The Effect of Uncertainty on Entrepreneurial Processes, Action, and Opportunities

The analysis revealed that the three types of uncertainty have positive and negative impacts on opportunity identification and exploitation. This dual impact was largely attributed to how the managers perceived them.

**Table 4-5: Quotes on the Positive and Negative Impacts of Uncertainty Types on Opportunity Identification from the Indigenous Firm**

State uncertainty	
Positive impact	<ul style="list-style-type: none"> <li>▪ <i>‘The rapidly changing environment creates some opportunities, but the company should be more dynamic and flexible in order to identify and exploit these opportunities and generate a good profit’ (J01)</i></li> <li>▪ <i>‘The unexpected technology and demand changes generate some opportunities, facilitate some tasks and motivate more creativity’ (J02)</i></li> <li>▪ <i>‘These institutional barriers and voids could create some opportunities and benefits, but they increase the required costs and efforts to deal with them’ (J08)</i></li> </ul>
Negative impact	<ul style="list-style-type: none"> <li>▪ <i>‘...if the reason for uncertainty is political instability, this may hinder us from identifying more opportunities’ (J11)</i></li> </ul>
Effect uncertainty	
Positive impact	<ul style="list-style-type: none"> <li>▪ <i>‘Our inability to identify how these changes may affect our company motivates us to design alternative solutions and plans, which generate new opportunities’ (J03)</i></li> </ul>
Negative impact	<ul style="list-style-type: none"> <li>▪ <i>‘Generally, external environmental changes inhibit opportunities ... Therefore, we take very high risks when we identify opportunities in this context’ (J02)</i></li> <li>▪ <i>‘The unexpected effects of market changes on our company increase vagueness and uncertainty, which negatively affect the generation of opportunities’ (J07)</i></li> </ul>
Response uncertainty	
Positive impact	<ul style="list-style-type: none"> <li>▪ <i>‘Our company sometimes is unable to design only one plan for our operations due to changes, which motivates us to prepare many plans and design different solutions that may generate some new opportunities’ (J08)</i></li> </ul>
Negative impact	<ul style="list-style-type: none"> <li>▪ <i>‘Our inability to define the governmental (i.e. PNA, Israel and Hamas) responses to our initiatives limits our ability to design appropriate procedures that may help us in creating new opportunities’ (J02)</i></li> </ul>

Source: Author

As demonstrated in Table 4-5, state uncertainty was viewed as a source of opportunities only when the indigenous firm had low effect and/or response uncertainty. State uncertainty generated opportunities through external environmental changes that created new conditions and information, especially technological and demand changes, but the firm was able to determine their impact and was dynamic and flexible in order to identify new opportunities. The firm further considered the negative impact of external changes, particularly institutional voids, as an opportunity because they had the capacity and fundamentals to act/respond. Therefore, effect uncertainty could also have a positive impact by creating opportunities, especially for firms with low response uncertainty.

As for negative impacts, state uncertainty was perceived as a hindrance to opportunities when in the presence of effect and/or response uncertainty. Effect uncertainty, particularly a lack of understanding and difficulties in predicting the effect/influence of political instability, blocked opportunities. A high level of response uncertainty also increased the preoccupation of managers with designing different plans in order to act/respond to environmental changes or their unexpected impacts.

**Table 4-6: Examples of Positive and Negative Impacts of Uncertainty Types on Opportunity Exploitation from the Indigenous Firm**

<b>State uncertainty</b>	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ <i>'The turbulent environment encourages creativity and entrepreneurial work' (J12)</i></li> <li>▪ <i>'In the most cases, this changing environment urges us to be more innovative and creative in overcoming these barriers or exploiting these voids' (J01)</i></li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ <i>'Our inability to clearly understand the rapid changes in the Palestinian market prevents us from developing and exploiting opportunities' (J07)</i></li> <li>▪ <i>'The political and regulatory changes could inhibit us from implementing projects' (J08)</i></li> </ul>
<b>Effect uncertainty</b>	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ <i>'Our inability to identify how changes could affect our company, means that we employ our experience in exploiting opportunities' (J01)</i></li> <li>▪ <i>'We deal with an unpredictable impact as a challenge ..., this urges us to be more creative to provide a product or service to match this need because if we don't match this need, either our legal competitor or illegal Israeli operators will' (J04)</i></li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ <i>'The ambiguity of how these changes could affect whether our company inhibits or postpones the implementation or the exploitation stage' (J02)</i></li> </ul>
<b>Response uncertainty</b>	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ <i>'Our inability to define certain options for reacting to governmental policies and our competitors campaigns encourages us to be more creative in implementing our projects because there is no option other than success' (J08)</i></li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ <i>'... we are very busy all the time finding solutions for problems in our operations and reactions of our stakeholders (i.e. we are managing crisis) rather than exploiting new opportunities' (J08)</i></li> <li>▪ <i>'We cannot define options for reacting to political instability; therefore, sometimes we delay the exploitation, but we do not terminate the project' (J10)</i></li> </ul>

Source: Author

Regarding opportunity exploitation, as can be seen in Table 4-6, state uncertainty was associated with positively motivating opportunity exploitation, but only if it drove a higher level of creativity and innovation. Effect uncertainty was also considered as an incentive for opportunity exploitation if it stimulated proactiveness that could help managers in controlling or influencing the impact of environmental changes and implementing their business projects. Response uncertainty was found to motivate a higher level of creativity, rivalry and openness. This, in turn, meant that state and effect uncertainty may affect response uncertainty, but this impact was related to positive outcomes (i.e. opportunity exploitation), if firms had low response uncertainty.

At the same time, state, effect and response uncertainties were also responsible for negatively influencing opportunity exploitation (see Table 4-6). For example, state uncertainty increased the managers' preoccupation with identifying options and finding alternative solutions rather than directing their focus and efforts towards developing existing products and/or planning and implementing new projects. A higher levels of effect uncertainty may lead to the deferral or abandonment of the opportunity exploitation process. The presence of both state and effect uncertainty may lead to response uncertainty, deterring managers from engaging in the opportunity exploitation process.

When analysing the indigenous firm's opportunity exploitation in the face of uncertainty at an aggregate level, the findings showed that the firm accommodated, and even took advantage of, aggregate uncertainty until it reached a critical level, whereupon the firms deferred or abandoned opportunities. The following illustrative quotations explain how the managers accept uncertainty up to a certain level, but after this level, they do not exploit the opportunity:

*'We accept the uncertainty and exploit opportunity, but up to a certain level. If the level of uncertainty exceeds our ability, we terminate, postpone, or redirect this opportunity' (J03)*

*'... if we are talking about products or services, we slowly but cautiously stop them if the level of uncertainty is severe and we cannot bear it ...' (J08)*

*'We accept uncertainty to a certain level ...; after this level, we try to find or create new opportunities in the market before stopping this service or product' (J07)*

The findings of the indigenous firm case study revealed that the motives of opportunity exploitation/project execution were mainly psychology-based motives. These



motives could be patriotic, humanitarian, and commitment-based. The managers of the indigenous firm asserted this motivation in the following excerpts:

*‘... Indeed, there is a sense of responsibility towards Palestine, and we are very committed to work in the Palestinian market’ (J02)*

*‘... we have to provide high quality services to the Palestinian customers even if this is not very profitable (it could be more profitable for our investors to invest elsewhere)’ (J03)*

*‘Indeed, the motivation for opportunity exploitation is patriotic, developmental, and humanitarian; therefore, we believe that each barrier has a solution’ (J07)*

*‘The patriotic motivation ... we are part of this country, and it’s a part of us’ (J12)*

The findings provide evidence that the psychology and attributes of managers play a critical role in hindering and/or motivating entrepreneurial processes and action. The next section will focus on how emotions may affect entrepreneurial action.

#### 4.4.3 The Effect of Emotions on Entrepreneurial Action

The analysis demonstrated that the entrepreneurial processes and action did not exhibit a one-sided adaptation of behaviour to external conditions, but rather a complex reciprocal interaction between individual managers and their environment. The findings therefore identified impacts that are related to the psychology and attributes of the managers, and to subjective interpretation and judgement regarding the uncertainty (see Table 4-7).

**Table 4-7: Quotations on the Effect of Emotions and Attributes of Managers on Entrepreneurial Processes and Action from the Indigenous Firm**

Emotion/Attribute	Quotations
Achievement	<ul style="list-style-type: none"> <li>▪ <i>‘If uncertainty will lead to accomplishments in the end, it will increase our ability to take entrepreneurial action’ (J09)</i></li> </ul>
Willingness to bear uncertainty	<ul style="list-style-type: none"> <li>▪ <i>‘We perceive the uncertainty less than others do, and our experiences in dealing with this environment help us in exploitation processes’ (J06)</i></li> <li>▪ <i>‘Our perspectives on the value and consequences of this uncertainty, and our willingness to bear this uncertainty, play a crucial role in motivating us to take entrepreneurial action’ (J10)</i></li> </ul>
Self-efficacy	<ul style="list-style-type: none"> <li>▪ <i>‘We enhance self-confidence and trust among our team, which motivates us to identify and exploit more opportunities’ (J08)</i></li> <li>▪ <i>‘Managers’ self-esteem and belief in their abilities to deal with uncertainty are very important to exploit opportunities in the Palestinian context’ (J12)</i></li> </ul>
Resilience and perseverance	<ul style="list-style-type: none"> <li>▪ <i>‘After 16 years of work in this environment, I became calmer and quietly accept any bad news and then start thinking about solutions’ (J10)</i></li> <li>▪ <i>‘The accumulation of experience over years of work helps us to make exploitation decisions in this environment. We are used to dealing with this uncertain context and anything not clear to others, may to some extent be clear to us’ (J04)</i></li> </ul>

**Table 4-7: (Continued)**

Fear of failure	<ul style="list-style-type: none"> <li>▪ <i>'Fear of failure urges us to exert our maximum efforts to find creative ideas and innovative solutions to achieve success. This means that fear of failure increases our ability to act entrepreneurially' (J12)</i></li> <li>▪ <i>'Fear of failure does exist and negatively affects our ability to exploit opportunities ...' (J09)</i></li> </ul>
Stress	<ul style="list-style-type: none"> <li>▪ <i>'Stress is a very big challenge for us. We deal with the reasons for this stress, but sometimes it could impede us from exploitation' (J06)</i></li> <li>▪ <i>'In the Palestinian market, stress is a motivator as we achieve many accomplishments when we overcome the barriers, especially those created by Israel' (J09)</i></li> </ul>
Anger	<ul style="list-style-type: none"> <li>▪ <i>'Annoyance decreases with working in this context, and we have the ability to deal with it and thus it becomes a challenge. Therefore, we act despite our anger and implement the projects' (J02)</i></li> <li>▪ <i>'We should not get upset or angry. We deal with these barriers as a challenge and we have to overcome these barriers and innovate appropriate solutions' (J03)</i></li> </ul>

**Source: Author**

With regard to the attributes of managers, aggregate uncertainty was responsible for producing some positive outcomes, especially when the uncertainty was connected to a generally positive event. For example, the desire for achievement and success may positively influence managers to exploit the identified opportunities even under great uncertainty. Furthermore, managers with a high willingness to bear uncertainty may downplay its importance or employ their prior knowledge and experience by developing existing products and processes or creating something new. It also turned out that the managers who were high in entrepreneurial self-efficacy were more likely to respond favourably to dynamic changes in uncertainty. In another example, managers in the indigenous firm asserted that their personal resilience and perseverance had been developed over time within a challenging business environment.

The analysis further found evidence that some negative emotions such as fear of failure, stress and anger were reported to generate an ambiguous impact (incentive and deterrence) on entrepreneurial processes and action. This ambiguous impact and its mechanism will be discussed in detail in 5.4.3.

Besides the importance of an uncertain external environment, managers in the indigenous firm asserted the influence of types of opportunity on entrepreneurial processes and action. This will be analysed in the next section.

#### 4.4.4 Types of Opportunity and Their Impact on Entrepreneurial Processes and Action

The analysis demonstrated that the indigenous firm identified, developed and exploited different types of opportunity, and four were identified: problem solving, introduction of products and services, technology transfer, and daily business transactions/deals. The managers of the indigenous firm mentioned these types of opportunity in the following quotations:

*‘There is an opportunity if the market’s needs are clear and the company’s capabilities are not clear, but we need to use all available resources, study the problems and how to employ the company’s capabilities, invest more in our company’s capabilities or ask for external consultation to solve this problem ...’ (J06)*

*‘There is an opportunity if the market’s needs are not clear and the company’s capabilities are clear, but the company should create the need for their products. For example, we introduced Blackberry service to the Palestinian market when the customers did not know how to use or maximise their benefits from this service, but we raised their awareness of the importance of this service ...’ (J01)*

*‘We scan the market to identify customers’ needs and market disequilibrium. This helps in defining the market’s needs (i.e. demand) or creating new needs and transferring products or technologies from other markets to the Palestinian market. We also discover other markets and mobile phone operators in the region to identify and transfer new products and technologies’ (J04)*

*‘If the market gaps are clear and the company knows how to employ their existing resources and product, this is normal business and an easy opportunity to identify and develop’ (J11)*

The tacitness of the opportunity’s characteristics (i.e. the difficulty of codifying, articulating, and communicating the opportunity) was cited as a source of obscurity for the managers/staff who had no prior knowledge or experience. This increased the difficulty of identifying, developing, and exploiting opportunities. However, the managers/staff equipped with prior knowledge and experience were more likely to overcome these challenges, and identify, develop and exploit the opportunity through discovery and/or exploratory research. The following quotes provide examples:

*‘If the opportunity’s features are not clear and there is no prior knowledge, we ignore this opportunity. But there is an opportunity if the features of opportunity are not clear but there is prior knowledge and the best way to identify the opportunity is discovery ...’ (J10)*

*‘Discovery and exploratory research are the most appropriate opportunity identification search techniques in case of ambiguity of opportunity’s characteristics’ (J09)*

On the other hand, the explicitness of the opportunity's characteristics (i.e. a well-documented, articulated and communicated opportunity) was found to be facilitate entrepreneurial processes, especially in the form of the prior knowledge and experience availability. However, the lack of prior knowledge and experience required further development of the company's capabilities, enhancement of learning, and knowledge sharing. Some managers of the indigenous firm explained this in the following excerpts:

*'There is a clear opportunity if the characteristics of opportunity are clear enough and we do have previous experience. The best way to identify the opportunity is a focused search in order to minimise the efforts, costs and time. The prior experience speeds up the exploitation and execution of projects. Moreover, the opportunity could be identified if the characteristics of opportunity are clear enough and we do not have previous experience, but this opportunity should be in our field. The best way to identify the opportunity is exploratory research and should be based on learning from the new opportunity to develop the company's capabilities' (J06)*

*'... there is an opportunity if the characteristics of opportunity are clear and we do not have previous experience ... the best way to identify the opportunity is systematic search, exploratory research and experiments' (J11)*

#### **4.5 Summary: An Indigenous Firm**

The indigenous firm operated in a turbulent business environment having extreme institutional barriers (formal and informal) and voids in the Palestinian mobile phone sector. These institutional challenges were also amplified by constant violence. However, they may generate both disbenefits and benefits for the indigenous firm. The firm employed three strategic responses to deal with these institutional challenges: acceptance, adaptation, and influence.

The managers of the indigenous firm identified seven antecedents of entrepreneurial processes and action, consisting of three processes: opportunity identification, development, and evaluation. After opportunity evaluation, the firm considers some entrepreneurial options, e.g. opportunity exploitation. The indigenous firm frequently identified business opportunities through opportunity recognition and discovery, and significantly less through opportunity creation.

The indigenous firm faced at least three types of uncertainty (state, effect and response), with negative and positive impacts on entrepreneurial processes and action. These impacts were mainly based on the managers' perceptions of these types of uncertainty. The

psychology and attributes of managers significantly affected their ability and/or inability to take entrepreneurial action within the uncertain Palestinian market.

In addition to an uncertain institutional environment, the respondents emphasised that the characteristics and nature of opportunity play critical roles in entrepreneurial processes and action. The remainder of this chapter will present the findings of the MNE case study.

## 4.6 Formal and Informal Institutional Challenges: An MNE

### 4.6.1 Institutional Barriers and Voids

The analysis found that the extreme institutional barriers and voids faced by the indigenous firm were arguably even more severe for the relatively new MNE operator, with less local knowledge and higher entry barriers. All interviewees of the MNE confirmed that there were many extreme institutional challenges in the Palestinian mobile phone sector exacerbated by violent conflict. The CFO did volunteer the remark that '*Palestine has great violence and unrest due to intra-Palestinian and Israeli-Palestinian conflict*' (W08) and the CCO reported that '*... the armed conflict and civil unrest caused the delay of the GS project for many years*' (W04).

The managers of the MNE emphasised that their firm operates in a most obstructive, ambiguous and antagonistic business environment due to many extreme institutional barriers and voids in the Palestinian mobile phone sector. The findings emphasised three major *formal* institutional barriers: (1) the political system (e.g. political instability), (2) regulatory barriers (e.g. imprecise regulative relations between the PNA and Israeli governments, and between the PNA and Hamas governments), and (3) market structure (e.g. the dominance of the mobile phone sector by the local Palestinian operator). These barriers seriously affect the stability of the mobile phone sector and the firm's entry, operations, growth and profitability.

In terms of *informal* institutional barriers, the lack of awareness of how MNEs and corporations work, and an unfavourable perceptions of Palestinian operators' service quality in comparison to that of Israeli operators were widely cited to be important. In regard to *institutional voids* in the business environment, respondents identified a lack of telecommunications infrastructure, supportive systems, and intermediaries, and the absence of an independent regulatory body as most evident. Table 4-8 summarises the main institutional barriers and voids that the MNE faced and provides some illustrative quotations for each barrier or void identified.

**Table 4-8: A Summary of Institutional Barriers and Voids for the MNE**

Institutional barriers and voids	Quotations
Formal institutional barriers	
The different institutional environment and barriers within the Palestinian market	<ul style="list-style-type: none"> <li>▪ <i>'... the GS is different from the WB, therefore, we faced either different or more complicated barriers in GS, ...' (W05)</i></li> <li>▪ <i>'We faced different institutional barriers in the GS and WB. There were some advantages and disadvantages. For example, the GS space is smaller than the WB therefore, that reduces the number of our sites (costs) and there are no Israeli SIMs in the GS market. However, we faced the problems of difficulty of equipment entry and the banning 3G services in the GS' (W03)</i></li> </ul>
Unstable political structure	<ul style="list-style-type: none"> <li>▪ <i>'We are talking about a state without any element of a state. There are no borders (there is no control over crossing points and no airport) and there are not enough regulations to regulate the Palestinian market' (W08)</i></li> <li>▪ <i>'There are many regulators (Israeli government, the PNA in the WB, and Hamas government in the GS due to the Palestinian division) of the Palestinian market and mobile phone sector' (W06)</i></li> </ul>
No unified, credible and harmonised legal frameworks	<ul style="list-style-type: none"> <li>▪ <i>'The law used to regulate the telecommunications sector is based on the Jordanian and Egyptian laws that were used in 1965, and these laws are not suitable for regulating the Palestinian telecommunications sector and market ...' (W02)</i></li> <li>▪ <i>'The conflict of laws and protocols for sites' installation due to the duplication of authority in the WB and GS' (W04)</i></li> </ul>
Corruption and lack of transparency	<ul style="list-style-type: none"> <li>▪ <i>'The personal relations between the MTIT and mobile phone operators led to the lack of transparency in regulating the market' (W02)</i></li> </ul>
The dominance by a local Palestinian operator of mobile phone sector	<ul style="list-style-type: none"> <li>▪ <i>'Our competitor was monopolising the Palestinian market for 10 years in the WB and 19 years in the GS...' (W01)</i></li> <li>▪ <i>'The X group, which our competitor is a part of it, is the only provider of leased line in the Palestinian territories; therefore, they charge our company high prices and unfortunately we don't have any alternative' (W11)</i></li> </ul>
Unethical competition from the local Palestinian competitor	<ul style="list-style-type: none"> <li>▪ <i>'Our local legal competitor's managers ... link their CSR activities with business transactions with municipalities, local councils, and companies. They granted them funds in return for giving exclusivity to our competitor in some business activities' (W01)</i></li> <li>▪ <i>'Our local competitor signed 3-5 years monopoly contracts with companies and individuals, which is considered illegal and unethical competitive practice' (W10)</i></li> </ul>
The technology gap between the Israeli and Palestinian operators	<ul style="list-style-type: none"> <li>▪ <i>'Israel creates a technology gap between the Israeli and Palestinian operators through granting abundant frequencies, 3G (for more than 10 years) and 4G (for 4 years) frequencies to the Israeli operators' (W02)</i></li> <li>▪ <i>'The technology gap between the Palestinian operators, and both the Israeli and international operators' (W10)</i></li> </ul>
The limited spectrum and frequencies granted to the Palestinian operators	<ul style="list-style-type: none"> <li>▪ <i>'... the spectrum of frequencies and code number are controlled by Israel ...' (W02)</i></li> <li>▪ <i>'The limited frequencies granted to our company due to the Israeli control of spectrum of frequencies. For example, Israel granted our company 3.8 MHz and 2G frequencies in 2009, while they granted 30 to 40 MHz, and 3G and 4G frequencies to the Israeli operators' (W06)</i></li> </ul>
The illegal competition from the Israeli operators	<ul style="list-style-type: none"> <li>▪ <i>'The wide-spread illegal operations and SIMs of Israeli operators in the WB (450,000 Israeli SIMs) ...' (W01)</i></li> <li>▪ <i>'The widespread of the Israeli operators' SIMs and their illegal operations in the Palestinian market' (W08)</i></li> </ul>
Movement and travel restrictions for staff and consultants	<ul style="list-style-type: none"> <li>▪ <i>'The difficulty of mobility between our company's offices due to the fragmentation of the WB's cities and geographical segregation between the WB and GS' (W03)</i></li> <li>▪ <i>'Israel does not allow the entry of experts to install equipment and networks ... we also cannot transfer our knowledge and experience among our branches in the WB and GS due to the movement restrictions' (W06)</i></li> </ul>

**Table 4-8: (Continued)**

The Palestinian operators do not have their own international gateway and cannot install their core equipment in the Palestinian territories	<ul style="list-style-type: none"> <li>▪ <i>'We don't have our own international gate to connect our network and Internet with the outside world. We have to buy a service from the Israeli operators to transfer the Internet and connect our network to the other countries through their Optic Fibre lines' (W11)</i></li> <li>▪ <i>'Israel does not allow us to install our core equipment in the Palestinian territories, so we are forced to place them in Israel, which increases our operating expenses' (W06)</i></li> </ul>
Israel's control of ports and crossings, and a very lengthy and inefficient process for importing telecommunications equipment	<ul style="list-style-type: none"> <li>▪ <i>'The difficulty of the entry of telecom equipment, spare parts, and tools. They have to go through a very lengthy and highly restrictive security check, and sometimes Israel does not allow them to enter. For example, our equipment for the GS project had arrived at the Israeli ports in 2011 and Israel seized them for 5 years, even though this equipment is the same as equipment installed in the WB' (W06)</i></li> </ul>
The fragmentation of Palestinian cities and towns	<ul style="list-style-type: none"> <li>▪ <i>'We cannot properly access and approach our Palestinian customers due to the fragmentation of the WB's cities and the classification of areas in A, B, and C, which increase the difficulty of linking our infrastructure and network, and reaching our customers' (W06)</i></li> </ul>
The weak regulatory capacity of the MTIT	<ul style="list-style-type: none"> <li>▪ <i>'The MTIT does not regulate and implement the MNP service in the Palestinian market, which gives a competitive advantage for our local competitor...' (W11)</i></li> <li>▪ <i>'The inability of MTIT to regulate the market. It is the dominant local company who is the actual regulator of the Palestinian market' (W02)</i></li> <li>▪ <i>'The MTIT is a part of the PNA (i.e. the political system); therefore, there is an extensive bureaucracy that reduces its ability to keep pace with the administrative and financial developments of the private sector (i.e. mobile phone operators). The MTIT is not able to regulate the competition in the Palestinian market or design applicable strategies. The MTIT also does not have enough expertise to play the role of the regulator...' (W02)</i></li> <li>▪ <i>'The inability of the Palestinian MTIT to properly regulate the Palestinian market. For example, the MTIT does not have experts to regulate or implement the MNP service in the market' (W09)</i></li> </ul>
The weak enforcement power of the PNA	<ul style="list-style-type: none"> <li>▪ <i>'The inability of the PNA to implement its commitments that are mentioned in the licence granted to our company. We committed to pay \$ 364 million in return for granting our company the required frequencies and the launch of our operations in the WB and GS in 2006 with 2G and 3G (exclusive for 5 years) frequencies. But we launched our company in the WB with 2G services only in 2009 and 3G services in 2018, while we entered the GS market with 2G services only at the end of 2017' (W04)</i></li> <li>▪ <i>'The Israeli control of granting frequencies to the Palestinian operators; therefore, the PNA has no executive power in the market' (W10)</i></li> <li>▪ <i>'The Palestinian MTIT cannot obligate our competitor to implement MNP service in the Palestinian market' (W01)</i></li> </ul>
The weak support for the Palestinian operators from the PNA	<ul style="list-style-type: none"> <li>▪ <i>'The PNA does not support or facilitate our entry and operations as a foreign investor in the Palestinian market' (W01)</i></li> <li>▪ <i>'Our company is the largest foreign investor in Palestine (\$ 350 million), but there are no incentives or facilities from the PNA ...' (W04)</i></li> <li>▪ <i>'... initiating restrictive and non-supportive laws and regulation to the new companies in the mobile phone sector' (W10)</i></li> </ul>
The limited market growth and the blurred layers of Palestinian society	<ul style="list-style-type: none"> <li>▪ <i>'The Palestinian market is very limited. There is insignificant market growth in both the WB and GS (around 3%), which increases the intensity of rivalry among existing competitors. Moreover, there is overlapping among the Palestinian society's layers, which increases the difficulty of dividing the market into segments' (W09)</i></li> </ul>



**Table 4-8: (Continued)**

<b>Informal institutional barriers</b>	
Unfavourable perception of Palestinian operators' service quality in comparison to that of Israeli operators	<ul style="list-style-type: none"> <li>▪ <i>'The Palestinians consider that the Israeli products have higher quality than the Palestinian products' (W03)</i></li> <li>▪ <i>'The Palestinian customers desire to have high quality services with lower prices; therefore, they compare our services and products with the Israeli operators' (W08)</i></li> </ul>
A lack of awareness of how MNEs and corporations work	<ul style="list-style-type: none"> <li>▪ <i>'The majority of companies that work in the Palestinian market are local and they don't have any international experience and exposure. The Palestinian market is closed and has no international experience' (W10)</i></li> <li>▪ <i>'The Palestinians do not properly understand how international corporations work ... they have been exposed to a very limited corporate experience' (W09)</i></li> </ul>
The limited exposure of customers and staff to advanced mobile phone experiences and services	<ul style="list-style-type: none"> <li>▪ <i>'The people's limited exposure to telecom experience. Also, many of the staff recruited don't have prior experience in the mobile phone sector' (W07)</i></li> </ul>
<b>Institutional voids</b>	
A shortage of telecommunications, technological, electric power infrastructure and supportive systems	<ul style="list-style-type: none"> <li>▪ <i>'The absence of an ecosystem and online payment system complicates our task of creating a business climate that depends on the Internet and 3G services' (W04)</i></li> <li>▪ <i>'The lack of the required infrastructure to work in the Palestinian market, either that directly related to the telecommunications infrastructure or the electricity and power infrastructure' (W10)</i></li> </ul>
The absence of an independent regulatory body to regulate the Palestinian mobile phone sector	<ul style="list-style-type: none"> <li>▪ <i>'There was TRC from 2005 to 2007, but the dominant company in the telecommunications sector worked hard to deactivate it ...' (W02)</i></li> <li>▪ <i>'In any country around the world, there is an independent and unbiased committee to regulate the telecommunications sector, that is called TRC ..., but unfortunately this committee does not exist in Palestine' (W05)</i></li> </ul>
A shortage of installation and maintenance contractors	<ul style="list-style-type: none"> <li>▪ <i>'We depend on our technical and engineering team in installing and maintaining our sites due to the lack of local contractors' (W02)</i></li> <li>▪ <i>'There is a limited number of installation and maintenance companies in the Palestinian market. For instance, there were only 4 cranes in the GS, and we had to install all the sites in less than 4 months' (W04)</i></li> </ul>
A shortage of marketing consultants and media production intermediaries	<ul style="list-style-type: none"> <li>▪ <i>'The lack of specialised companies in deep marketing, segmentation, communications, and training' (W07)</i></li> <li>▪ <i>'We internally developed our marketing department to fill the gap of the lack of qualified companies in the field of marketing' (W09)</i></li> </ul>
A shortage of reliable logistics, promotion and distribution companies	<ul style="list-style-type: none"> <li>▪ <i>'We established our own call centre to communicate with our customers, but we recently tried to encourage them to communicate with our company through the online agents' (W01, W03, W09)</i></li> <li>▪ <i>'We established our own dealership network due to the lack of reliable dealers and intermediaries' (W03, W05)</i></li> <li>▪ <i>'The geographical and political segregation between the WB and GS, and the Israeli restrictions, forced us to deal with small and unqualified companies that don't have the required capacities to properly provide the products and services needed' (W11)</i></li> </ul>
A shortage of international consultants and vendors, and local suppliers	<ul style="list-style-type: none"> <li>▪ <i>'Israel does not allow us to contract international staff or let them enter the Palestinian territories' (W07)</i></li> <li>▪ <i>'Although there are some Palestinian companies (i.e. local suppliers), which have financial solvency, but many international companies ... refuse to franchise these companies ... the lack of credible, large companies that we can trust and depend on to provide us with the basic goods and services required' (W11)</i></li> </ul>

**Source: Author**

#### 4.6.2 Disbenefits and Benefits of Institutional Challenges

The managers of the MNE stated that the extreme institutional barriers and voids (see Table 4-8) in Palestine constitute an uncertain business environment. They indicated that these institutional barriers and voids had different influences on the company's market entry and performance, emphasising that they may generate *disbenefits/diseconomies* for the MNE. The most important disbenefits were cited as additional costs, higher barriers to entry, competitive disadvantage, obstacles to growth, and low quality (see Table 4-9).

On the other hand, the analysis provides evidence that the extreme institutional barriers and voids may create *benefits/advantages* for the MNE. The most evident benefits included a higher creativity, efficiency and effectiveness, prospective opportunities and advantages, and a better resource allocation and utilisation. Table 4-9 summarises the main disbenefits and benefits of extreme institutional barriers and voids for the MNE and provides some illustrative examples for each.

**Table 4-9: A Summary of the Disbenefits and Benefits of Institutional Challenges for the MNE**

Disbenefits/Benefits	Quotations
<b>Disbenefits</b>	
High additional operating expenses (OPEX)	<ul style="list-style-type: none"> <li>▪ '... We were forced to place them in Israel, which increased our operating expenses. Our connections with the rest of world should go through the Israeli international gate (i.e. we pay for leasing of fibre optic, data centres rents, and operating costs) (W06)</li> <li>▪ 'We paid for storage, cargo and landing of our GS network's equipment and materials, which was seized at the port of Ashdod and held for 7 years' (W01)</li> </ul>
Extra capital expenditures (CAPEX)	<ul style="list-style-type: none"> <li>▪ 'The limited frequencies increased the CAPEX. We installed three times as many sites as needed in a normal situation, due to the limited frequencies' (W03)</li> <li>▪ 'We invested a large amount of money in our sites and an electricity control system that monitors the fuel consumption' (W08)</li> </ul>
The high intensity of rivalry in the Palestinian market	<ul style="list-style-type: none"> <li>▪ 'The spread of Israeli operators' SIMs increased the competition in the market and reduced the potential revenues to our company' (W04)</li> <li>▪ 'There is insignificant market growth in both the WB and GS (around 3%), which increases the intensity of rivalry among existing competitors' (W09)</li> </ul>
The competitive disadvantage of the Palestinian operators	<ul style="list-style-type: none"> <li>▪ '... Israel bans the entry of advanced and high capacity technologies, which gives a competitive advantage to the Israeli operators' (W06)</li> <li>▪ 'The limited frequencies granted in the WB, and the difficulty of covering area (C), helped the Israeli operators to expand their spread and operations in the Palestinian territories' (W04)</li> </ul>
The competitive disadvantage of the company due to the incumbent firm's dominance of the market	<ul style="list-style-type: none"> <li>▪ 'The dominance of our competitor on the Palestinian market and the absence of TRC resulted in a difficult entry to the Palestinian market and our company suffered for long years due to the lack of governmental support or proper regulations to help our company to enter the market' (W10)</li> <li>▪ 'Our competitor became stronger during the delay of our launch and work ...' (W08)</li> </ul>

**Table 4-9: (Continued)**

The inability of the Palestinian operators to expand their networks and provide new services	<ul style="list-style-type: none"> <li>▪ <i>'The technology gap hinders our company from implementing our expansion plans, especially in the field of digitalisation and providing new products and services to the market. For example, there no credit cards penetration, payment gateway, or online payment system' (W10)</i></li> <li>▪ <i>'The difficulty of developing our network due to the limited frequencies granted in the WB, and the difficulty of covering area (C)' (W04)</i></li> </ul>
The low quality of services, voice and video calls	<ul style="list-style-type: none"> <li>▪ <i>'... the poor quality of services, which requires massive efforts to improve the quality of voice calls and services...' (W06)</i></li> <li>▪ <i>'The limited frequencies granted resulted in more call drops and the inability to cover all our customers' (W08)</i></li> </ul>
The inability of the company to approach/attract new customers and expand its market share	<ul style="list-style-type: none"> <li>▪ <i>'The inability of the MTIT to regulate the market increased the difficulty of expanding our market base and penetrating the market' (W09)</i></li> <li>▪ <i>'The limited frequencies granted resulted in the inability to cover all our customers and recruit new customers, ...' (W08)</i></li> </ul>
The inability of the company to take advantage of being a part of a multinational group, and fully capitalise on vendors' after-sales services	<ul style="list-style-type: none"> <li>▪ <i>'We are a part of multinational group company (it works in 12 countries) ..., but we cannot take the advantages and privileges of agreements with some systems' vendors such as Ericsson, SIMs' vendors, and Top-ups' vendors like other companies in our group' (W04)</i></li> <li>▪ <i>'We tried to transfer the international experience from the Turkish companies and our vendors (i.e. Ericsson), but we cannot bring them to the WB and GS and benefit from their after-sale services' (W06)</i></li> </ul>
The inability of the company to benefit from any privileges and exclusivity as stated in the licence	<ul style="list-style-type: none"> <li>▪ <i>'According to our licence, we have the right of exclusivity to provide 3G services for 4 years, but due to the delay in granting 3G frequencies, we did not benefit from this exclusivity' (W01)</i></li> <li>▪ <i>'If our company was granted its exclusive right for operating 3G services, it was much easier for us to overcome our competitor's dominance of the Palestinian market' (W09)</i></li> </ul>
The inability to implement the company's plans and work procedures	<ul style="list-style-type: none"> <li>▪ <i>'This situation prevented us from implementing our plans and working procedures in the GS' (W10)</i></li> <li>▪ <i>'We cannot implement any project plan within its timeframe. Also, there are always many extra costs that exceed our budget' (W11)</i></li> </ul>
Delays in project execution and creating new revenue streams	<ul style="list-style-type: none"> <li>▪ <i>'The delay of our launch and operations affected our financial position. There were many expenses without any revenues for many years' (W02)</i></li> <li>▪ <i>'3G services project suffered for a long time and was banned in the WB till the beginning of 2018 and is still banned in the GS ...' (W05)</i></li> </ul>
The obstruction of potential/future opportunities	<ul style="list-style-type: none"> <li>▪ <i>'The absence of an ecosystem and supportive government don't directly affect our company nowadays, but this will definitely affect our company in the long run. We cannot identify new opportunities ...' (W10)</i></li> <li>▪ <i>'Our digitalisation project suffers from the lack of systems and regulation that support and regulate the electronic payment sector' (W10)</i></li> </ul>
A managerial preoccupation with operational problems rather than strategic issues	<ul style="list-style-type: none"> <li>▪ <i>'These barriers and voids converted us to micro managers. This forced us to put our hands in the operations' (W05)</i></li> <li>▪ <i>'These barriers increased the complications of this business environment, the difficulty of managing our company in GS and resulted in focusing only on our operations rather than planning for new products and services' (W01)</i></li> </ul>
Economic losses to the Palestinian economy, mobile phone sector and the company	<ul style="list-style-type: none"> <li>▪ <i>'The widespread of illegal Israeli operators' operations causes fatal losses for our company and our legal competitor. The Palestinian operators and Palestinian economy lose around \$ 100 million annually' (W05)</i></li> <li>▪ <i>'The delay of our launch negatively affected our financial and competitive position in the Palestinian market ...the mobile phone market lost around a third of its value during the 3 years of our operations delay' (W08)</i></li> </ul>
<b>Benefits</b>	
More efficient and effective allocation and utilisation of resources	<ul style="list-style-type: none"> <li>▪ <i>'This encouraged us to optimise utilisation of resources' (W01)</i></li> <li>▪ <i>'When we changed our network in the WB from 2G to 3G, we used the WB's 2G network parts as spare parts for the GS's network, and store other materials and spare parts to be used later' (W11)</i></li> </ul>

**Table 4-9: (Continued)**

The creation of a more creative and innovative working environment	<ul style="list-style-type: none"> <li>▪ <i>'..., but our engineers designed our network to be operated with the limited frequencies granted, and operated some features that are not used in any place around the world ... We also designed "Wallmote Sites" that are placed within cities to avoid interferences and ensure the network optimisation. In addition, we designed Very High Gain Amplifier (VAGA) that provides remote coverage, which helps us to cover around 90% of area (C)' (W06)</i></li> <li>▪ <i>'..., but these obstacles often motivate our staff to be more innovative to overcome these barriers ...' (W07)</i></li> </ul>
The creation of a better contextual, administrative and technical know-how and faster staff learning	<ul style="list-style-type: none"> <li>▪ <i>'... the ability of the company to reach the relevant information about all issues that could affect the company's operations in Palestine ... the experience is not limited to the field of mobile phone sector, but the experience in the Palestinian context, which has very complicated political, social and economic components' (W02)</i></li> <li>▪ <i>'In the 3G project ... our engineers designed 2 software and demo models to install 3G equipment on the old towers ... they then dismantled the software and made some modifications to it; so they were able to operate the 3G network in three months instead of one year and offer the best 3G services in the Palestinian market' (W06)</i></li> </ul>
The finding of more efficient and effective alternative solutions	<ul style="list-style-type: none"> <li>▪ <i>'... we bought a power control system called Clock-Domain Crossing (CDC) that organises and coordinates the process of shifting electricity sources and operating of our network. This system also provides reports about level of fuel, power in batteries, and alerts' (W04)</i></li> <li>▪ <i>'We added a free service called 'Your New Number' that provides a voicemail and text message of the new mobile number of our customers to both caller and receiver when anyone dialled their old mobile numbers, to temporarily solve the absence of MNP service' (W09)</i></li> </ul>
Flexible and dynamic firm	<ul style="list-style-type: none"> <li>▪ <i>'We redesigned many commercial programmes and offers to fit our customers in GS due to the bad economic situation' (W01)</i></li> <li>▪ <i>'We make some adjustments to fit with the scarcity of talents and adjust some selection and recruitment standards' (W07)</i></li> <li>▪ <i>'We constantly monitor the projects' time plans and make the required adjustments' (W11)</i></li> </ul>
Cost reduction	<ul style="list-style-type: none"> <li>▪ <i>'..., instead of heavily investing in the showrooms, we designed booths in the malls and shopping centres, and our showrooms in cities and towns have very simple and inexpensive modern designs ...' (W01)</i></li> <li>▪ <i>'Our competitor took the advice of international suppliers, but we saved about \$ 4 million and completed the project in about a quarter of the expected time period' (W06)</i></li> </ul>
Offering high quality products and services, and optimising value-added to the customers	<ul style="list-style-type: none"> <li>▪ <i>'... this urged us to develop our capabilities, improve our work and provide high quality services with affordable prices. We aim to maximise the value-added (i.e. big value) to our customers with affordable prices' (W01)</i></li> <li>▪ <i>'We adopt a customer-centric strategy. We try, as much as possible, to provide high quality services with affordable prices, and focus on adding distinctive value to our customers' (W09)</i></li> </ul>
The creation of some opportunities for the MNE	<ul style="list-style-type: none"> <li>▪ <i>'The blockade on the GS for around 12 years drove the Palestinians' need for a change in the Palestinian market. This helped our company to penetrate and acquire a large market share within a very short period of time and our performance was great in the GS ... this resulted in an increasing of our company's profit by around 25% in the last year' (W09)</i></li> <li>▪ <i>'... these institutional barriers and voids could generate opportunities, as our staff became qualified and able to overcome these barriers and sometimes convert them to opportunities' (W07)</i></li> </ul>
The learning from overseas operators' experiences as a second-movers	<ul style="list-style-type: none"> <li>▪ <i>'The delay in allowing the entry of advanced technologies and services to the Palestinian market helped our company as a second operator to learn from other operators' experience about how they dealt with the dominating companies, but we did some customisation to fit the Palestinian market' (W09)</i></li> </ul>

**Table 4-9: (Continued)**

The creation of a competitive advantage for one operator rather than others	<ul style="list-style-type: none"> <li>▪ <i>'...we reached an agreement that Israel grants our company 1800 frequencies, 10 MHz, which gave us a competitive advantage in GS market, as we provide high quality services, and this could reduce the cost of our future investment regarding number of sites and the network's development' (W08)</i></li> <li>▪ <i>'... this situation helped us in attracting a large number of our customers in the GS within a very short time after our launch in the GS at the end of 2017, as the Palestinian citizens in the GS have a desire to switch from the first operator' (W11)</i></li> </ul>
The generation of further revenues from products and services that are outdated in other markets	<ul style="list-style-type: none"> <li>▪ <i>'I think that despite the declining sales and profits of 2G services generally in almost all countries, they continued to generate good profits due to using voice calls instead of social media, due to the banning of 3G services in the WB until the beginning of 2018, and they are still generating profits in the GS' (W07)</i></li> </ul>
The erection of more entry barriers to new entrants	<ul style="list-style-type: none"> <li>▪ <i>'These barriers impeded any third operator to enter the Palestinian market, as the Palestinian market has no further room for a third operator' (W11)</i></li> </ul>
The creation of more commitment and persistence to work in the Palestinian market	<ul style="list-style-type: none"> <li>▪ <i>'..., living in this difficult context is a catalyst to serve this country and these customers (i.e. patriotic incentive). Moreover, some companies are interested in adding to their profile that they are working in Palestine, as a kind of affiliation to this place that has importance for the Arab and Islamic nation' (W09)</i></li> <li>▪ <i>'The level of employees' engagement is very high, as our staff is very interested in the success of the company because they are Palestinians' (W07)</i></li> </ul>

Source: Author

#### 4.6.3 Strategic Responses to Institutional Barriers and Voids

In line with the IBV, the analysis revealed that the MNE designed a set of strategies/responses directed at handling the prevailing institutional barriers and voids in order to obtain and/or retain competitive advantages. These responses varied depending on the barriers/void itself and representing a sequential escalation of the firm's efforts in coping with, leveraging and/or shaping institutional contradictions.

Specifically, the findings articulated three levels of firm responses in dealing with the institutional barriers and voids: (1) *acceptance* of the environment as given, without any active attempt to change either the firm or the institutions, (2) *adaptation* of some areas of the firm to better leverage the existing institutional conditions, and (3) making deliberate and active attempts to *influence* (change existing and/or create new) institutions in favour of the firm. These three strategic responses and their respective tactics will be discussed in detail in 5.2.3. Table 4-10 illustrates and classifies the strategic responses of the MNE to the institutional barriers and voids and provides some quotations for each response/tactic.

**Table 4-10: Strategic Responses of the MNE to the Institutional Barriers and Voids**

Strategic Responses	Quotations
<b>Acceptance</b>	
Compliance	<ul style="list-style-type: none"> <li>▪ <i>'If we are talking about regulative matters (i.e. laws and systems), informal institutions neither substitute for nor complement formal institutions, and we have to obey these regulations' (W04)</i></li> <li>▪ <i>'Israel did not allow us to install our core equipment in the Palestinian territories, so we were forced to place them in Israel' (W06)</i></li> </ul>
Patience / wait-and-see	<ul style="list-style-type: none"> <li>▪ <i>'Our investors understand the political situation and they were patient and insisted on the continuation of our company's operations' (W08)</i></li> <li>▪ <i>'The GS project was delayed for many years, but we were patient and eager to work in the GS market' (W04)</i></li> </ul>
<b>Adaptation</b>	
Outsourcing	<ul style="list-style-type: none"> <li>▪ <i>'We contracted local suppliers to provide us with handsets' (W04)</i></li> <li>▪ <i>'We hired international consulting firms to fill the gap of expertise in managing large corporations' (W09)</i></li> </ul>
Hiring	<ul style="list-style-type: none"> <li>▪ <i>'We leased the Israeli operators' fibre optic network to link our networks in the WB and GS, and to link our network with international networks (International gate)' (W02)</i></li> <li>▪ <i>'Our company hired data centres in Israel and Jordan (at Shouna as it's the closest to the WB for better connectivity)' (W06)</i></li> </ul>
Internalisation of activities	<ul style="list-style-type: none"> <li>▪ <i>'We stored large quantities of SIM that are enough for 2 years in order to avoid any stock-out due to the siege on the GS' (W04)</i></li> <li>▪ <i>'We adapted to some changes and some situations, and we made some adjustments to our business model' (W10)</i></li> </ul>
Heuristic-based approach	<ul style="list-style-type: none"> <li>▪ <i>'We employed our previous experiences in the WB in order to overcome the barriers in GS market' (W01)</i></li> <li>▪ <i>'We invested in the development of our staff's capabilities through encouraging them to join and enrol in some vocational and educational development programmes' (W07)</i></li> <li>▪ <i>'...we send our staff to learn about the operating systems in these countries. In the trial phase of the systems, we send our staff to see and know how the system actually works before it is installed and operated in Palestine' (W04)</i></li> </ul>
A market-based strategy	<ul style="list-style-type: none"> <li>▪ <i>'We depended on our capabilities to provide distinctive services with affordable prices in the Palestinian market' (W05)</i></li> <li>▪ <i>'... we are in a price war with our competitor, but we use all the available capabilities such as approaching and contacting our customers, wide and solid selling channels, high quality services and genuine customer care' (W01)</i></li> </ul>
Cost review	<ul style="list-style-type: none"> <li>▪ <i>'We invested in our sites, as we added generators and batteries for each site, and we installed a system for monitoring and coordinating different sources of power in order to minimise the cost of operating our network' (W08)</i></li> <li>▪ <i>'Our main strategy is cost reduction, and our managers' views and opinions play a role in properly valuing and allocating the available resources' (W09)</i></li> </ul>
Bricolage	<ul style="list-style-type: none"> <li>▪ <i>'Our engineers designed our network to be operated with the limited frequencies granted and operated some features that aren't used in any other place around the world ...' (W06)</i></li> <li>▪ <i>'We effectively and efficiently deployed the available resources to solve some problems ... we tried to exploit any opportunity and contribute to building a network with the banks and other organisations to support our digitalisation project' (W10)</i></li> </ul>
Prospecting	<ul style="list-style-type: none"> <li>▪ <i>'... our staff found some solutions for problems ..., but our engineers creatively found innovative solutions that surprised our international vendors' (W08)</i></li> <li>▪ <i>'To overcome the absence of MNP service, we offer a free service called "My New Number", ...' (W02)</i></li> <li>▪ <i>'We designed an innovative tactical promotion, as our competitor will not be able to imitate us ..., but imitating our company will negatively affect them' (W09)</i></li> </ul>

**Table 4-10: (Continued)**

<b>Influence</b>	
A network-based strategy	<ul style="list-style-type: none"> <li>▪ <i>'We tried to capitalise our benefits through the informal institutions and our relationships with universities, CBOs, local communities, partners, dealers, and vendors. This significantly facilitated our accessibility to the information, resources, and opportunities' (W07)</i></li> <li>▪ <i>'Our partnerships with the local communities, business partners, and municipalities helped us to solve some problems, and fill the gaps due to the inability or absence of formal institutions' (W01)</i></li> </ul>
Collaboration	<ul style="list-style-type: none"> <li>▪ <i>'We collaborated with the MTIT to implement the MNP service. We provided many proposals for implementation procedures and explained how this service could contribute to our expansion in the market, as the majority of customers would prefer to keep their old mobile phone numbers' (W02)</i></li> <li>▪ <i>'We depended on collaborations with our local competitor in some issues (e.g. combating the spread of Israeli SIMs in the Palestinian territories)' (W08)</i></li> </ul>
Linking of interests between the state and firm	<ul style="list-style-type: none"> <li>▪ <i>'We tried to link our company's interests with the PNA's interests, especially in the case of the spread of Israeli SIMs, which cause annual losses of around 300 million NIS (\$ 85 million) to the Palestinian economy. We work with the PNA to control the Palestinian market and reduce the spread of Israeli SIMs' (W02)</i></li> </ul>
Political influence tactics	<ul style="list-style-type: none"> <li>▪ <i>'We tried to be part of the decision-making process for many matters that related to the mobile phone sector. For example, we participated in formulating some laws and systems to regulate the market ...' (W04)</i></li> <li>▪ <i>'We put pressures and participated in regulating and implementing the MNP service. Our company also urged the PNA to regulate the payment gateway and online payment system' (W10)</i></li> </ul>
Bargaining	<ul style="list-style-type: none"> <li>▪ <i>'We negotiated the limited frequencies granted to our company with the Israeli government through the Palestinian MTIT. We also negotiated the licence fees and some taxes with the PNA (MTIT and Prime Minister), to discount the fees and have some taxes exemption' (W01)</i></li> <li>▪ <i>'We negotiated, through the Palestinian MTIT, 3G services and frequencies with the Israeli government. We recently negotiated 4G services' (W09)</i></li> </ul>
Signalling	<ul style="list-style-type: none"> <li>▪ <i>'... to establish strong networks with our stakeholders through our CSR activities, which helped us to build networks with the local community, and decision makers either in governmental or non-governmental organisations' (W04)</i></li> <li>▪ <i>'We built a good reputation and relations with our community through our CSR activities. We supported the health sector in the GS with \$ 1.5 million (medication), the steadfastness of Palestinians in Hebron with \$ 1.8 million, and the youth and sport sector with \$ 1 million' (W06)</i></li> </ul>
Substituting institutional practices	<ul style="list-style-type: none"> <li>▪ <i>'Being a part of a multinational group helps us with some resources, especially international standards, systems and reports that facilitate our access to some important information that helps in surmounting some of these barriers' (W05)</i></li> <li>▪ <i>'Our company also contributed to some changes in the community regarding the HR practices' (W07)</i></li> <li>▪ <i>'We try to transfer other operators' experiences into our group to fill some voids, especially in the regulations and operational issues' (W10)</i></li> </ul>
Institutional brokering	<ul style="list-style-type: none"> <li>▪ <i>'We established a call centre, but it is not traditional, as we encourage our customers to use social media and live chat to contact our company' (W03, W07)</i></li> <li>▪ <i>'We coordinated with the Palestinian universities to train and equip students with the essential skills and abilities to work in the market, which helps us to overcome a scarcity of talent and fill the gap of lack of skilled employees in the Palestinian market' (W07)</i></li> <li>▪ <i>'We linked our interests and benefits with the banking sector to encourage them to increase credit card penetration in the Palestinian market'. (W10)</i></li> </ul>

**Source: Author**

This study provides evidence that, besides the cumulative and negative influences of institutional barriers, voids and conflict, the MNE confronted with the liability of foreignness. However, it was found that being an MNE brings benefits as well as liabilities of foreignness. Foreignness, for example, led to the MNE's need to conform and adapt to existing institutions to seek legitimacy and pacify stakeholders. On the other hand, the MNE took advantage of its experience in other countries and transferred employees with relevant experience of international standards, and new systems, products and services. The MNE reported many strategic responses to institutional challenges that were associated with positive outcomes. The next section therefore will focus on entrepreneurial opportunity-related processes.

## **4.7 Entrepreneurial Processes and Action: An MNE**

### **4.7.1 Antecedents of Entrepreneurial Processes and Action**

Unsurprisingly, the analysis found that a wide variety of factors influenced opportunity-related processes and entrepreneurial action. These factors/antecedents were broadly related to the entrepreneur's personality, institutional environment, and opportunity's characteristics. Appendix (G) provides the relevant quotations for each antecedent. Based on the findings, these antecedents of entrepreneurial processes and action can be explained as follows:

- 1- The main *individual attributes* of managers that help them to successfully identify and exploit new opportunities were creativity, optimism, motivation, risk-taking, openness to new ideas, and determination for success.
- 2- *Prior knowledge and previous experience* were found to be important in identifying and exploiting new opportunities, but only to a certain level and for some types of opportunity. The uncertain Palestinian business environment underestimated the role of prior knowledge in the entrepreneurial processes and action. Such an uncertain context required creativity and innovation, finding alternative solutions, and employing different thinking modes, especially for some types of opportunity.
- 3- *Social networks* with local partners and communities were found to be critical for the MNE to overcome its foreignness, access a pool of resource and information, identify the market's needs, and to exercise its influence. In addition, the MNE employed its networks with international community and its participatory relationships with the



other operators in the group to surmount its weakly embedded position in the institutions and networks of the Palestinian market and its competitive disadvantages. Social relations also facilitated solving many problems, developing new products, improving existing products, and exploiting opportunities.

- 4- A high level of heightened *entrepreneurial alertness* to information, and sensitivity to the market's changes and gaps increased the possibility of identifying hidden business opportunities before others and facilitated fast implementation. Some managers assumed that certain staff are endowed from birth with a high level of alertness, but others can be trained to develop their entrepreneurial alertness capabilities.
- 5- *Systematic search* interestingly turned out to be supplementary to entrepreneurial alertness. It helped in discovering specific opportunities, improving some services, and understanding how to stimulate a consumption for specific products. Systematic search also provided the MNE with relevant information regarding the market readiness for new products, market dynamics, and how to approach potential customers and solve some problems, which helped the MNE to overcome its local knowledge disadvantage.
- 6- It transpired that an uncertain *institutional environment* may generate some profitable opportunities, but it may also preclude opportunity exploitation. Since the MNE used to operate in a lower level of uncertainty in other countries compared to the Palestinian context, the MNE suffered for many years from the extreme uncertainty in order to enter and establish itself as a competent competitor.
- 7- It appeared that the *types of opportunity* influenced the willingness of entrepreneurs to identify and exploit them. A high level of clarity of both the characteristics of an opportunity and how the MNE can employ its capabilities helped in identifying and exploiting the opportunity. Such opportunities may be important to realise short-term success. On the other hand, a low level of clarity of the characteristics of an opportunity and a more complicated/ambiguous situation required more efforts, time, costs, creativity and innovation (i.e. more risk-taking). These opportunities may be important to achieve long-term objectives (e.g. digitalisation project).

## 4.7.2 Entrepreneurial Processes and Actions

Despite the fact that the MNE operates within an extremely uncertain business environment, the analysis underlined three widely cited entrepreneurial processes in the entrepreneurship literature: *opportunity identification*, *development*, and *evaluation* (Ardichvili et al., 2003). However, the findings provided a thick description of how and by whom these activities are done within each of these processes. More importantly though, this study offered a deep and advanced understanding of '*entrepreneurial action*' within such an uncertain environment.

### 4.7.2.1 *Opportunity Identification*

It was established that the managers of the MNE identified business opportunities through three distinct processes: *recognition*, *discovery*, and *creation*. This result showed that the MNE used all possible ways of identifying opportunities in order to survive and grow within the Palestinian mobile phone market. The findings also emphasised that the MNE invested heavily in its market intelligence to mitigate its local knowledge disadvantage.

#### A- *Opportunity Recognition*

The MNE's managers started the opportunity recognition process with either using available databases and information or obtaining new/additional information through market intelligence and market scans. This facilitated the imagination process of how managers can formulate a supply-demand framework and match them together. The managers observed and initially evaluated a potential opportunity. They then decided if a potential opportunity is real/profitable or unpromising/unprofitable opportunity for them. The managers of the MNE described the process of recognising opportunities as one basis for opportunity identification in the following excerpts:

*'Our company conducts quarterly market intelligence and continuously communicates with our customers via social media in order to identify the market's needs and gaps. When the appropriate products are available, they are provided to our customer to satisfy their needs' (W06)*

*'... we regularly scan the market to recognise any matching between the market's needs and requirements and our existing products and services to satisfy these needs' (W07)*

*‘Our staff notice some gaps in the market that can be filled by our existing products and services. They also differentiate between the real opportunities that could generate profits to our company and the fake opportunities that don’t suit our company’ (W04)*

The findings demonstrated that the personal characteristics of managers/staff influenced the opportunity recognition process. The MNE’s entrepreneurs were able to recognise opportunities when they were sensitive to, and familiar with, market needs, problems, and changes. They also had an advanced level of analysis and precognition, constructive criticism, and persuasion skills. The managers/staff were passionate about growing and expanding their operations in the market, which urged their willingness to identify further opportunities. In addition, the analysis emphasised that the entrepreneur’s origins, background and specialisations affected their abilities to recognise potential opportunities and set out boundaries for their focal areas. The managers of the MNE mentioned some characteristics of entrepreneurs in the opportunity recognition process in relevant quotations as follows:

*‘... they have to be familiar with the nature of this segment. This means that they are able to identify the market’s needs and follow up any changes that take place in the market. They also have high sensitivity to the market’s changes and an ability to collect and properly analyse the required and relevant data. Their backgrounds also affect the nature of identified opportunities. For example, our staff who work on the youth segment are young people from the same segment and they have a continuous interaction with youth’ (W09)*

*‘... they are pioneers, willing to take risks, highly sensitive to changes in the market, have the ability for constructive criticism, and have a business background and a good understanding of the market. They also have the ability to sell their ideas to others’ (W10)*

The analysis has shown that the MNE’s managers employed a set of techniques at different managerial levels to mitigate the severity and impact of uncertainty and risk on their firm in the opportunity recognition process, based on their judgements and prior experiences. The managers put forward a pool of alternative plans and options, sought operational and strategic hedging, developed a reliable database, increased firm’s operational flexibility, and scaled up projects. They also involved, and coordinated with, all concerned committees, depended on experimentations and learning, and employed ‘what if’ analysis. The respondents demonstrated how the MNE handled uncertainty and risk in the process of recognising opportunities in the following quotes:

*‘We regularly conduct market research, and involve many committees in evaluating and assessing these opportunities such as: Commercial Activity Team (CAT), Executive Management Committee, and Commercial Management Committee’ (W05)*

*‘... (1) what if analysis, (2) sometimes developing some opportunities to be more solid, waiting to collect more information about them ..., (3) depending on the experimentation, learning, and listening to new ideas ..., (4) using our previous experiences and judgments in dealing with uncertainty ..., and (5) in case of information and data availability, collecting as much as possible of these data and making some expectations based on them’ (W10)*

*‘... we put many alternatives and take into consideration the value of risk and uncertainty during the planning stage. We start with a small project in order to reduce the level of uncertainty, and then we gradually launch our projects. We try to minimise the impact of uncertainty on the quality and continuity of our operations ... there is coordination among all departments (i.e. business chain) ... this uncertain environment affected our organisational form, ...’ (W06)*

### *B- Opportunity Discovery*

The MNE’s managers reported two processes for opportunity discovery: (1) the firm started with scanning the market to identify its needs and then introduced a new product or service, and (2) the firm used its existing products and services and stimulated consumption of them. It was also established that the MNE entrepreneurs did not only discover unexploited opportunities accidentally through their entrepreneurial alertness but also deliberately through conducting systematic search. The findings showed that the MNE enriched its discovery capabilities through investing in its market intelligence capabilities besides developing its staff’s entrepreneurial alertness capacity. The marketing communications director described the process of discovering opportunities as one basis for opportunity identification in the following excerpt:

*‘We adopt different ways to identify the opportunities. Our customer sometimes could ask for new services or products (existing needs) and we offer a suitable product for these needs. The diverse customer base (prepaid and post-paid) helps in defining more opportunities and using different ways to do this. We also scan the market to find out the customers’ needs and satisfy their needs with either our existing product or new products. Moreover, we transfer some products or services from other international and regional countries to fill the gaps existing the market ... the process of opportunity discovery depends on the type of opportunity and the market’s needs. If the opportunity is clear and the required information is available, we use systematic search. However, we sometimes accidentally discover some unnoticed opportunities during market scanning’ (W03)*

Six main information collection methods, sources and channels that facilitated the opportunity discovery process emerged from the analysis. First, the MNE conducted market intelligence and benchmarking studies either by internal staff or international consultants. Second, the firm communicated with customers via social media. Third, the customers, dealers, and vendors provided a continuous feedback. Fourth, the sales and marketing teams provided information and suggested ideas. Fifth, the firm received reports and offers about

products or services supplied by other operators in the region. Finally, the MNE explored neighbouring markets. The following excerpts provide some relevant examples from the interviews:

*'We regularly conduct market scanning to identify the market's needs/gaps ... we also conduct benchmarking studies ... we also receive some reports and offers about some products or services that are provided by other operators in the region and we transfer them to the Palestinian market' (W01)*

*'... market intelligence and continuously communicating with our customers via social media ... we also explore and study the neighbouring markets to learn from the experience of other operators and transfer some advanced technologies, products and services to the Palestinian market for existing market disequilibrium' (W06)*

*'... we regularly collect data about the Palestinian market ... which facilitates the segmentation process, determining the value of potential investments in these segments, and identifying the potential opportunities ... conducting research about customers' behaviour to identify their current needs or potential needs, in order to design the appropriate products or services to satisfy their needs' (W09)*

A number of personal characteristics of managers/staff who discover opportunities were identified. They were critical thinkers, realistic, creative and familiar with the market. They also had bisociative thinking, a high level of imagination, anticipation, persuasion capabilities, and willingness to take risk. Some managers reported these characteristics in the relevant quotations as follows:

*'...they have advanced level of capabilities such as imagination, analysis, and in linking different variables together. They have a wide relations network, are open to new ideas, have the willingness to bear risks, and have clear vision and long-term objectives'. (W05)*

*'... have the ability to prove the concept, the advanced skills and capabilities that enable them to deeply understand the market, the ability to optimise the benefits from the market's gaps, the ability to link different and complicated variables together, and they are visionary' (W10)*

*'... they can link different events and variables together and solve some complicated issues in the market. They have a high level of anticipation capability and smartness. They are up to date and follow other markets besides the Palestinian market' (W03)*

A variety of techniques were expressed in relation to how the MNE managed risks in the process of discovering opportunities. The firm conducted exploratory research to discover the market, and developed a reliable database and an advanced analytical system. The MNE also depended on experimentations and learning, developed a programme for sharing, within the firm and with its group, knowledge and experiences, and based on

managers' judgement and prior experiences. The managers illustrated how the MNE dealt with risk in the opportunity discovery process in the following excerpts:

*'Our managers and teams explore the market, depend on their previous work experience and try to employ it ... collect as much as we can of the data about the market, opportunity and competitors ... conduct many types of data analysis for collected data to deal with risks in discovery process' (W03)*

*'We ... conduct many experiments to validate these opportunities and learn from these experiments in order to deal with risks ...' (W05)*

*'..., we conduct some studies and exploratory research to understand the nature of the market and changes that happen in it, and try to estimate what could happen in the future ... and mutually share the information and experience among our company's departments, as well as between our company and other operators in the group' (W06)*

### *C- Opportunity Creation*

It was noted that the process of creating opportunities was one basis for opportunity identification in the MNE. The firm encouraged creativity in all work aspects. It had three strategic programmes to encourage new initiatives and opportunity creation: (1) a forum to present staff's ideas at all managerial levels, (2) an individual initiative at the department level, and (3) a CEO prize for creativity. This is evident in the following excerpts:

*'... we encourage the creativity in all the aspects that are related to new products, work efficiency, cost optimisation, opening new revenue streams ... etc ... our company has three strategic programmes to encourage new initiatives: (1) There is a forum to present our staff's ideas at different levels and these ideas are assessed by a specialised committee, (2) There is individual initiative at the department level to encourage creativity and ideas and knowledge sharing, as each employee should present an idea, it could even be very simple, and (3) The CEO prize for creativity: it is a quarterly prize for a large number of staff, as the CEO granted 15 prizes in the last quarter' (W10).*

*'The CEO initiated a programme called "Creativity Platform" to encourage our staff to express and share their creative and innovative ideas' (W01)*

This opportunity creation was found to be related to the MNE's digitalisation project. The company focused on digitalising and improving customer experience, explained in the following excerpts:

*'..., nowadays the regional and international markets tend towards digitalisation, and we create some opportunities through online shopping, e-payment, mobile money, taxi application, and many other applications. These opportunities often upgrade the level of services provided, stimulate/create new needs in the market, and generate very good profits for our company' (W05)*

*‘... there is a tendency towards technology transfer, digitalisation, and customer experience improvement. This vision affects the nature of opportunities that we aim to identify and exploit in the Palestinian market ... opportunity creation is closely related to our company’s strategy in the next stage. We are working on creating some products and encouraging the Palestinian customers to use them (i.e. digitalisation of the Palestinian market)’ (W09)*

A common view amongst interviewees was that opportunity creation started by transferring some technologies and products from other markets or designing completely new products or processes, and then incentivising consumption of them through exhibiting the added-value of using these products. The MNE also created opportunities through entering new markets (e.g. GS market). The following quotations provide some relevant data from the interviews:

*‘Opportunity creation starts from new technology transfer to the Palestinian market (e.g. tracking system) or the entry to a new market (e.g. entry to the GS market). Sometimes we adjusted these products to suit the Palestinian market and, in some cases, we encouraged our customers to use these new products and services’ (W03)*

*‘... we also create new opportunities through designing new products or operating procedures and stimulate their consumption/use in the market’ (W07)*

*‘We follow our neighbouring countries and transfer some products or services after making some adjustments to fit the Palestinian market ... we encouraged our customer to use live chat and social media, which helped us to reduce the costs and increase the usage of 3G services (i.e. market penetration)’ (W01)*

Three sources of opportunity in the creation process were identified. First, they used internal sources as initial ideas and initiatives from the company’s staff. Second, some ideas or suggestions were derived from reviewing international, regional, and other operators’ reports. Third, business partners and suppliers provided ideas and proposed joint projects. As the business transformation director stated *‘we figured out some ideas or suggestions from reviewing some international, regional, and other operators’ reports ... we internally design proposals for new products or processes to be provided to the market or receive some suggestions from external parties (i.e. other companies that work in the market) for new services and products ...’ (W10)*

The majority of the MNE’s managers offered a variety of explanations for the opportunity creation process and I summarised them into eleven steps as follows: (1) initial idea(s) imagination and formulation, (2) initial idea(s) development, (3) rethinking and modification to reach mature idea(s), (4) mature idea(s)-sharing with concerned parties, (5) feedback and further development, (6) solid idea development, (7) applicability and

feasibility measurement, (8) evaluation and feedback, (9) experimentation and modelling, (10) limited market trial and feedback, and (11) product modification and gradual market expansion. The following illustrative quotations provide a detailed description of these steps:

*'The opportunity creation starts with a simple or initial idea from an individual (i.e. employee) or team within the company, then we develop this idea to be an opportunity, and measure its suitability for the market. We sometimes conduct some experiments and make some adjustments before introducing these products or services to the market' (W01)*

*'... the process is considered a personal effort and the idea is formed within the imagination and thought of the entrepreneur, and s/he tries to develop it internally to reach an acceptable level of clarity to present the idea to others. The entrepreneur could rethink his/her idea many times before reaching a reasonable level of understanding, then present it to a manager who will adopt and support this idea for further development to turn it into a solid and clear opportunity' (W04)*

*'... we start with piloting this project within the company (i.e. internally) and then on a small group, then expand it on a larger group in order to minimise the risks and uncertainties, and then implement it on the mass market. Indeed, these opportunities and their contents may be changed several times, and may result in new and different opportunities due to a change in the perspective and beliefs of the idea's owners or the discovery of other things throughout the development process to reach a mature and feasible idea (i.e. opportunity)' (W09)*

Some informants expressed the belief that they had difficulties in establishing a clear vision and a path forward from the beginning of the opportunity creation process, but this could become clearer with further progress and solid development of the opportunity. For example, some managers reported this in the excerpts below:

*'The opportunity creation starts with a simple idea and it will be clearer with time and progress ... if you ask me about this programme, I can just give you general ideas, but we are building a complete working framework and with more progress, this idea will be more mature and clearer' (W01)*

*'There is no clear vision from the beginning of the opportunity creation process. Therefore, we need permanent monitoring of the development of the simple idea due to the high dynamic of the process that requires continuous changes and adjustments to the idea's nature or vision' (W04)*

It was established that the MNE used a wide range of techniques to tackle uncertainty in the process of creating opportunities. The managers of the MNE employed their creativity, and problem-solving heuristics. They further employed logic of causation and appropriateness, and developed a reliable database and analytical system (e.g. experiments, estimation, business scaling). The managers also were flexible, adaptable, and tolerant to changes. Some responses to the question of how the MNE dealt with uncertainty in the opportunity creation process included:



*‘... using our adaptability capabilities to keep up with the fast and continuous changes in the opportunity creation process ... creativity and imagination ... identifying the causes and effects, and trying to discover the relations and link them together ... trying to fit the opportunities and product to the existing reality ... developing the opportunities through trial and error and depending on experimentation before going for further stages ... starting with small-scale projects and step-stage programmes’ (W04)*

*‘... creativity and innovation ... logical thinking ... linking variables and events and analysing their relations ... providing understandable and reasonable explanations ... ensuring the compatibility of our objectives with available resources, the nature of opportunity, and the current environment’ (W06)*

*‘... the ability to identify the justifications, causes, and effects of any action, and the ability to estimate and see the long-term future, not only short-term estimations’ (W05)*

Overall, these results indicated that the MNE frequently identified business opportunities through opportunity recognition and discovery as well as significantly through opportunity creation. The company has adopted a digitalisation strategy, which involves creating further opportunities.

#### **4.7.2.2 Opportunity Development**

The findings showed that initially identified opportunities were further developed since the emergence of initial ideas and proposals from individuals or teams within the MNE or its parent group and business partners. The CCO emphasised that *‘the opportunity development starts from the beginning of identifying the opportunity (i.e. initial idea), as the owner of the idea should start to develop it to reach an acceptable level of clarity and this could happen many times’ (W04).*

In response to the question about the opportunity development process, a range of steps was elicited as follows: (1) data and information collection, (2) initial idea(s)-sharing with direct managers, (3) initial idea(s) modifications, (4) clear idea(s) development, (5) business case and technical study preparation, (6) initial evaluation and feedback by CAT, (7) CAT shares and discusses the business case and technical report with concerned departments, (8) solid opportunity(ies) development, (9) opportunity(ies) evaluation and approval, and (10) regular pre- and post- evaluation. The following statements from the interviews provide a detailed description of these steps:

*‘The owners of the ideas share their ideas with their direct manager, and then discuss it. When they reach a clear idea, they will present to, and discuss with, a higher managerial level ... this process could happen many times and result in many adjustments ..., but this*

*helps in developing the idea to reach a clear and solid opportunity. We then prepare a business case and technical study for this opportunity ... ’ (W05)*

*‘... the owner of the idea should prepare a business case that contains all the details and information about the idea. The business case should be discussed at different levels and some adjustments could take a place to the opportunities, which could generate some new or complementary opportunities ... ’ (W10)*

*‘... we also depend on market feedback channels to help us in the development process, or develop some opportunities after introducing them to the market and doing some adjustment on them’ (W04)*

*‘The owners of the ideas should develop their initial ideas to be a mature and clear. They prepare a business case to be presented in front of the Commercial Activity Team (CAT). This process could happen many times and some modifications could take place to reach the final opportunity’ (W06)*

It was also established that the aforementioned opportunity development process was dynamic and iterative through which initial ideas were elaborated, refined, changed or even abandoned. This process raised some new opportunities that related to the existing products or created completely new products. The marketing communications director asserted that *‘the opportunity development could happen many times (many adjustments) to reach a clear understanding of all the opportunity’s aspects’ (W03)* and the marketing director added that *‘... in the development process, we make some adjustments to the opportunity. This may lead to identifying complementary opportunities, or completely new opportunities, and expand our project to other segments ... ’ (W09).*

The majority of participants attributed the success of opportunity development process to many enabling factors. The MNE used a bundle of its resources and capabilities, developed a reliable data collection and analysis system, and designed a collaborative and integrative corporate environment. It also invested heavily to establish strong ties with local community and business partners, and to obtain better market knowledge. The following statements from the interviewees illustrate these factors:

*‘... the availability of required resources; the availability of the required information to reach a clear idea and convert it to an appropriate opportunity; the availability of human resources able to think, plan, and execute this opportunity; good relations with our partners, vendors, contractors and dealers’ (W03)*

*‘... the company’s capabilities to develop and then exploit this opportunity, the consistency and coordination among different departments (having enough salespeople; having enough staff at the call centre during the launch and implementation of the project; ensuring the marketing department has enough capacity to promote these products and the network has the capacity to provide the proposed service or product) ... understanding the*

*market's nature and needs, the availability of vendors and dealers for these products, and sometimes the need for previous experience, but not always' (W04)*

*'... the market's requirements and needs for this opportunity (service) ... the nature of the opportunity and to what extent it fits with our company's vision and objectives at this stage ... and reaching a reasonable level of clarity about the opportunity...' (W09)*

#### **4.7.2.3 Opportunity Evaluation**

A common view amongst respondents was that, since some opportunities were classic commercial opportunities, the evaluation was based on a general evaluation framework (i.e. administrative procedures). However, because other opportunities that had multidimensional constructs required different procedures besides the general framework, their evaluation relied on subjective judgements regarding different characteristics of identified opportunities. The managers of the MNE explained these evaluation frameworks in the following excerpts:

*'There is a general evaluation procedure for the normal commercial opportunities, and it's based on figures, calculations and main evaluation indicators. But there are some opportunities that need special evaluation procedures' (W03)*

*'There is a general procedure for standard classic opportunities, as we conduct opportunity analysis, design a business case and then conduct opportunity evaluation through the decision-making forum in our company (e.g. around 60% of opportunities are evaluated in this general procedure). However, there are different evaluation procedures depending on the nature of the opportunity ... we may take this decision and implement it within a few hours in order to respond to the market's changes. Indeed, we extensively depend on the available data and information, but our managers' judgments also play a very important role' (W04)*

*'... as the evaluation of some opportunities could be based on figures and others could be based on the manager's judgments in the case of data unavailability. Some opportunities should be evaluated immediately and fast, others need a long time to be evaluated and many procedures (e.g. the size of investment plays a role in the evaluation procedure)' (W05)*

The analysis revealed that the evaluation process within the MNE went through decision-making forums before reaching the final committee, based on successfully passing from one managerial level or stage to the next. This enabled the firm to precisely evaluate each development step of the opportunity, involve all concerned parties, establish a collective judgement and collect feedback for further steps of development or implementation. The following quotes provide a detailed description of this process:

*'... if this opportunity passes these required stages of assessment or not, as this opportunity should pass the assessment of each stage to move to the next stage, and then*

*based on this assessment, we make an appropriate decision for this opportunity ...' (W09, W10)*

*'Generally, each opportunity should move from one evaluation level to another until it reaches the final committee (i.e. CAT)' (W06)*

The MNE's managers reported a variety of indicators that were considered in opportunity evaluation decision-making process. These indicators can be broadly categorised into desirability, feasibility, resource availability and strategic fit. The quotations below described in detail these indicators:

*'... feasibility (costs and returns) and the returns could be financial or more acquisition in the market; the extent to which this opportunity suits the company's objectives and activities; the availability of financial and human resources to exploit this opportunity; the market's nature and structure; timing of this opportunity; the value added to our company from this opportunity in the long-term, not only for short-term ...' (W04)*

*'... the extent to which the required resources (human, physical, financial) for opportunity exploitation are available ... the company's priorities and the importance of this opportunity to our company ... the extent to which there is a need for fast implementation' (W03)*

Five main components of the MNE's opportunity assessment plan were identified: (1) opportunity description, (2) market structure and mechanism, (3) the required resources and capabilities and their allocation, (4) execution and exit plans, and (5) monitoring plans and procedures. The following statements from interviews indicated these main parts:

*'... the description and explanation of the nature of the opportunity and detailed components ... the description and analysis of the market, competitors, potential customers (i.e. segment), and the expected responses of our competitors ... the available resources, and the resources required to exploit this opportunity ... the execution plan and procedures such as the allocation of financial, physical, and human resources ... implementation timeline, and the coordination procedures among different departments' (W04)*

*'... (1) the opportunity (i.e. product, service, process) and all of its details, ... the market (i.e. target segments), competitors, vendors, customers, and their expected responses to introduction of this product or service ... the value added to the industry ... the materials and equipment required, and the human and financial resources to exploit this opportunity ... the exploitation and execution plans, the resources allocation plan, and the required activities (i.e. production plan) to produce this product or service' (W10)*

*'... the execution, monitoring and evaluation and exit plans, and their timelines are important parts of the assessment plan' (W06)*

#### **4.7.2.4 Entrepreneurial Action**

One interesting finding is that after a deliberate opportunity evaluation, action was not limited to opportunity exploitation since other options were considered when this option was infeasible, even deliberate decisions not to pursue an identified opportunity. Given that the exploitation of opportunities typically required the MNE to commit substantial resources, the uncertainty added further doubt and burden in determining whether it was worthwhile for the MNE to further exploit the opportunity, adapt the chosen course of action, switch to an alternative opportunity, or abandon the entrepreneurial endeavour altogether. Some managers of the MNE reported these actions in the following excerpts:

*'... we immediately exploit the opportunity. Indeed, the fast implementation is very important, especially in the Palestinian market, as the market is saturated, and our competitors keep their eyes open on the market ... wait to collect more information to reach a reasonable level of certainty ... wait to develop our company's capabilities or ask for consultation with experts if needed ... make some changes and adjustment to the opportunity to fit the fast changes in the market ... terminate the opportunity if we find that it does not add a value to our company within the expected timeframe' (W05)*

*'... implementation may be delayed in order to collect more data or build the company's capacity ... some opportunities may be exploited directly, and some ideas or opportunities may be cancelled or terminated' (W06)*

*'... conducting pilot studies and demo samples, collecting more data and information to develop the opportunity, converting to another opportunity (i.e. reallocate our resources to another project)' (W09)*

Another important finding was that uncertainty had dualistic behavioural impact (avoidance and/or motivation) on opportunity exploitation. While uncertainty prevented opportunity exploitation in many cases, the managers of the MNE were able sometimes to exploit opportunities. These two views were reported in the following statements from the interviews:

*'The uncertainty did both inhibit and motivate our company to exploit the opportunity. Our company does not only seek instant (i.e. short term) profitability, as it has other objectives. This motivated us to exploit these opportunities if they were within our vision, achieve our Key Performance Indicators (KPIs), and serve the Palestinian community' (W09)*

*'... In some cases, uncertainty motivated us to exploit the opportunity. However, in other cases, uncertainty impeded us from opportunity exploitation ...' (W10)*

*'Uncertainty is a barrier, as it increased challenges and limitations ... But uncertainty is also a motivator, as it created room for creativity and motivated us to find solutions to reach our objectives' (W04)*

The success of the opportunity exploitation was attributed to some internal/organisational and external factors. Internally, the MNE had abundant resources (e.g. experienced and skilled staff, financial, international experience), and a collaborative and supportive corporate culture. The managers also had a reasonable level of willingness to bear, and familiarity with, uncertainty, and they received a support from the board of management (BoM). Externally, the MNE developed a reliable market intelligence system and established strong ties with its stakeholders. The managers also were motivated by a high return on investment, intense competitive rivalry, and market acceptance of their products and services. Some managers of the MNE mentioned these factors in the following quotations:

*'... if the opportunity is a priority for our company ... if our company has the financial and human capabilities that help us to invest in this opportunity ... our company's willingness to bear risk and uncertainty ... the availability of a skilled team who can exploit the opportunity and implement the project ... the support from the local community for our company ... the long-term impact of this opportunity on our company's customer base and profits ... the availability of previous experiences and knowledge of the market's structure ... if the market and customers accept this product or service ... the limited options in the Palestinian market encouraged us to find alternatives and exploit the opportunities and implement the project' (W05)*

*'... the availability of a team that has experience in the Palestinian uncertain context, not only experience in the mobile phone sector ... self-confidence and willingness to achieve success and self-esteem ... the willingness to bear risks and uncertainties ... the support from our teamwork, partners, local communities, vendors, and dealers ...' (W04)*

*'The support of BoM, as they understand the Palestinian uncertain context and market ... our managers' experiences in the Palestinian market, and how they can handle the instability and uncertainty ... the availability of information that helps us in opportunity exploitation ...' (W06)*

*'There are some supportive factors ... such as building a collaborative corporate culture' (W11)*

Five main steps of opportunity exploitation process emerged from the analysis. First, once the exploitation decision was made, the MNE's managers created a channel of communication for a better coordination with and involvement of all departments concerned or business partners. This facilitated creating an interactive environment and forming a collective judgement and decision. Second, based on the available information and the managers' judgement, they prepared implementation and resource allocation plans, and an exit plan. Third, each department executed all required managerial and technical functions and coordinated with other departments or business partners for any joint work. Fourth, according to the type of opportunity, the MNE either implemented its project entirely or

experimented on a small scale and then scaled it up. Finally, managers received continuous internal and external feedback for improvements and designed appropriate reactions. The following quotations provide a detailed description of these steps:

*'... the same steps of any project implementation as we employ all the required resources to exploit the opportunity, and manage them through planning, organizing, designing execution operations, monitoring implementation procedures, and receiving the feedback to improve the execution, make some corrections, or properly reallocate these resources' (W01)*

*'We involve and coordinate among all departments concerned (sales, marketing, finance, human resources, and call centre) to prepare a detailed execution plan ... we then allocate and use all the required resources ... start the implementation stage ... ensure continuous monitoring ... receive the feedback either to make further improvement and development or create other, new opportunities' (W04)*

*'We coordinate among all departments concerned to design an appropriate procedure to exploit the opportunity ... then we make the execution plans: the allocation of the required financial and human resources for implementation and the exit strategy. After that, we do all the managerial processes (planning, organizing, staffing, monitoring and evaluation) and make continuous adjustments based on the feedback' (W05)*

Together these results provide important insights into how the external/institutional environment, especially the uncertain business context, affect entrepreneurial processes and action. Uncertainty was found to be a source of negative and/or positive impacts on entrepreneurial opportunity-related processes, and more importantly, on entrepreneurial action. The next section therefore was concerned with a deeper understanding of the conditions and mechanisms of the influence of uncertainty on entrepreneurial opportunity, processes and action.

## **4.8 Uncertainty and Entrepreneurial Processes, Action, and Opportunities: An MNE**

### **4.8.1 Environmental Uncertainty**

The analysis established that the MNE's managers experienced state, effect, and response uncertainty (Milliken, 1987) in the turbulent country and industry environment of Palestine. In relation to state uncertainty, the managers were unable to predict and clearly understand how the external and business environment may change, particularly at political and economic levels. The majority of respondents attributed effect uncertainty to their inability to predict what would be the impact of present and upcoming events within their country-level environment on the internal environment of the company and its survival and

growth. In respect of response uncertainty, the managers referred to their incapacity to put forward deliberate strategies and actions to address adverse events and changes and/or stakeholders' reactions. They were also incapable of predicting the consequences of a response choice. Table 4-11 illustrates the three types of environmental uncertainty and provides relevant excerpts from the interviews.

**Table 4-11: Excerpts from Quotes on Types of Uncertainty from the MNE**

Type of Uncertainty	Quotations
What's happening out there? (State Uncertainty)	<ul style="list-style-type: none"> <li>▪ <i>The Palestinian context is very complicated, and it is very difficult to generate expectations of what could happen in the Palestinian market at any political, economic or social level' (W05)</i></li> <li>▪ <i>'We do our best to categorise uncertain contexts according to their causes ... e.g. the political complications (the Israel- PNA relationship, and PNA-Hamas relationship), the turbulence in Palestine, and the market's changes. But we are still uncertain about how things are changing' (W07)</i></li> </ul>
How will it impact me? (Effect Uncertainty)	<ul style="list-style-type: none"> <li>▪ <i>'We also cannot easily estimate how these changes in the external and business environments could affect our company' (W04)</i></li> <li>▪ <i>'The risk department tries to estimate the influence of any changes in the external or business environment on our company, but this task is very complicated in the Palestinian market' (W09)</i></li> </ul>
What am I going to do about it? (Response Uncertainty)	<ul style="list-style-type: none"> <li>▪ <i>'We cannot design our short- and long-term plans and achieve our strategic objectives, due to the fast changes in the Palestinian market and our inability to be sure of how the stakeholders and market will react to our actions' (W05)</i></li> <li>▪ <i>'Despite great uncertainties, which may sometimes hinder us from identifying possible actions, we designed appropriate plans and alternative options in our entry to GS market and launch of the 3G services because of our heavy investment in market intelligence, accessibility to information about our legal and illegal competitors, and transferring the experience of other operators in our group to our company' (W09)</i></li> </ul>

**Source: Author**

Because the Palestinian environment is characterised by political instability (three different governments) and economic depression, magnified by persistent Israeli-Palestinian and intra-Palestinian conflict, it was no surprise that all managers of the MNE shared the same perception of high state uncertainty. For example, the marketing communications director emphasised that *'identifying the changes in external environment (political, economic, social ... etc) and predicting the situation is a very difficult task ...'* (W03).

However, it was somewhat surprising that the MNE's managers had varied perceptions of effect uncertainty and response uncertainty beside high state uncertainty, but three levels (high, intermediate, low) of effect and response uncertainty were specified. The study developed a codebook relating those three levels to relevant words or phrases in the interview statements (see Appendix E). This classification was based on 'to what extent the MNE was able to predict or handle' effect and response uncertainties (see Appendix H). Further explanations for these three levels will be discussed in 5.4.1.



## 4.8.2 The Effect of Uncertainty on Entrepreneurial Processes, Action, and Opportunities

The analysis has shown that all three types of uncertainty had positive and negative impacts on opportunity identification and exploitation. The majority of informants attributed this dual impact to how the managers perceived these types of uncertainty. The MNE experienced a tough start for around 10 years and was about to announce its closure and bankruptcy in 2012. However, the managers had the willingness and capacity to work in the uncertain Palestinian market. As the regulatory and public affairs director stated ‘... we survived for around 10 years until we started our operations in the WB and GS ..., this uncertain business environment was disincentive, as the closure of our company was possible at the beginning, but later, we depended on ourselves and this situation was an incentive to continue in the Palestinian market (e.g. there was determination and persistence)’ (W02).

**Table 4-12: Quotes on the Positive and Negative Impacts of Uncertainty Types on Opportunity Identification from the MNE**

State uncertainty	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ ‘Some environmental changes sometimes benefit our company and create some opportunities’ (W01)</li> <li>▪ ‘... the continuous changes ... may generate some opportunities for our dynamic firm as we can rapidly adapt to changes’ (W03)</li> <li>▪ ‘These environmental changes may help us to identify new opportunities, ... however, if the circumstances change for the better, there will certainly be plenty of opportunities for expansion in the market because we have all the fundamentals to deal with these opportunities’ (W11)</li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ ‘This ever-changing business environment often impedes entrepreneurial opportunities, especially when we cannot determine its impact on our company and cannot design appropriate solutions to deal with it’ (W01)</li> </ul>
Effect uncertainty	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ ‘The institutional barriers and voids may positively affect our company if we have the capacity to mitigate or control any unexpected effects in order to overcome these barriers and/or exploit these voids’ (W10)</li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ ‘Our inability to determine the impact of these changes on our company hinders the emergence of opportunities in the Palestinian market’ (W03)</li> <li>▪ ‘Political instability and weak enforcement power had an unexpected impact on our company, which led to the loss of our 5 years exclusivity for 3G services’ (W05)</li> </ul>
Response uncertainty	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ ‘The political, economic, and technological infrastructure in the Palestinian market is not ready yet for any ecosystem; therefore, we feared our stakeholders’ reactions. Therefore, we designed many plans to work on this project, which created many uncertainties, but also opportunities. Indeed, we piloted this in a few cities in the WB, which generated some opportunities for our company that were unnoticed’ (W04)</li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ ‘We sometimes cannot determine the degree and nature of our regulators, competitors, partners and customers’ reactions, which prevent us from developing our plans and obstruct the generation of opportunities in the market’ (W07)</li> </ul>

Source: Author

As can be seen in Table 4-12, state uncertainty was found to be a source of opportunities but only when the MNE had low effect and/or response uncertainty. Since the MNE was dynamic, adaptative and proactive, it was able to identify new opportunities that generated from external environmental changes (i.e. state uncertainty), particularly technological changes. The MNE's ability sometimes to determine the impact of these changes on the firm played important role in identifying real opportunities and understand how to leverage on them. The firm further had a bundle of resources (i.e. systems, experience, capabilities, products, international networks) that enriched its capacity to act/respond, even to consider the negative impact of external changes, particularly institutional voids, as an opportunity and thrive on it. It turned out that effect uncertainty had a positive impact when it encouraged further exploration to design protective measures, which probably generated or uncovered new opportunities. Response uncertainty was also found to be a source of opportunities in that it motivated a more openness and tolerance to changes.

Turning now to negative impacts on opportunity identification, it was established that state uncertainty was perceived as an impediment to opportunities when in the presence of effect and/or response uncertainty. State uncertainty increased the early obsolescence of initial ideas (i.e. potential opportunities) and intensified competition due to limited opportunities and growth in the market. In relation to effect uncertainty, a number of respondents also reported that their inability to understand and determine how political instability, unreliable legal framework and unfavourable events and changes may affect their firm prevented them from identifying prospective opportunities.

The findings also revealed that a high level of response uncertainty forced managers to be involved in operations and distracted them from focusing on long-term planning, developing existing products and identifying new opportunities. The MNE's managers were also preoccupied with designing different plans to respond to environmental changes or their unexpected impacts. It further appeared that the MNE suffered from some liabilities of foreignness and worked hard to match its stakeholders' expectations and appropriately react to their actions and reactions, which also blocked opportunities.

**Table 4-13: Examples of Positive and Negative Impacts of Uncertainty Types on Opportunity Exploitation from the MNE**

<b>State uncertainty</b>	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ ‘... at the personal level, the experience encourages me to either explore more before implementation or immediately exploit an opportunity’ (W09)</li> <li>▪ ‘... external changes could motivate us to exploit the opportunity, especially with the availability of experts, who are able to manage execution’ (W10)</li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ ‘... but the problem will be at the exploitation stage, as the uncertainty inhibits our company from implementing these projects because of the company’s inability to forecast these rapid changes’ (W09)</li> <li>▪ ‘... but the external environment changes make the next stages (i.e. development and exploitation) more complicated...’ (W10)</li> </ul>
<b>Effect uncertainty</b>	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ ‘The ambiguous impact of uncertainty motivates us to design measures to mitigate its impact on our company (e.g. from the PNA or customers), or surmount its impact (e.g. from our competitor) ... We deal with these causes of uncertainty as a challenge and we have to overcome them at the implementation stage’ (W04)</li> <li>▪ ‘The disruptive impact of uncertainty motivates our company to be proactive rather than just active, which helps us to exploit opportunities’ (W06)</li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ ‘The unexpected effects of external environmental changes create more difficulties in implementation and extra investments in resources, time, and effort’ (W10)</li> </ul>
<b>Response uncertainty</b>	
<b>Positive impact</b>	<ul style="list-style-type: none"> <li>▪ ‘In the 3G project, ... even we know that some of their reactions are still unknowable; however, this helps us to design different scenarios to implement this project through conducting market intelligence and exploiting this opportunity’ (W09)</li> <li>▪ ‘The difficulty of defining possible options motivates us to be entrepreneurial, flexible, adaptable, and a learning firm in order to exploit these opportunities’ (W06)</li> </ul>
<b>Negative impact</b>	<ul style="list-style-type: none"> <li>▪ ‘We cannot determine the consequences of our actions, especially the Israeli reactions, which sometimes prevents us from moving to opportunity exploitation’ (W04)</li> </ul>

Source: Author

In relation to opportunity exploitation, as demonstrated in Table 4-13, state uncertainty was associated with positively motivating opportunity exploitation, but only if it encouraged a need to employ the firm’s experience in managing its changeable environment. It was also suggested that effect uncertainty was perceived as a motive for opportunity exploitation if it drove a high level of proactiveness, which may help managers to seek further understanding of how this uncertain environment may affect their firm and consider protective measures in order to mitigate, control or influence the impact of changeable events, and in the end, exploit opportunities and implement their business projects. A number of respondents emphasised the motivational role of response uncertainty. It was found to stimulate higher levels of creativity, rivalry and openness. A higher level of response uncertainty also encouraged the MNE to seek more flexibility, adaptability and learning, requiring further use of market intelligence tools and methods, which may prompt a strategic move toward exploiting a perceived potential opportunity. In summary, these results suggest that state and effect uncertainty may affect response uncertainty, but this

impact was related to positive outcomes (i.e. opportunity exploitation), if firms had low response uncertainty.

Nevertheless, a common view amongst the MNE's managers was that state, effect and response uncertainties were responsible for negatively influencing opportunity exploitation (see Table 4-13). State uncertainty, for example, was found to increase the complexity of opportunity exploitation process due to the changeable business environment that added further elements to be considered during this stage. Regarding the negative impact of effect uncertainty, it was found that it may involve additional costs, time and efforts in order to identify the direct and indirect impact of environmental changes. A higher level of effect uncertainty required more investment in designing appropriate adapting, controlling and influencing strategies in the response phase. This may lead to the deferral or termination of the opportunity exploitation process. It was also noted that a high level of state and effect uncertainties may drive a higher level of response uncertainty. The managers then may exert massive efforts and spend a long time in designing and selecting appropriate reactions/strategies based on their judgements and predictions, which may deter them from engaging in the opportunity exploitation process.

One interesting finding when analysing the MNE's opportunity exploitation in the face of uncertainty at an aggregate level was that the firm accommodated, and started to flourish around, aggregate uncertainty until it reached a tipping point, whereupon the firms deferred or abandoned opportunities. A number of respondents explained how they work with uncertainty up to a certain level, but above this level, they terminate or decide not to exploit the opportunity, in the following quotations:

*'We entered the GS market in the worst conditions ..., which is an indicator of our willingness to bear uncertainty, but if the situation continues like this (e.g. PNA-Hamas relationship and economic recession), we have to re-assess our operations there' (W01)*

*'... this helps us to determine the proper procedures to deal with uncertainty, but sometimes we cannot bear this level of uncertainty, therefore, we gradually terminate these projects or products' (W05)*

*'... we accept uncertainty if we reach an acceptable level of clarity. We often decide not to go for extreme positions, i.e. we should do nothing, or we should do everything' (W06)*

*'We accept and deal with uncertainty, especially since the Palestinian context has many causes of uncertainty, but sometimes we are exhausted by this uncertainty' (W11)*

The aforementioned finding suggests a tentative pattern that may explain how the aggregate level of uncertainty affects opportunity exploitation. This pattern of the MNE's response to uncertainty was vividly described by the network director as a shift from a 'challenging' to a 'panic' zone. The network director stated *'Briefly, if staff work in the challenging zone, this uncertain environment is considered as a motive. But, if they work in the panic zone, this unstable environment is considered as a disincentive'* (W06). This suggested pattern will be discussed in detail at 5.4.2.

In addition, the majority of informants from the MNE referred to psychology-related motives behind their willingness to operate, and seek growth, as well as to exploit opportunities and execute their business projects. These motives could be patriotic, commitment and seeking presence in Palestine. The managers of the MNE asserted this motivation in the following excerpts:

*'The entry of the GS market after around 10 years despite the siege on the GS and harsh economic situation, but all of these barriers were motivators for us to provide our services to the Palestinians in the GS. We never give up and continue in our work to change the situation for the better.'* (W05)

*'Our investors understand the political situation ... for prestigious and patriotic reasons (i.e. the historic status of Palestine) rather than commercial considerations'* (W08)

*'Some companies are interested in adding to their profile that they are working in Palestine, as a kind of affiliation to this place that has importance to the Arab and Islamic nation ... We also, are proud to work in the Palestinian market'* (W09)

*'... all foreign investments in the Palestinian market came from Arabic countries to support Palestine ... In fact, this is our own country and we will not leave for any other place'* (W11)

Overall, because psychology is concerned with how individuals think, feel and behave, and focuses on personality, cognition, emotion and attitude (see 2.4.5), the analysis has shown that the psychology and attributes of managers play a critical role in precluding and/or stimulating entrepreneurial processes and action, particularly within an uncertain environment. Accordingly, the next section of the analysis is concerned with investigating and understanding how personal attributes and emotions may affect entrepreneurial action.

### 4.8.3 The Effect of Emotions on Entrepreneurial Action

The majority of respondents reported that the opportunity-related processes and entrepreneurial action did not constitute an unilateral adaptation of behaviour to external conditions, but also involved complex mutual interaction between individual managers and their environment. As a number of the MNE's managers emphasised this bilateral interaction, this study identified impacts that are related to the psychology and attributes of the managers, together with the subjective interpretation and judgement of uncertainty (see Table 4-14).

**Table 4-14: Quotations on the Effect of Emotions and Attributes of Managers on Entrepreneurial Processes and Action from the MNE**

Emotion/Attribute	Quotations
Achievement	<ul style="list-style-type: none"> <li>▪ <i>'... our willingness to achieve success and our objectives are considered as motives for opportunity exploitation' (W05)</i></li> </ul>
Willingness to bear uncertainty	<ul style="list-style-type: none"> <li>▪ <i>'The perspectives of managers on the level of uncertainty in this environment, and the willingness of our company to bear uncertainty, significantly affect our ability to act on opportunity' (W01)</i></li> <li>▪ <i>'Our managers' perception of the value of uncertainty is different and we perceived less uncertainty than other managers in other contexts, which motivates us to identify, develop and exploit more opportunities' (W04)</i></li> </ul>
Self-efficacy	<ul style="list-style-type: none"> <li>▪ <i>'A higher level of self-confidence leads to a greater ability of managers to sell and promote their ideas, which increases their ability to act entrepreneurially and make opportunity exploitation decisions' (W06)</i></li> </ul>
Resilience and perseverance	<ul style="list-style-type: none"> <li>▪ <i>'Our experience in dealing with this environment has been increased, i.e. wisdom, and this increases our ability to exploit the opportunities, but our stamina could be decreased due to ageing, i.e. rapid burning-out due to these uncertain conditions' (W05)</i></li> <li>▪ <i>'We become more able to bear this uncertain context ..., as we are able to deeply understand the market and clearly distinguish among types of uncertainty that could hit, annoy, or not affect our company; and this helps us to determine the best way to deal with this uncertain environment' (W10)</i></li> </ul>
Fear of failure	<ul style="list-style-type: none"> <li>▪ <i>'... fear of failure encourages you to avoid failure and achieve success, but if you do not notice any progress, this will lead to frustration' (W05)</i></li> <li>▪ <i>'The fear of failure varies from one managerial level to another, e.g. lower levels of staff fear losing their jobs, but higher managerial levels are not afraid, and this is a motive for them to identify and exploit new opportunities' (W07)</i></li> </ul>
Stress	<ul style="list-style-type: none"> <li>▪ <i>'We accept the stress to a certain level, as some causes of stress could encourage us to exploit the opportunities, but other causes could frustrate us' (W10)</i></li> <li>▪ <i>'We deal with the stress as a challenge ... increases our ability to deal with uncertainty in the short-term, but if we don't notice any progress, this could lead to frustration' (W05)</i></li> </ul>
Anger	<ul style="list-style-type: none"> <li>▪ <i>'We become less nervous and if there is something makes us angry, we take it as a challenge, which means that we must overcome the barrier and implement our projects and prove that we are able to overcome the causes of this anger' (W06)</i></li> <li>▪ <i>'We attack the cause of this anger, but you may reach the stage of making a withdrawal decision' (W05)</i></li> </ul>

Source: Author

In relation to the attributes of managers, the majority of informants referred to uncertainty as a producer of some positive outcomes. The analysis demonstrated that the desire for achievement and success may have beneficial effects on entrepreneurial activities (e.g. opportunity exploitation) even under great uncertainty. The findings also found that a high willingness of managers to bear uncertainty was linked with increasing their engagement with, and commitment to, work within an uncertain environment. It was established that a high level of entrepreneurial self-efficacy may help the MNE's managers to visualise potentially positive outcomes and establish favourable responses in the face of uncertainty.

Some interviewees argued that their personal resilience and perseverance had developed over time within a challenging business environment, while others recognised that perseverance may need to go beyond resilience in the sense of stamina and commitment to a strategy or project, beyond 'going on with life' (Bullough et al., 2014, p. 474). Under extreme uncertainty, a number of respondents emphasised that resilience had to be extended to identifying and dealing with uncertainties and launching new strategies and ventures. At the same time, it was recognised that any kind of resilience could eventually fade, in the face of a hostile environment over many years.

The majority of the MNE's managers offered evidence of an ambiguous impact (deterrence and/or incentive) of some negative emotion (e.g. fear of failure, stress and anger) on entrepreneurial processes and action in the face of uncertainty. This ambiguous impact and its mechanisms will be discussed in detail at 5.4.3.

Finally, a common view among the MNE's managers was that in addition to the external environment, particularly uncertain business environment, the types of opportunity also had a significant influence on entrepreneurial processes and action. The next section, therefore, moves on to analyse and discuss how types of opportunity may affect opportunity-related processes and entrepreneurial action.

#### 4.8.4 Types of Opportunity and Their Impact on Entrepreneurial Processes and Action

The majority of managers in the MNE reported that they identify, develop and exploit different types of opportunity. They also explained how these types of opportunity affect entrepreneurial processes and action. The analysis broadly identified seven types of opportunity: problem solving, new market entry, digitalisation, boundary-spanning (experience, systems and standards), introduction of products, technology transfer, and daily business transactions/deals. The managers of the MNE mentioned these types of opportunity in the following quotations:

*‘... we use problem solving techniques or seek external consultation (from our group or the experience of the other operators in dealing with similar problems) to solve these problems while making some adjustments to be suitable for the Palestinian market that is different from other markets’ (W09)*

*‘The entry of our company to the GS market, in this extremely uncertain context, means that we consider these barriers as incentives and see a promising market there ...’ (W01)*

*‘... this does not mean that the ambiguity of opportunity’s characteristics could prevent our company from identifying and exploiting this type of opportunity in order to achieve long-term objectives. For example, the opportunity of digitalisation that we are working on now, is not clear enough in the Palestinian market’. (W05)*

*‘Being part of a multinational group helps us to transfer the experience and systems at all managerial, operational, and technical levels ...’ (W10)*

*‘... we have to identify the segment that will benefit from introduction of this product or service and heavily focus on this segment to stimulate a need for the product/service and explain how to add value for our potential customers ...’ (W04)*

*‘... we transfer these new products to the Palestinian market and create needs for them in the market, hence there is an opportunity, but we have to explain these needs to our customers, along with how to use these products and how these products could add value for them. This often happens in the case of technology transfer to the Palestinian market ...’ (W10)*

*‘... this is our normal and daily work in the market ...we have to ensure the fast and immediate exploitation’ (W05)*

The MNE case study found that the managers without prior knowledge and experience were, to great extent, unable to codify, articulate and communicate opportunities that were high in tacitness, which may drive them to overlook an opportunity. However, the findings demonstrated that the managers/staff sought further knowledge and established better experience, which helped them to overcome these challenges. They seemed able to



identify, develop and exploit the opportunity through discovery and/or exploratory research. Perhaps one unexpected finding was that prior knowledge and experience may not help with some types of opportunity (e.g. creation and innovation-related opportunities). The following quotes provide examples:

*'If the opportunity's features are not clear, there is still an opportunity and the prior knowledge could help us in fast discovery of the opportunity and explain its features, but the absence of prior knowledge will not always impede us from discovering and exploiting this opportunity ... the best way to identify the opportunity is a discovery or consulting experts' (W05)*

*'The availability of information plays the most important role in the process of opportunity identification and exploitation. Therefore, it is very difficult to identify, develop and exploit an opportunity if the opportunity's characteristics are not clear and there is no prior knowledge and experience. However, the prior knowledge could help us in a quick discovery of the opportunity through using some techniques, such as exploratory research, but sometimes prior knowledge cannot help in identifying some types of opportunity' (W09)*

On the other hand, it was established that the MNE's managers with prior knowledge and experience were able to document, articulate and communicate opportunities that were high in explicitness, which may facilitate entrepreneurial processes. Here, focused and systematic search were specified as useful searching tools for opportunities. However, a lack of prior knowledge and experience may require further investment in the company's capabilities to identify, develop and exploit opportunities. Exploratory research and experimentation were identified as suitable searching and developing tools where a lack of experience and knowledge prevailed. Some managers of the MNE explained this in the following excerpts:

*'There is an opportunity if the opportunity's features are clear and there is prior knowledge. The best way to identify the opportunity is systematic search. There is also an opportunity if the opportunity's features are clear and there is no prior knowledge. The best way to identify the opportunity is exploratory research and experiments' (W01)*

*'... the type of opportunity plays a role in determining the appropriate search procedures, so some types of opportunities need prior knowledge and can be identified through systematic search or specific search to save the required time, efforts and costs (i.e. investment); others don't need prior knowledge, and some of them need more investment and can be identified through exploratory research and piloting' (W10)*

## 4.9 Summary: An MNE

The MNE faced an extremely hostile business environment due to various institutional barriers (formal and informal) and voids imposed by three governments (Israel, PNA and Hamas). Political instability and barriers to entry (i.e. market structure) were the most distinctive institutional barriers. These institutional challenges were also magnified by persistent violence, and may generate both disbenefits and benefits for the MNE. The firm employed three distinct strategic responses to deal with these institutional challenges: acceptance, adaptation, and influence.

The managers of the MNE identified seven antecedents of entrepreneurial processes and action. The entrepreneurial processes in the MNE accord with a broadly recognised processes: opportunity identification, development and evaluation. After opportunity evaluation, the firm may select or create a set of options as an entrepreneurial action, including opportunity exploitation. The MNE frequently identified the business opportunities through opportunity recognition and discovery, and significantly through opportunity creation. The company adopted a digitalisation strategy, and this required creating/introducing new products and promoting market demand.

The MNE faced at least three types of uncertainty (state, effect and response). These types of uncertainty had negative and positive impacts on entrepreneurial processes and action, mainly based on the managers' perceptions of these types of uncertainty. The findings suggested a tentative pattern that may explain how the aggregate level of uncertainty affects opportunity exploitation. The movement from a 'challenging' to a 'panic' zone may be an explanation for this impact.

In addition to an uncertain institutional environment, the respondents emphasised the importance of psychology, the attributes of managers, and types of opportunity. The psychology (particularly emotions) and attributes of entrepreneurs significantly affected their ability and/or inability to take entrepreneurial action. The managers of the MNE also explained that the characteristics and nature of opportunity played a critical role in entrepreneurial processes and action. The next chapter will present the cross-case findings to identify patterns cross the two cases (the indigenous firm and the MNE).

# Chapter 5: Cross-Case Analysis

## 5.1 Introduction

This chapter presents the cross-case findings to identify patterns across the two cases in the context of the three main research parts: formal and informal institutional challenges, entrepreneurial processes and action, and uncertainty and entrepreneurial processes, action, and opportunities.

## 5.2 Formal and Informal Institutional Challenges

### 5.2.1 Institutional Barriers and Voids

Both the indigenous firm and the MNE found the business environment of the Palestinian mobile sector to be challenging and obstructive, where they faced great uncertainty due to numerous institutional barriers and voids. Table 5-1 lists the similar institutional barriers and voids for both cases. These barriers and voids are further classified into regulatory barriers, political system and market structure.

**Table 5-1: Similar Institutional Barriers and Voids for both Cases**

<b>Formal institutional barriers</b>	<p><b><u>Regulatory Barriers:</u></b></p> <ul style="list-style-type: none"><li>▪ The technology gap between the Israeli and Palestinian operators</li><li>▪ The limited spectrum and frequencies granted to the Palestinian operators</li><li>▪ Israel's control of ports and crossings, and a very lengthy and inefficient process for importing telecommunications equipment</li><li>▪ Movement and travel restrictions for staff and consultants</li><li>▪ The weak legislative authority of the PNA</li><li>▪ The weak regulatory capacity of the MTIT</li><li>▪ The weak enforcement power of the PNA</li><li>▪ The weak support for the Palestinian operators from the PNA</li></ul> <p><b><u>Political System:</u></b></p> <ul style="list-style-type: none"><li>▪ The different institutional environment and barriers within the Palestinian market</li><li>▪ No unified, credible and harmonised legal frameworks</li><li>▪ Unstable political structures</li><li>▪ The fragmentation of Palestinian cities and towns</li></ul> <p><b><u>Market Structure:</u></b></p> <ul style="list-style-type: none"><li>▪ The illegal competition from the Israeli operators</li></ul>
<b>Informal institutional barriers</b>	<ul style="list-style-type: none"><li>▪ Unfavourable perception of Palestinian operators' service quality in comparison to that of Israeli operators</li><li>▪ A lack of awareness of how corporations work</li></ul>

**Table 5-1: (Continued)**

<b>Institutional Voids</b>	<b>Infrastructure (Absence/Shortage of):</b> <ul style="list-style-type: none"> <li>▪ Installation and maintenance contractors</li> <li>▪ Marketing consultants and media production intermediaries</li> <li>▪ Reliable logistics, promotion and distribution companies</li> <li>▪ International consultants, vendors and local suppliers</li> </ul>
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**Source: Author**

Even though the two firms operated in the same institutional environment, they faced some different institutional barriers and voids (see Table 5-2). With regard to the indigenous firm that was the first mover in the Palestinian mobile phone market and an established incumbent operator, it was reported that it suffered more than the latecomer MNE from an absence of telecommunications infrastructure and from a lack of customer awareness of the impact of telecommunications towers and their signals on their health. On the other hand, it was established that the MNE had suffered from its liability of foreignness. The severity of some barriers and voids similar for both firms may be even greater for the MNE due to its relatively limited local knowledge and networks and higher entry barriers. These barriers and voids negatively affected market entry, operations and growth of the MNE as a latecomer into the Palestinian market.

**Table 5-2: Different Institutional Barriers and Voids**

<b>Institutional barriers and voids</b>	<b>The indigenous firm</b>	<b>The MNE</b>
<b>Formal institutional Barriers</b>		
Corruption and lack of transparency (Political System)		X
The dominance by local Palestinian operator of the mobile phone sector (Market Structure)		X
Unethical competition from the local Palestinian competitor (Market Structure)		X
The Palestinian operators do not have their own international gateway and cannot install their core equipment in the Palestinian territories (Regulatory Barriers)		X
The limited market growth and the blurred layers of Palestinian society (Market Structure)		X
<b>Informal institutional barriers</b>		
A lack of Palestinian awareness of some health issues related to the sites and security concerns related to mobile phone usage in some towns	X	
The limited exposure of customers and staff to advanced mobile phone experiences and services		X
<b>Institutional voids</b>		
The absence of telecommunications infrastructure (Infrastructure)	X	
The absence of an independent regulatory body to regulate the Palestinian mobile phone sector (Regulatory)		X
A shortage of technology and power infrastructure and supportive systems (Infrastructure)		X

**Source: Author**

## 5.2.2 Disbenefits and Benefits of Institutional Challenges

It is evident that institutional barriers and voids generated largely similar benefits and disbenefits for both firms and Table 5-3 summarises similar disbenefits and benefits of institutional barriers and voids reported in both cases. Despite the similar benefits and disbenefits generated, the extent of influence on the two firms was different. Both firms were unable to approach/attract new customers and expand their market share due to the weak regulatory capacity of the MTIT for new services, the weak enforcement power of the PNA and the Israeli control of spectrum. These barriers, for example, generated greater disbenefits for a relatively newcomer MNE as it was harder for the firm to penetrate the Palestinian market, take advantage of being a part of a multinational group and benefit from any privilege and exclusivity. In contrast, the MNE had an advantage of learning from other operators' experiences overseas in dealing with a first mover's reactions and strategies. Table 5-4 presents the different disbenefits and benefits of institutional barriers and voids reported by the indigenous firm and the MNE.

**Table 5-3: Similar Disbenefits and Benefits of Institutional Challenges for both Cases**

<b>Disbenefits</b>	<p><b><u>Costs:</u></b></p> <ul style="list-style-type: none"> <li>▪ High additional operating expenses (OPEX)</li> <li>▪ Extra capital expenditures (CAPEX)</li> <li>▪ Economic losses to the Palestinian economy, mobile phone sector and the company</li> </ul> <p><b><u>Efficiency:</u></b></p> <ul style="list-style-type: none"> <li>▪ A managerial preoccupation with operational problems rather than strategic issues</li> <li>▪ Delays in project execution</li> </ul> <p><b><u>Overall Competitiveness:</u></b></p> <ul style="list-style-type: none"> <li>▪ The high intensity of rivalry in the Palestinian market</li> <li>▪ The competitive disadvantage of the Palestinian operators</li> </ul> <p><b><u>Prospects of Growth:</u></b></p> <ul style="list-style-type: none"> <li>▪ The inability of the Palestinian operators to expand their networks and provide new services</li> <li>▪ The inability of the company to approach new customers and expand its market share</li> <li>▪ The obstruction of creating new revenue streams</li> <li>▪ The suspension of some commercial activities and obstructing potential opportunities</li> </ul> <p><b><u>Quality:</u></b></p> <p>The low quality of services, voice and video calls</p>
<b>Benefits</b>	<p><b><u>Creativity and Knowledge:</u></b></p> <ul style="list-style-type: none"> <li>▪ The creation of a more creative and innovative working environment</li> <li>▪ The creation of a better contextual, administrative and technical know-how and faster staff learning</li> </ul> <p><b><u>Overall competitiveness:</u></b></p> <p>The erection of more entry barriers to new entrants</p>

**Table 5-3: (Continued)**

<b>Benefits</b>	<p><b><u>Resources Allocation and Utilisation:</u></b></p> <ul style="list-style-type: none"> <li>▪ The finding of more efficient and effective alternative solutions</li> <li>▪ More efficient and effective allocation and utilisation of resources</li> <li>▪ Flexible and dynamic firm</li> <li>▪ Cost reduction</li> </ul> <p><b><u>Prospective Opportunities:</u></b></p> <ul style="list-style-type: none"> <li>▪ The creation of some opportunities</li> <li>▪ The creation of a competitive advantage for one operator rather than others</li> <li>▪ The generation of further revenues from products and services that are outdated in other markets</li> </ul> <p><b><u>Attention to Customers:</u></b></p> <ul style="list-style-type: none"> <li>▪ The improvement of networks and operations, the offering of high-quality products and services, and increasing value-added to the customers</li> <li>▪ The creation of more patience, commitment and persistence to work in the Palestinian market</li> </ul>
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**Source: Author**

Both firms were able to generate some competitive advantages out of the different institutional barriers. The indigenous firm took advantage of the political instability since 2002 and enjoyed a seemingly monopolistic position in the market for around 8 years during a relatively stable political situation. It also benefited from the high entry barriers facing newcomers like the MNE due to the political instability, its dominant position and the lack of a telecommunications infrastructure. At the same time, after a negotiation with the Israeli government through the PNA, the MNE took advantage of being granted a higher frequency band in the GS compared to the indigenous firm.

**Table 5-4: Different Disbenefits and Benefits of Institutional Challenges**

Disbenefits and Benefits	The indigenous firm	The MNE
<b>Disbenefits</b>		
The competitive disadvantage of the company due to the incumbent firm's dominance of the market (Overall Competitiveness)		X
The inability of the Palestinian operators to fully capitalise on vendors' services and offer post-sale services to their customers (Efficiency)	X	
The inability of the company to take advantage of being a part of a multinational group, transfer their international sales experience, and fully capitalise on their after-sale services (Overall Competitiveness)		X
The inability of the company to benefit from any privileges and exclusivity as stated in the licence (Costs and Prospects of Growth)		X
An inability to implement the company's plans and work procedures (Efficiency)		X
<b>Benefits</b>		
The learning from overseas operators' experiences as second-movers (Creativity and Knowledge)		X

**Source: Author**

### 5.2.3 Strategic Responses to Institutional Barriers and Voids

There was great similarity between both cases in terms of their strategic responses to the institutional barriers and voids (see Table 5-5), implying that firms could design deliberate strategic responses and tactics to deal with institutional challenges in order to survive, grow and succeed in this hostile market. It is observed that the MNE, a relative newcomer, employed a wider range of tactics (e.g. hiring) than the incumbent indigenous firm.

**Table 5-5: Similar Strategic Responses and Tactics of both Cases to the Institutional Barriers and Voids**

Strategic Responses	Tactics
<b>Acceptance</b>	<ul style="list-style-type: none"> <li>▪ Wait-and-see</li> <li>▪ Compliance and conscious obedience</li> </ul>
<b>Adaptation</b>	<ul style="list-style-type: none"> <li>▪ <b>Scoping</b>: outsourcing, hiring, internalisation of activities.</li> <li>▪ <b>Reconfiguring</b>: a market-based strategy, cost review, bricolage, prospecting, heuristic-based approach.</li> </ul>
<b>Influence</b>	<ul style="list-style-type: none"> <li>▪ <b>Networking</b>: a network-based strategy, collaboration, linking of interests of the state and firm.</li> <li>▪ <b>Manoeuvring</b>: political influence tactics, bargaining, signalling.</li> <li>▪ <b>Spanning</b>: substituting institutional practices, institutional brokering.</li> </ul>

Source: Author

The findings underlined three types of strategic responses: *acceptance*, *adaptation*, and *influence*, and articulated their respective tactics (see Table 5-5). With acceptance responses, the findings showed that both firms simply complied with local institutional conditions, with no active attempt to change either the firm or the institutions.

Two tactics were identified within the acceptance response: *compliance* and a *wait-and-see* approach. The indigenous firm and the MNE complied with and adopted local institutional requirements, and/or patiently waited of institutional changes before considering any further action. Acceptance may also involve the cancellation or mothballing of projects.

In respect to adaptation, both firms undertook internal adjustments to cope with prevailing institutions, adjusting their resources and capabilities, business models and/or operational configurations for this purpose.

Two adaptation tactics – this study labels them *scoping* and *reconfiguring* – were identified. With the scoping tactic, the firms altered their size, scale and coverage of their

resource base, business activities and operations. The firms modified their inventory systems and operations to fit local conditions and surmount market inefficiencies, and outsourced parts of its operations and activities. They created their own dealership networks, designed their routines and established their own call centres. The MNE also hired telecommunications equipment and data centres to secure the continuity of operations.

The reconfiguration tactic was deployed by the MNE in anticipation of entry, and by both firms in anticipation of operation in an uncertain Palestinian mobile phone market. The firms adjusted and re-arranged the set-up, combination and coordination of resources and capabilities, business models, operational components and processes, and cost and revenue structure of the firm. They made quick, small-scale changes, recombining existing resources in order to boost their market strengths, differentiate themselves from competitors and improve their position by seizing potential opportunities. The firms also streamlined operations, exploited their employees' knowledge and focused on creativity and flexibility to compete effectively.

In relation to influence, both firms tried to deliberately change external institutions and/or create new ones in favour of their firms. Three forms of influence tactics – the current study labels them *networking*, *manoeuvring* and *spanning* – were specified in this study.

The indigenous firm and the MNE built new networks, collaborating with stakeholders and aligning its interests with other stakeholders (e.g. the government). For instance, the MNE embedded itself within local informal and business networks to overcome the absence of formal institutions. The two firms also cooperated with official institutions, local community, business partners, and competitors in order to address some institutional contradictions and an absence of formal market-supporting institutions. They aligned their interests with the PNA to regulate and implement some services and they colluded to prevent the spread of Israeli SIMs in the OPT.

With regard to manoeuvring, the two firms influenced key local institutions by employing political strategies and negotiations about issues concerning access to critical resources and deals. The MNE, for example, used its political skills and influence to regulate and implement new policies (e.g. the Mobile Number Portability–MNP–and an online payment system) and change the form and content of regulations. The indigenous firm also negotiated issues such as transmission frequencies and new technologies with official institutions. Likewise, the two companies used non-market legitimisation strategies (e.g.



corporate social responsibility, community engagement, religion, or culture) to navigate around, or substitute for, institutional voids and to convey credibility and enhance a favourable reputation and legitimacy.

In relation to spanning, the two firms attempted to surmount institutional barriers and voids by proposing the inward transfer of institutions from other countries and creating new infrastructure and/or market mechanisms that could also benefit third parties. For instance, the indigenous firm established the Palestinian telecommunication infrastructure and the MNE transferred overseas products, organisational practices, standards, systems and technologies. The two firms also founded ventures and created proto-institutions that reduce institutional uncertainty gradually. These ventures and institutions were found to be necessary in the face of cultural-cognitive barriers (e.g. lack of skilled staff on the local market) and institutional voids (e.g. an absence of supportive systems). As an example of spanning, the MNE established a training centre that was used by the firm and local universities and colleges to equip new graduates and other new staff with missing essential skills and abilities. The indigenous firm also established a software developer company to incubate software developers. In another example, the two firms created an online payment gateway and systems and gradually made them available to banks and other businesses.

In summary, both the indigenous firm and the MNE designed three types of strategy and employed many tactics to deal with these institutional challenges and sometimes turn them into business opportunities. The next section will therefore present cross-case findings that in relation to entrepreneurial opportunity-related processes.

## **5.3 Entrepreneurial Processes and Action**

### **5.3.1 Antecedents of Entrepreneurial Processes and Action**

The findings of both cases agreed on the antecedents of entrepreneurial processes and action as follows:

- 1- *Individual attributes* of entrepreneurs may help them to successfully identify and exploit new opportunities.
- 2- *Prior knowledge* may help in entrepreneurial processes and action, but only to a certain degree, as this changeable market creates new variables and information that may lead firms to underestimate the role of prior knowledge. The indigenous

firm also emphasised that an extensive dependence on prior knowledge may lead to more routines, limit creativity, increase familiarity bias and a bad experience effect.

- 3- *Social networks* may play a crucial role in the uncertain Palestinian market and help the two firms in all entrepreneurial processes and action.
- 4- *Entrepreneurial alertness* may increase the possibility of identifying unnoticed/hidden opportunities before others. The MNE assumed that some staff really are born with a high level of alertness, but others may be trained.
- 5- *Systematic search* may complement entrepreneurial alertness in the opportunity identification process.
- 6- *The Institutional/external environment* was found to significantly affect entrepreneurial processes and action. A stable environment may facilitate processes and action. An uncertain environment may create a bigger challenge and hinder opportunity exploitation. However, it may also generate profitable opportunities.
- 7- *Types of opportunity* may affect the willingness of entrepreneurs to identify, develop, and exploit them. A planned opportunity may be easily identified, developed and exploited. On the other hand, an unplanned opportunity may be incompletely identified, developed and exploited.

The current study investigates whether the indigenous and MNE operators in the Palestinian mobile phone sector, under high levels of uncertainty, perceive institutional barriers and voids as disincentives and/or opportunities. Since this study provides evidence that these institutional barriers and voids may generate opportunities, 5.3.2 will focus on the entrepreneurial opportunity-related processes and action within an uncertain business environment.

### **5.3.2 Entrepreneurial Processes and Action**

The cross-case analysis of both firms established that the entrepreneurial processes within the uncertain Palestinian market were threefold: *opportunity identification*, *development* (Ardichvili et al., 2003), and *evaluation* (Haynie et al., 2009; Hisrich et al., 2013). Both firms usually considered and/or created diverse options after opportunity evaluation, including opportunity exploitation.

### 5.3.2.1 *Opportunity Identification*

The two firms emphasised that opportunity identification may result from any one sub-process, or from any combination of them: *opportunity recognition* (Miller, 2007), *discovery* and *creation* (Alvarez & Barney, 2007; Ardichvili et al., 2003).

#### *A- Opportunity Recognition*

The indigenous firm and the MNE recognised business opportunities through using existing information or/and acquiring new information to observe a potential opportunity and then conduct initial evaluation. However, the MNE invested more time and money in market intelligence and scanning in order to bridge the market knowledge gap.

There are generic characteristics to opportunity identification in most cases, e.g. risk-taking, visionary, creativity, advanced level of analysis and precognition and sensitivity to market changes (see Table 5-6). This may demonstrate that a person's environment, belief and personal background will affect his/her abilities to recognise potential opportunity. Nonetheless, the indigenous incumbent firm was familiar with the market, tending to be more bureaucratic and focusing on its traditional core business. A relatively new MNE to the market had less knowledge and limited resources, tending to be more dynamic. The MNE's staff, therefore, were willing to be more passionate about growing their business and familiarising themselves with the market to understand its changes and recognise new opportunities. They also were willing to be persuasive to convince their top management to invest in their ideas, and to be good learners from their experience in this new market through constructive criticism to identify further opportunities.

**Table 5-6: The Characteristics of Entrepreneurs Who Recognise Opportunity**

Characteristics	The indigenous firm	The MNE
Sensitivity to market changes	X	X
Openness to new ideas	X	
Risk-taking	X	X
Optimism	X	
Smartness	X	
Creativity	X	X
Advanced level of analysis and precognition	X	X
Critical thinking	X	
Collaboration	X	
Passionate		X
Constructive criticism		X
Persuasion skills		X

**Source: Author**

The two firms clearly used similar actions to deal with uncertainty and risk in the opportunity recognition process. Table 5-7 summarises and compares the strategic actions that were used by both firms to deal with uncertainty and risk. These actions can be categorised into four approaches. First, *adaptation* through maintaining alternative plans, flexible operations, organising and strategic planning, and ensuring operational and strategic hedging. Second, *reconfiguration* in terms of employing entrepreneurial judgement and managerial experience, considering all available options, diversifying investments and scaling up projects. Third, *data collection and analysis* through obtaining and accessing new information, conducting pilots and experiments and employing what if analysis. Finally, *collaboration* in term of involving all concerned parties, integrating all strategic units and coordinating among all departments. It is evident that the MNE extensively employed data collection and analysis tools and collaboration compared to the indigenous firm. This implies that the MNE attempted to overcome its market knowledge disadvantage through investing in market intelligence.

**Table 5-7: Strategic Actions that were Used to Deal with Uncertainty and Risk in Opportunity Identification**

Strategic actions	The indigenous firm	The MNE
<b>Adaptation</b>		
Alternative plans	X	X
Organisational and strategic plan flexibility	X	X
Operational flexibility	X	X
Operational and strategic heading	X	X
<b>Reconfiguration</b>		
Entrepreneurial judgement and managerial experience	X	X
Considering all available options	X	X
Investment diversification	X	
Scaling up		X
<b>Data collection and analysis</b>		
Data and information collection	X	X
Piloting, experimentation and learning		X
“What if” analysis		X
<b>Collaboration</b>		
Involvement, integration and coordination		X

**Source: Author**

## B- Opportunity Discovery

A comparison of the two firms results reveals that both discovered business opportunities through identifying market gaps and then introducing a new product and/or stimulating a demand for existing products. Both firms also emphasised that staff discover unnoticed opportunities either accidentally through their entrepreneurial alertness or deliberately through systematic search. The two firms also used similar information collection methods, sources and channels that help them in the opportunity discovery process. These information-related methods and channels can be in the form of market scanning, external (i.e. customers, suppliers, and dealers) feedback, benchmarking with other operators, and exploring neighbouring markets. The indigenous firm also participated in international telecom conferences to learn from the experience of others and meet consultants and vendors, and the MNE focused on market intelligence, internal (i.e. staff and team) feedback and communicating with customers via social media.

There were generic characteristics of opportunity discovery in most cases, some similar to the generic characteristics of opportunity recognition (see Table 5-6) plus other characteristics such as dealing with barriers and problems as a challenge, and understanding market changes in different ways. The entrepreneurs who discovered opportunities also had bisociative thinking (Koestler, 1964), advanced level of linking and analysing of variables and changes, a high level of entrepreneurial alertness and good systematic search skills.

The two firms to some extent applied similar actions to deal with, mitigate, or overcome risk in the opportunity discovery process. These actions can be grouped into four tactics: *data collection and research*, *adaptation*, *collaboration*, and *scaling up* (see Table 5-8).

**Table 5-8: Strategic Actions that were Used to Deal with Risk in Opportunity Discovery**

Strategic actions	The indigenous firm	The MNE
<b>Data collection and research</b>		
Conducting exploratory research	X	X
Collecting the timely and relevant data and information		X
Conducting experimentations	X	X
Using different types of data analysis tools		X
<b>Adaptation</b>		
Proposing different scenarios, and operational and strategic plans	X	X
Assuming a certain level of risk	X	

**Table 5-8: (Continued)**

<b>Collaboration</b>		
Transferring and sharing knowledge and experience	X	X
Consulting local and international experts	X	
Employing managers' knowledge and heuristic	X	X
Learning from prior experience		X
<b>Scaling up</b>		
Starting with small projects	X	

**Source: Author***C- Opportunity Creation*

It was apparent that the MNE adopted opportunity creation, which facilitated its digitalisation project and market penetration. On the other hand, opportunity creation was very limited and rare in the indigenous firm. The firm tended to sustain a proven business model, which still generated a reasonable profit.

A common way to create opportunity adopted by the two firms was transferring new technologies and products from other markets and/or designing completely new products and processes, and then stimulating a demand for them. The MNE also created an opportunity through entering a new market (i.e. the GS). Two main sources opportunity applied to both cases: (1) internally, through staff's ideas, proposals and initiatives, and (2) externally, through business partners and customers' suggestions. The MNE further identified opportunities by reviewing international, regional reports and those from other operators.

Steps in the opportunity creation process were largely the same between the two firms, although the MNE took a few extra steps. Table 5-9 summarises and compares the steps of the opportunity creation process adopted by both cases. Both firms found that it was very difficult to have a clear vision at the beginning of the opportunity creation process, but it became clearer with further progress and development of the opportunity. The indigenous firm also emphasised that opportunity creation depends on individual entrepreneurs who had different beliefs, backgrounds and perspectives. This implies that the opportunity creation process could be based on different approaches with different outcomes.

**Table 5-9: Steps in the Opportunity Creation Process**

Step	The indigenous firm	The MNE
Initial idea(s) imagination and formulation	X	X
Initial idea(s) development	X	X
Rethinking and modification to reach mature idea(s)		X
Mature idea(s) sharing with concerned parties	X	X
Feedback and further development	X	X
Solid idea development	X	X
Applicability and feasibility measurement		X
Evaluation and feedback		X
Experimentation and modelling	X	X
Limited market trial and feedback	X	X
Product modification and gradual market expansion	X	X

**Source: Author**

The indigenous firm and the MNE employed broadly similar actions to deal with, mitigate, or overcome uncertainty in the process of creating opportunity within the Palestinian mobile phone market. These actions could be clustered into five approaches: *data collection*, *collaboration*, *adaptation*, *reconfiguration*, and *alignment* (see Table 5-10).

**Table 5-10: Strategic Actions that were Used to Deal with Uncertainty in the Opportunity Creation Process**

Strategic actions	The indigenous firm	The MNE
<b>Data collection</b>		
Experimentation	X	X
Collecting available data and information	X	X
Short- and long-term estimation		X
<b>Collaboration</b>		
Collective work, and knowledge and experience sharing	X	
Concerned party's involvement	X	
<b>Adaptation</b>		
Putting alternative plans	X	X
Finding alternative solutions		X
Flexibility, adaptability and suitability		X
Accepting uncertainty and changes		X
<b>Alignment</b>		
Logic of causation		X
Logic of appropriateness		X
Effectuation		X
Compatibility between the products, company and market	X	X
Benefits maximisation	X	X
Effective resource allocation and utilisation	X	X

**Table 5-10: (Continued)**

<b>Reconfiguration</b>		
Creativity, innovation, and problem-solving heuristics		X
Critical thinking	X	X
Business scaling strategy	X	X
Logical thinking and reasonable justification	X	X

**Source: Author**

In short, these results show that both the indigenous firm and the MNE frequently identified business opportunities through opportunity recognition and discovery, but the MNE also used opportunity creation. A number of respondents offered an explanation for a more frequent opportunity identification in the MNE because it adopted a digitalisation strategy, which required creating further opportunities within this uncertain context, while the indigenous firm focused on its core traditional business.

### **5.3.2.2      *Opportunity Development***

The two firms indicated that the opportunity development process starts with the emergence of simple and initial ideas from individuals or teams within the company or its business partners and suppliers. They also agreed on many steps in the development process. However, the MNE took additional steps in the process and had a specialised committee – called the Commercial Activity Team (CAT) - which facilitates the opportunity development process and evaluates any potential opportunity. Table 5-11 summarises and compares the steps in the opportunity development process adopted by both cases.

**Table 5-11: Steps in the Opportunity Development Process**

<b>Steps</b>	<b>The indigenous firm</b>	<b>The MNE</b>
Data and information collection	X	X
Initial idea(s) sharing with direct manager		X
Initial idea(s) modifications	X	X
Clear idea(s) development	X	X
Business case and technical study preparation	X	X
Initial evaluation and feedback	X	X
CAT shares and discusses the business case and technical report with concerned departments		X
Solid opportunity(ies) development	X	X
Opportunity(ies) evaluation and approval	X	X
Regular pre- and post- evaluation for continuous development	X	X

**Source: Author**



The indigenous firm and the MNE emphasised that the opportunity development process is a dynamic and iterative one. It may happen many times and could raise some new opportunities related to the existing products or create completely new products. The factors highlighted by the indigenous firm and the MNE, respectively, are summarised in Table 5-12, grouped into two types: internal/organisational and external factors (see Table 5-12).

**Table 5-12: Factors that Facilitate the Opportunity Development Process**

Factors	The indigenous firm	The MNE
<b>Internal/Organisational factors</b>		
Availability of required capabilities and resources	X	X
Availability of relevant prior knowledge and experience in developing commercial opportunities in this uncertain context	X	X
High sensitivity and ability to deal with market's changes	X	X
Strategic fit		X
Inter-departmental integration		X
<b>External factors</b>		
Accessibility of sufficient and relevant information	X	X
Market readiness	X	X
Social networks	X	X
Local community acceptance of product	X	
Availability of vendors or contractors (i.e. third party)	X	X

**Source: Author**

### **5.3.2.3 Opportunity Evaluation**

The two firms emphasised that opportunity evaluation involved cognitive judgements (subjective interpretations) derived from the manager's vision of the opportunity beside a general evaluation framework. The evaluation process passed from one managerial level to the next when the opportunity was found to be attractive for the firm. This staged assessment process facilitated a precise evaluation for each stage and enabled sufficient feedback collection for further steps before reaching the implementation stage.

It appears that criteria for the opportunity evaluation were similar for the two firms. In opportunity evaluation, the indigenous firm and the MNE considered a multi-dimensional opportunity attractiveness construct that consists of gain estimation, loss estimation, perceived desirability, and perceived feasibility. They also shared many components in their opportunity assessment plan, but the MNE additionally has exit plans (see Table 5-13). The relative newcomer MNE provider had a more detailed opportunity plan in order to bridge its limited market knowledge and followed its parent group guidelines. The managers of the

indigenous firm however were familiar with the local context and see themselves as experts who have enough ability to assess and exploit opportunities without exit plans.

**Table 5-13: The Main Components of an Opportunity Assessment Plan**

Components	The indigenous firm	The MNE
Opportunity description	X	X
Market structure and mechanism	X	X
Feasibility study	X	X
The required resources and capabilities	X	X
Execution plan	X	X
Resources allocation plan	X	X
Exit plan		X
Monitoring procedures and plans	X	X

Source: Author

#### **5.3.2.4 Entrepreneurial Action**

In both firms, the managers reported that, after opportunity evaluation, their entrepreneurial action was not limited to immediate opportunity exploitation, but they considered other options, if exploitation was infeasible. The managers identified and/or created interrelated activities and sometimes sequential decisions in order to determine whether action on the identified opportunity should be exploited or not. Entrepreneurial action therefore involved diverse options (including exploitation) and even a deliberate decision not to pursue an opportunity. It is for this reason that this study conceptualises ‘*entrepreneurial action*’ as a set of actions rather than a single action. This conceptualisation can accommodate these different actions.

In relation to opportunity exploitation, both cases emphasised that the managers of both firms recognised the uncertain environment as a challenge but uncertainty could be an inhibitor and a motivator. The firms also identified many similar factors that positively affected the opportunity exploitation. However, the indigenous firm and the MNE separately identified further factors (see Table 5-14). These enabling factors were categorised into three types of factors: internal/organisational factors, governance institutions, and external factors.

**Table 5-14: Factors that Positively Affect Opportunity Exploitation**

Factors	The indigenous firm	The MNE
<b>Internal/Organisational factors</b>		
Availability of experienced and skilled managers and staff	X	X
Mutual trust and confidence among staff	X	X
Managers' familiarity with uncertainty	X	X
Willingness of the management to bear uncertainty	X	X
A collaborative corporate culture		X
Availability of the required resources and capabilities	X	X
Strategic fit		X
<b>Governance institutions</b>		
Support from stakeholders		X
Support of the Board of Management (BoM)		X
Return on investment	X	X
<b>External factors</b>		
Market readiness	X	X
Availability and accessibility of supporting information	X	X
Limited options/opportunities in the Palestinian market (i.e. intensive rivalry)		X
Good relationships with governmental bodies	X	

**Source: Author**

A common way of opportunity exploitation process was adopted by both firms as follows: (1) coordination and involvement of all concerned departments, (2) preparation of implementation and resources allocation plans, and exit strategy, (3) execution of all required managerial and technical functions by each department, (4) according to the type of opportunity, the company either implements its project fully or scales it up, and (5) receiving continuous feedback on improvements.

Overall, the findings of both case studies offered evidence of the possibility of both motivating and inhibitory impacts of uncertainty on entrepreneurial opportunity-related processes. The next section, therefore, will present cross-case findings that are related to how uncertainty may influence entrepreneurial opportunity, processes and action.

## **5.4 Uncertainty and Entrepreneurial Processes, Action, and Opportunities**

### **5.4.1 Environmental Uncertainty**

Respondents from both the indigenous firm and the MNE reported that they experienced state, effect, and response uncertainty (Milliken, 1987; see 4.4.1 and 4.8.1) in the turbulent country and industry environment in Palestine. The managers of both firms shared the same perception of high state uncertainty in a Palestinian environment plagued by political instability and violent conflict.

However, the findings revealed that the perception of effect and response uncertainty could vary. In the case of high perceived effect or response uncertainty, there was a complete lack of control and knowledge of the impact of state uncertainty on the firm and how it could react. At an intermediate level of effect or response uncertainty, respondents indicated their attempts to make judgements and/or predictions, with varying levels of confidence in them. Low levels were observed when interviewees reported their ability to identify the likely effects of state uncertainty and actions to deal with them.

It is evident that the two firms adopted ‘different routes to the same outcome’ when they perceived different levels of effect and response uncertainties. The indigenous firm depended on its better local knowledge and experience, political embeddedness and extensive industry experience, boosting their ability to identify possible solutions, design applicable plans and manage uncertainty. The MNE, however, invested in market intelligence capabilities, employed proactive market scanning tools and transferred the experience of other operators in its group. These strategies fostered their ability to collect available information about potential options, mitigate its local knowledge disadvantage and expand its common, corporate knowledge base that could ultimately facilitate the identification of alternative solutions, designing strategies and plans, and thriving on uncertainty.

### 5.4.2 The Effect of Uncertainty on Entrepreneurial Processes, Action, and Opportunities

The analysis of both firms revealed that the three types of uncertainty had positive and negative impacts on opportunity identification and exploitation. This dual impact was largely attributed to how the managers perceived these types of uncertainty. For further details about the dual impact of state, effect and response of uncertainty on opportunity identification and exploitation, see 4.4.2 and 4.8.2.

The investigation of opportunity exploitation in the face of uncertainty at an aggregate level suggested a tentative pattern. This pattern of the firms' response to uncertainty was described by the network director of the MNE as a shift of managers from a 'challenging' to a 'panic' zone.

In the first zone, managers viewed uncertainty as a challenge. Here, managers might perceive difficulties and feel frustrated, but they had the required confidence and positive energy to do their best to exploit the opportunity, as emphasised by the marketing director of the MNE. He distinctly explained that *'Generally, we try to continue in our operations and do not reach the frustration stage. If we are still working in a challenging area and do not reach the frustration area, we do our best to implement our projects and develop new products' (W09)*.

Nevertheless, when the uncertainty reached a level where the managers felt unable to control and handle, it turned into a disincentive. In this panic zone, the uncertainty became so overwhelming that the managers experienced stress, exhaustion and fear. They were discouraged and/or unable to act further and could choose to abandon or postpone opportunity exploitation. This study labels this phenomenon as *'uncertainty overload'* but this phenomenon needs further investigation may be through quantitative studies that may result in a graphical representation. This will be discussed at 7.5.

In the end, it is clear from both cases that the psychological factors and the attributes of managers, especially emotions, may play a substantial role in determining (hindering and/or motivating) entrepreneurial processes and action, and so the next section focuses on the impact of emotions on entrepreneurial action.

### **5.4.3 The Effect of Emotions on Entrepreneurial Action**

The findings of both cases demonstrated that the individual and external environments work mutually and there is no clear-cut distinction between them. This means managers' perceptions of uncertainty may be individual and judgemental. The analysis emphasised the importance of psychology and attributes of the managers in interpreting and judging uncertainty.

With the attributes of managers, the two firms stressed that uncertainty was responsible for creating some positive outcomes, especially when the uncertainty was connected to generally positive events. The desire for achievement, self-efficacy, willingness to bear uncertainty and resilience/perseverance were identified as important attributes of the managers that positively affect the manager's perception of uncertainty, ultimately leading to opportunity identification and exploitation. For further explanations and examples about these attributes, see 4.4.3 and 4.8.3.

The cross-case findings further showed that some negative emotions such as fear of failure, stress and anger were reported to generate an ambiguous impact (incentive and deterrence) on entrepreneurial processes and action. The analysis demonstrated that fear prompted a high level of interest and curiosity, and motivated a greater striving for success, all positively associated with an entrepreneur's persistence in pursuing further exploration or opportunity exploitation. In contrast, an increase in perceived uncertainty also led to a pessimistic or even fearful approach, favouring easier and readily identifiable opportunities, decreasing exploration and becoming less proactive.

It also transpired that managers who perceived stress as a challenge were more likely to discover alternative ways to overcome it. However, higher levels of uncertainty and stress hindered information processing and reduced motivation, which may negatively affect the decisions of managers to engage in opportunity identification and/or exploitation. As with fear, the responses revealed that anger related to an increase in perceived uncertainty triggered a need for more effort and actions in order to attain a project's goals. On the other hand, further increases in perceived uncertainty inhibited investigatory behaviour and deterred entrepreneurial response.

Besides the institutional environment, it is also evident that the types of opportunity played an important role in shaping entrepreneurial processes and action. The next section discusses the impact of types of opportunity on opportunity-related processes and action.

#### **5.4.4 Types of Opportunity and Their Impact on Entrepreneurial Processes and Action**

The cross-case analysis revealed that the two firms identified four types of opportunity: problem-solving, introduction of products and services, technology transfer, and daily business transactions/deals. However, the MNE identified three further types of opportunity: new market entry, digitalisation, and boundary-spanning. These additional types of opportunity facilitated the accomplishment of the firm's objectives (e.g. digitalisation, development and penetration of the Palestinian mobile phone market).

The indigenous firm and the MNE agreed that prior knowledge and experience may help, to some extent, in identifying, developing and exploiting a tacit opportunity through market scanning, discovery, consultation and/or exploratory research. They also agreed that prior knowledge and experience may facilitate, to great extent, a codified opportunity identification, development, and exploitation (i.e. fast execution) process through using focused/specialised search. A lack of prior knowledge and experience with a codified opportunity could require further investments in opportunity-related processes and action through using exploratory research and experimentation.

### **5.5 Summary**

This chapter presented a cross-case analysis of findings, showing that the indigenous firm and the MNE operated in an obstructive, challenging and uncertain business environment with a lot of institutional barriers and voids beside permanent conflict and violence that exacerbate the uncertainty. The findings revealed broadly similar patterns of disbenefits and benefits as a consequence of barriers and voids, strategic responses, and antecedents of entrepreneurial processes and action. They also showed broadly similar entrepreneurial processes and action. However, some differences were identified, especially in the identification process.

The results emphasised that the uncertain Palestinian market may be an incentive and a disincentive for opportunity identification and exploitation. The managers' perceptions of

uncertainty may be individual and subjective, with ambiguous outcomes. The findings showed evidence of the negative impact of extreme uncertainty on opportunity identification and exploitation, but some positive impacts were noted too. A turning point, a maximum was found, whereby the positive responses of firms to aggregate uncertainty may turn neutral, or even negative.

The findings provided evidence that the psychology and attributes of managers, especially emotions, may play substantial role in hindering and/or motivating the opportunity-related processes and action. In addition to the institutional environment and psychology of entrepreneur, the types of opportunity played a crucial role in the entrepreneurial processes and action. The next chapter will discuss these findings in the light of the prior literature and present conclusions.



# Chapter 6: Discussion

## 6.1 Introduction

This chapter discusses the thesis findings, considering them in the context of the extant literature in order to concur with, extend or challenge extant knowledge in the domain, and to address the primary research questions. Some findings (e.g. the benefits of institutional challenges, and the role of emotions in entrepreneurial action) were surprising, and they will be discussed under the four original research questions. The discussion therefore is divided into three main sections: institutional challenges and obstacles, entrepreneurial processes and action, and uncertainty and its impact on opportunity-related processes and action.

## 6.2 Institutional Challenges and Obstacles

This section discusses the findings related to research questions (1) and (2), pertaining to institutional challenges and obstacles.

*RQ (1) What are the main institutional barriers and voids faced by Palestinian mobile phone operators?*

There was clear evidence of a changeable, obstructive and underdeveloped Palestinian institutional environment with numerous institutional barriers and voids as reported by interviewees, see Tables 5-1 and 5-2. Previous entrepreneurship studies have produced different categories of institutional barriers (c.f. Aidis, 2005; Doern & Goss, 2011; Rahman et al., 2017; Robson & Obeng, 2008). All of these studies were largely focused on detailed levels of categorisation for institutional barriers rather than consolidating them into the two main types of barrier. These correspond with the widely-adopted classification of North (1990), Peng et al. (2009) and Peng (2016) of formal and informal institutions. With its IBV approach, this study simply disaggregates such institutional challenges into formal and informal institutional constraints (Peng, 2000) and institutional voids (Khanna et al., 2005; Khanna & Palepu, 2010).

The findings emphasised that perceived institutional barriers and voids varied for the same operator within the same country, i.e. the WB and GS, and for the two companies within the same environment. The findings are consistent with Chang and Wu (2014) who

indicated that institutional barriers may vary greatly from one region to another and even from time to time within the same country. Specifically, formal and informal barriers cited by the indigenous first mover were very different from those cited by the newcomer MNE in this study.

The MNE faced not only violence, voids and institutional barriers, but also the 'liability of foreignness' (Rugman & Verbeke, 2007), its associated uncertainties plus the fact that these institutional challenges usually discriminate against new entrants (Chang & Wu, 2014; Tran, 2019). These findings corroborate those of Doh et al. (2017) that foreign firms may incur additional costs of absent institutions in emerging economies. With such bolstering of incumbent firms in mind, it may also be noted that most studies of institutional barriers, voids and conflicts to date have not focused on MNEs, with a few exceptions (e.g. Parente et al., 2019).

This study further revealed how the two case study firms interpreted institutional barriers and voids - in terms of benefits and disbenefits - and made responses to sustain and develop its business in this extreme environment. These findings were unexpected; therefore, this section discusses the findings related to the main benefits and disbenefits of institutional barriers and voids.

The prevalence of institutional barriers and voids generates various *disbenefits* for the two firms (see Table 5-3 and 5-4). These findings are in agreement with a long-standing assumption in the entrepreneurship literature (e.g. Banalieva et al., 2015; Bylund & McCaffery, 2017; Ge et al., 2019) that a well-functioning institutional environment will facilitate entrepreneurship, while a weak one will hamper it. These barriers and voids constituted an important limitation for the growth and quality of business initiatives (Krasniqi & Desai, 2016). They also exacerbated uncertainty such that it impeded commercial goal achievement due to reluctance to act and other barriers such as higher transaction costs (Bylund & McCaffery, 2017).

On the other hand, the malfunction or absence of developed institutions benefited the two firms in terms of promoting creativity, innovation, managerial efficiency and effectiveness (see Table 5-3 and 5-4). These findings correspond with those of Doh et al. (2017), Claire et al. (2019), Sydow et al. (2020) and Zhou (2013, 2017) that institutional barriers and voids could also create significant advantages amidst severe challenges that they

pose for firms in emerging economies. Moulick et al. (2019, p. 7) reported that severe voids did not hold back the entrepreneurs but, rather, encouraged them to ‘bloom where planted’.

The analysis here provided evidence that even the most extreme institutional barriers and voids may generate significant benefits as well as disbenefits. The possibility arises, therefore, that institutional barriers and voids may have an ambiguous impact, offering both opportunities and challenges. The current study moved beyond the predominant view in the literature that mainly considers the detrimental impact of institutional challenges, and instead acknowledged their positive outcomes too.

In the face of this potentially dual impact of institutional barriers and voids, a detailed account of how the two case study firms acted to convert some disbenefits into benefits and advantages was unveiled. Thus, the study provides fine-grained answers to the second research question: *RQ (2) How do firms respond to institutional barriers and voids?*

While the findings showed a great degree of similarity of responses to the institutional barriers and voids (Table 5-5), they also indicated that the newcomer MNE employed a wider range of tactics in order to catch up and bridge its performance gap with the indigenous firm. This explains that facing weak institutions, only new entrants with sufficiently high productivity and profitability are able to survive (Tran, 2019). To compensate for their survival disadvantage, I think new entrants must not only have higher productivity than incumbents as suggested by Chang and Wu (2014), but should also achieve higher entrepreneurial profitability (Tran & Santarelli, 2014). The foreignness of the MNE (e.g. weaker local knowledge, embeddedness and connections) also added further challenges to survival in the market, which promoted a need for developing strategies (e.g. political connections) to surmount low legitimacy in terms of local influence (Bucheli & Salvaj, 2018).

This study also identified the three strategic responses that the two firms adopted in common to deal with barriers and voids, i.e. *acceptance, adaptation and influence*. These were largely in line with the extant literature (e.g. Khanna & Palepu, 2010; Oliver, 1991; Regnér & Edman, 2014) with only minor deviations. However, this study offered in addition a list of specific tactics in respect to each of them (Figure 6-1). The two firms responded deliberately to challenges, and these findings suggest viewing institutional challenges not only as constraints (Hiatt & Sine, 2014; Meyer et al., 2009; Oliveira et al., 2018), but also as ‘opportunity spaces’ for agency (Doh et al., 2017; Mair & Marti, 2009; Sydow et al.,

2020). The positive outcomes resulting from strategic responses to institutional barriers and voids in this extremely uncertain Palestinian environment imply the capacity of many firms to respond positively to less uncertain environments elsewhere.

**Figure 6-1: Strategies and Tactics of Responding to Institutional Barriers and Voids**

Acceptance Response	Adaptation Response	Influence Response
<div>Compliance (Oliver, 1991)</div> <div>Patience / a wait-and-see strategy (Courtney et al., 1997)</div>	<div> <i>Scoping</i> <div>Outsourcing</div> <div>Hiring</div> <div>Internalization (Kim &amp; Song, 2017)</div> </div> <div> <i>Reconfiguring</i> <div>Heuristic-based approach (Pinkham &amp; Peng, 2017)</div> <div>A market-based strategy (Peng, 2003)</div> <div>Cost review</div> <div>Bricolage (Baker &amp; Nelson, 2005)</div> <div>Prospecting (Welter &amp; Smallbone, 2011)</div> </div>	<div> <i>Networking</i> <div>A network-based strategy (Peng, 2003; Welter &amp; Smallbone, 2011)</div> <div>Linking of interests between the state and firm (Child et al., 2012)</div> <div>Collaboration (Khanna &amp; Palepu, 2010)</div> </div> <div> <i>Manoeuvring</i> <div>Political influence tactics (Oliver, 1991; Ramamurti, 2005)</div> <div>Bargaining (Oliver, 1991)</div> <div>Signalling (Kim &amp; Song, 2017)</div> </div> <div> <i>Spanning</i> <div>Substituting institutional practices (Pinkham &amp; Peng, 2017; Tracey &amp; Phillips, 2011)</div> <div>Institutional brokering (Tracey &amp; Phillips, 2011)</div> </div>

Source: This is author's work unless other work cited

I reckon that firms may need to use simultaneously and flexibly an ambidextrous combination of strategic responses (Gibson & Birkinshaw, 2004) to survive and grow in complex and unstable institutional environments (Berglund et al., 2020; Bylund & McCaffrey, 2017; Lampert et al., 2020; Regnér & Edman, 2014). A key feature of all three responses was that they were conscious strategic choices (Peng et al., 2009), even the passive

act of accepting existing institutions. These choices were contingent upon institutional conditions as well as firm-specific factors (Regnér & Edman, 2014). These findings provide further insights into how firms can strategize their interaction with institutions to achieve specific business goals (Alvarez & Porac, 2020; Peng et al., 2009), and correspond with the IBV in acknowledging the mutual interaction between firms and their institutional environment (Ahuja & Yayavaram, 2011; Yiu et al., 2014).

Overall, this study generated thick descriptions of firms' different responses to institutions, directly answering the call for further research on how firms/entrepreneurs interact with their broader institutional environments (Bjerregaard & Luring, 2012; Hwang & Powell, 2005; Phillips & Tracey, 2007). The next section will discuss the findings that in relation to entrepreneurial opportunity-related processes and action.

### **6.3 Entrepreneurial Processes and Action**

This section discusses the findings related to research questions (3) and (4), concerning entrepreneurial processes and action.

*RQ (3) What are the antecedents of entrepreneurial processes and action in an extremely uncertain environment at a firm-level?*

This study has identified seven prominent influences on entrepreneurial processes and action (summarised in Figure 6-2), which were largely in accord with the extant entrepreneurship literature, but it also added substance to, and advanced a better understanding of, some of these factors such as prior knowledge, social networks, systematic search and types of opportunity.

The findings revealed that prior knowledge provided managers with the capacity to identify, develop and exploit certain opportunities. Prior knowledge increases the ability to think in a more intuitive way, improves information processing efficiency, and recognises important connections between concepts (Shepherd & DeTienne, 2005). This could increase ones ability to identify more innovative, and a greater number of, opportunities. On the other hand, the findings showed that the value of prior knowledge depreciated quickly in an extremely uncertain environment. The analysis established that an extensive dependence on prior knowledge increased a certain familiarity bias and bad experience effects. Based on my understanding, a possible explanation for this might be that the development of

entrepreneurs' experience may create a set of decision-making biases, such as over-confidence and a familiarity bias that may impede their ability to identify innovative opportunities (Ucbasaran et al., 2009). Managers may be also inclined to pay more attention to, and bet on, opportunities and decisions with which they are most familiar, thus generating decisions that may not promote economic value, and reducing diversity of opportunities. This expectation reconciles with a dominant logic perspective (Prahalad & Bettis, 1986) and the findings of Garbuio et al. (2011), which emphasised that decision makers' familiarity with the situation at hand has an impact on their preferences for alternative courses of action. Heath and Tversky (1991) also reported that people prefer to bet on their vague beliefs in situations where they feel especially competent and knowledgeable but prefer to gamble when they do not feel competent or knowledgeable.

The investigation of the indigenous firm and the MNE here provided evidence that both weak and strong ties were required to help firms to access valuable information and a wide range of tangible and intangible resources that facilitated entrepreneurial processes and action (Elfring & Hulsink, 2003; Hmieleski et al., 2015; Rowley et al., 2000; Wuebker et al., 2015). Krackhardt (1992, p. 218) pointed to 'the strength of strong ties in cases of severe change and uncertainty'. Stam et al. (2014) also emphasised that strong ties are more strongly related to the performance of firms in emerging economies. This result may be explained by the fact that the reliance on strong ties reduces risk and uncertainty through trustful, resilient, and easily accessible relationships (Meuleman et al., 2010). This finding challenges the traditional view within the entrepreneurship literature that strong ties are less valuable than weak ties (c.f. Alvarez & Busenitz, 2001; Ardichvili et al., 2003; Granovetter, 1973; Hills et al., 1997). In sum, I believe that both strong and weak ties are useful and contribute to a higher tendency to engage in entrepreneurial processes and action, although they are beneficial in different ways and in different contexts (i.e. discovery and creation). Therefore, the ideal entrepreneurial network includes a unique mix of strong and weak relationships (Hite & Hesterly, 2001; Leyden & Link, 2015; Uzzi, 1997).

This study showed that entrepreneurial alertness was enhanced/complemented by constrained, systematic search in facilitating entrepreneurial processes and action (Murphy, 2011). The findings explained that managers/staff identified opportunities serendipitously through high levels of entrepreneurial alertness as well as deliberately through systematic search. These results are in line with those of Fiet (2007) and Zahra et al. (2009) that a systematic search for opportunities from known information sources could drive, enhance

and/or promote opportunity discovery. Depending only on alertness has some limitations, e.g. offering practically no guidance to entrepreneurs and considering only discovery rather than wealth creation (Baumol, 1993; Fiet, 2007; Ricketts, 1993). This study moved beyond these primary limitations of alertness, and instead, argued that systematic search is not always the opposite of alertness but may be complementary.

The findings provided evidence that types of opportunity played an important role in shaping entrepreneurial processes and action. These results reflect those of Dahlqvist and Wiklund (2012) who also found that opportunity variations may affect measures of opportunity and entrepreneurial processes parameters. Ardichvili et al. (2003) further emphasised that the process of opportunity development may vary among different types of opportunity. The analysis here also showed that firms identified, developed and exploited different types of opportunity (i.e. opportunities vary in their origin, kind and degree of development, e.g. innovative and reproducing) (Samuelsson and Davidsson, 2009). These types correspond with Smith et al. (2009), who proposed codified and tacit opportunities. While a codified opportunity is more likely to focus on imitated or moderate improvements of products or organising methods, a tacit opportunity is more likely to focus on major improvements or innovations of products or organising methods.

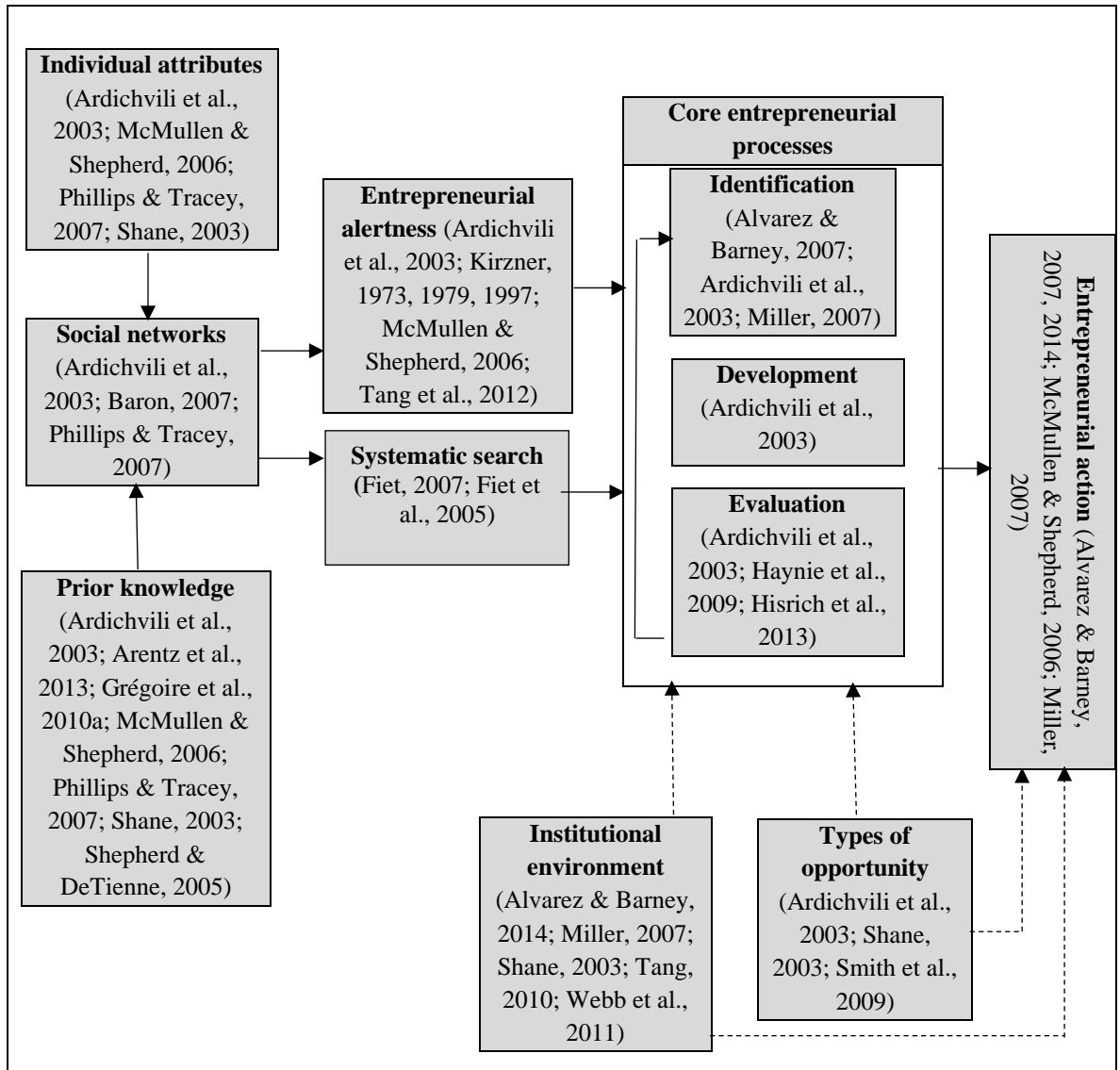
The study found that prior knowledge and experience helped, to some extent, in identifying, developing and exploiting a tacit opportunity through market scanning, discovery, consultation and/or exploratory research (Chandra et al., 2009). This result corresponds with Smith et al. (2009), who suggested that the relative tacitness of an opportunity may conceal it from prospective entrepreneurs who have no prior knowledge, making it more difficult to identify, develop and exploit. However, a prospective entrepreneur equipped with prior knowledge is more likely to overcome these challenges and be more competent in identifying the opportunity. On the other hand, the case findings here showed that prior knowledge and experience facilitated, to great extent, identifying, developing and exploiting a codified opportunity through employing a focused and/or specialised search (Chandra et al., 2009). These findings concur with Smith et al. (2009), who explained that the nature of the codified opportunity may facilitate the entrepreneurial processes through using a systematic search for such opportunities.

The findings also revealed that the MNE operator identified further types of opportunity, especially innovative opportunities, in order to achieve market digitalisation

and newness. This finding supports Dahlqvist and Wiklund (2012), who explained that firms may create newness in a specific market through geographical expansion by an existing firm into an existing localised market and/or taking an existing product or business concept into localised markets, which can also constitute innovation.

Figure 6-2 summarises the antecedents of core entrepreneurial processes and action and posits the interaction and relationships between these factors.

**Figure 6-2: Antecedents of Core Entrepreneurial Processes and Action**



Source: This is author's work unless other work cited



This study adopts the IBV and a subjectivist view of entrepreneurship, with the aim of providing insights into entrepreneurial processes and action within a turbulent environment. Thus, the study offers substantial findings in relation to the fourth research question:

*RQ (4) How are opportunities identified, developed, evaluated, and exploited within an extremely uncertain business environment at a firm-level?*

This study has identified three standard processes, widely recognised (see Figure 6-2), namely opportunity *identification*, *development*, and *evaluation*, and provided a thick description for each. The current study added a fourth process, which better explained what and how ‘*entrepreneurial action*’ is determined in an uncertain business environment.

### ***1- Opportunity Identification***

The current study reported ‘*opportunity identification*’, which may result from opportunity recognition, discovery and creation, or from any combination thereof. This suggestion integrates different views of opportunity-related processes. One view sees opportunity-related processes was viewed as cognitive, involving mental simulation, counterfactual thinking, heuristics-based logic, and effectuation (Baron, 2004; Gaglio & Katz, 2001; Sarasvathy, 2001). Another view, with a discovery perspective, assumed that an opportunity is something identified in a moment of insight as a result of accidental discovery and entrepreneurial alertness and/or developed over time as a result of systematic search (Bhave, 1994; Fiet, 2007; Kirzner, 1979; Long & McMullan, 1984). A third view, a creativity perspective, suggested an opportunity-related process involving creativity or even the special case of problem-solving (Dimov, 2007; Hansen & Hills, 2004; Harper, 2008; Schumpeter, 1934).

The results showed that opportunity recognition rested on subjective perceptions and an interpretation of objective realities (Dutta & Crossan, 2005; Grégoire et al., 2010b). Entrepreneurs’ backgrounds and know-how, as well as the business and general environment, influenced the opportunity recognition process (Gaglio & Taub, 1992; Long & McMullan, 1984). The two firms recognised/observed a potential opportunity through using current information and/or obtaining new information (Gaglio & Katz, 2001; Shane, 2003). Entrepreneurs then formed beliefs regarding whether an opportunity existed, and then conducted an initial assessment (McMullen & Shepherd, 2006). The findings also provided

evidence that the MNE was in need to develop their research and knowledge transfer capabilities through creating a platform for local knowledge communication, expanding their corporate common knowledge base and exploiting the full value of local knowledge (Li et al., 2016).

The analysis reported that exogenous shocks (e.g. external environment changes) created competitive imperfections that constituted opportunities (i.e. Kirznerian opportunity), which required only access to current rather than new information (c.f. Alvarez & Barney, 2007; Shane, 2003). The findings also suggested that entrepreneurs discover unnoticed opportunities either accidentally through their entrepreneurial alertness (Kirzner, 1979, 1985, 1997) or deliberately through systematic search (Fiet et al., 2005; Zahra et al., 2009). The findings of the current study support Alvarez and Barney (2007), who emphasised that the ability of entrepreneurs to discover opportunities depends on their subjective perceptions (Kirzner, 1979), cognitive abilities (Baron, 2004), capacity for bisociative thinking (Koestler, 1964; Ko & Butler, 2006), openness to new options (Burmeister & Schade, 2007) and prior knowledge. Any of these characteristics, or any combination of them, might lead some entrepreneurs to notice and see hitherto unexploited opportunities created by exogenous shocks (Arentz et al., 2013).

The analysis revealed that the firms created opportunity through responding to environmental changes (Shane, 2003) or not waiting for these changes, and instead, acting to form opportunities that could not have been known without their actions (Alvarez & Barney, 2007; see also Miller, 2007). Each of these suggestions correspond with findings from the MNE case study. However, this finding contrasts with the findings from the indigenous firm, which showed that the first mover firm tended to sustain a proven business model that still generates a reasonable profit. I agree with Tran (2019) who offered an explanation that may clarify this result and argued that weak institutions provide survival advantages for incumbent firms, which prevent them from experiencing the Schumpeterian 'creative destruction' process but may motivate new entrants to innovate and drive innovative changes to be able to survive.

The results also indicated that firms found difficulty in establishing a clear vision at the beginning of the opportunity creation process, but this became clearer with development of the opportunity. This result may be explained by the fact that opportunities cannot be completely understood until they exist, and they only exist after they are enacted in an

iterative process of action and reaction (Alvarez & Barney, 2007). The opportunity creation process was path dependent (i.e. based on different approaches, beliefs, backgrounds) and may result in heterogeneous outcomes (Alvarez et al., 2013).

## ***2- Opportunity Development***

The analysis indicated that the initially identified opportunities were further developed in dynamic and iterative process to reach their final form (Ardichvili et al., 2003; Dimov, 2007). The concretisation and realisation of an opportunity idea was an interactive and gradual process (Johanson & Vahlne, 2006). These results seem to be consistent with other research which found that development process implies extensive proactive and reactive efforts (Pavia, 1991) and feedback-driven reactions (Grimes, 2018) in order to accomplish an entire economic activity. The findings also emphasised the importance of establishing linkage with multiple stakeholders to acquire the information needed to successfully develop a new opportunity to market (Dutta & Crossan, 2005) since their feedback guided the firm's decisions and actions (Dutta & Crossan, 2005) and reduced the uncertainty inherent to novel opportunities (Ravasi & Turati, 2005).

This study has identified generic steps in the opportunity development process (see Table 5-11), which were mainly corroborate Lumpkin and Lichtenstein's (2005) creativity-based model of opportunity development in the context of corporate entrepreneurship. This process could be summarised in steps 'through which insights are contemplated, new information is collected and considered, and knowledge is created over time' (Lumpkin & Lichtenstein, 2005, p. 457). The current study also highlighted internal and external factors that may facilitate the opportunity development process (see Table 5-12), which largely echoed the factors identified by prior studies. These factors could be broadly categorised as human capital factors (c.f. Tegtmeier & Leger-Jarniou, 2017; Ucbasaran & Westhead, 2002; Westhead et al., 2009) and social capital factors (c.f. Aldrich & Zimmer, 1986; Kogut et al., 1993; Sanz-Velasco, 2006; Tegtmeier & Leger-Jarniou, 2017). Based on my understanding, I infer that opportunity development was a dynamic social process (Dimov, 2007), therefore, the attributes of the entrepreneurs and their interaction with their broader environment significantly influenced opportunity development, and I suggest that reactions to external feedback was crucial (Vogel, 2017).

### ***3- Opportunity Evaluation***

This study reported that entrepreneurs consistently used rules to systematically evaluate opportunities (Wood & Williams, 2014), but they also relied on their subjective judgements regarding different characteristics of an identified opportunity (Gruber et al., 2015). Evaluation was about visualising and predicting the future to determine whether the idea can form the basis for a profitable and sustainable opportunity (Nielsen et al., 2012). These results corroborate those of Barreto (2012) and Grégoire et al. (2011) that opportunity assessment is best understood as cognitive judgements derived from the entrepreneur's vision of the opportunity and thus is subjective interpretations of what exogenous information means for a possible course of action.

The analysis demonstrated that firms employed a stage-gate assessment process in order to systematically evaluate each development step and sufficiently acquire workable feedback for further steps (Ardichvili et al., 2003). This result is consistent with a rule-based reasoning mechanism (Williams & Wood, 2015) that allows individuals to organise information and frame decision problems by deliberately engaging in mental simulations of cause and effect relationships. The findings further emphasised that these mental simulations were derived from one's knowledge base and were used to conduct formal analyses and make probabilistic projections about the future (Smith & DeCoster, 1998).

The current study also acknowledged the importance of distinguishing between the different informational settings that entrepreneurs may find themselves in, when evaluating discovered and/or created opportunities. These results are in accord with studies indicating that opportunities identified through discovery are considered objective (Alvarez & Barney, 2007) and entrepreneurs are considered to either have critical information on the major dimensions of specific opportunities (Shane & Venkataraman, 2000) or can search to obtain missing pieces of information (Fiet, 2007), so entrepreneurs expand limited cognitive or analytical efforts when imposing their opportunity template(s) on opportunity-related information (Barreto, 2012). This finding also agrees with the findings of other studies (e.g. Alvarez et al., 2013) in assuming that business opportunities, in uncertain settings, are created based on social interaction and an entrepreneur's informational setting is characterised by missing and equivocal information, but over time further information is obtained, an entrepreneur therefore will continuously make conscious or subconscious judgements about 'created' opportunity (Wood & McKinley, 2010). Thus, I reckon that

opportunity attributes and individual differences directly influenced perceptions of entrepreneurs in judging whether introducing a new product or service to the market was desirable and feasible (Scheaf et al., 2020).

#### ***4- Entrepreneurial Action***

Conceiving of entrepreneurial action as a set of actions rather than a single action (Shephard, 2015), this study contended that action was ranged from opportunity exploitation to entrepreneurial inaction (i.e. deliberate decisions not to pursue a perceived opportunity; Wood et al., 2017). This finding broadly supports the notion that limiting entrepreneurship scholars' focus and frameworks to immediate opportunity exploitation as a final stage of entrepreneurial processes is restrictive and not consistent with the diversity of human behaviour in nearly all spheres of human activity (Lerner et al., 2018), including entrepreneurship (Shephard, 2015). Therefore, we cannot be sure if immediate opportunity exploitation is an appropriate and effective decision in all contexts or strictly under uncertainty because uncertainty may be negatively related to entrepreneurial action, particularly opportunity exploitation (McKelvie et al., 2011) and thus, may positively charge inaction decisions (Wood et al., 2017). Further findings regarding the influence of uncertainty on entrepreneurial action will be discussed in the next section.

The analysis explained that opportunity exploitation was required to realise the economic value of an opportunity, and this process involved the actual opportunity pursuit in the form of action such as the assembly of resources required to develop a new product or service offering (Autio et al, 2013; Webb et al., 2009). This study also has identified the internal factors, governance institutions and external factors that positively affected opportunity exploitation within an uncertain environment (see Table 5-14), which were broadly in line with prior studies (c.f. Choi & Shepherd, 2004; McMullen & Shepherd, 2006; Wood & Pearson, 2009; Webb et al., 2009). Based on my understanding of the two case study firms, I believe that opportunity exploitation was possible even in the Palestinian extreme uncertain context, but the two firms invested heavily in their data collection and analysis capabilities, developed their managerial capacity, gained greater support from stakeholders and established strong ties with local community and business partners. The next section will discuss the findings that are related to uncertainty and its impact on entrepreneurial processes and action.

## 6.4 Uncertainty and Entrepreneurial Processes and Action

This section is an extension of the fourth research question referred to in 6.3 above, focusing on the discussion of the findings related to the influence of uncertainty on entrepreneurial processes and action.

The state, effect and response uncertainty perceived by the two case firms was clearly differentiated (Ashill & Jobber, 2010) and this supports calls for a more nuanced understanding of the role of uncertainty in entrepreneurship (Jiang & Tornikoski, 2019; Packard et al., 2017; Townsend, et al., 2018). The analysis demonstrated the impact of a turbulent Palestinian institutional environment, which involved universally high state uncertainty, which interacted with effect and response uncertainties. These three types of uncertainty together influenced opportunity identification and exploitation (Bylund & McCaffrey, 2017; McKelvie et al., 2011). I think that differentiating among these three types of ‘perceived environmental uncertainty’ may help to clarify some of the inconsistent results reported in past research (Milliken, 1987) whereby each type of uncertainty has implications for sense making, and ultimate behaviour. However, this study further suggested that the three types of uncertainty may be conceptually distinct although empirically related (Ashill & Jobber, 2010).

The findings also provided evidence of the importance of types and levels of uncertainty in motivating and obstructing opportunity identification and exploitation (McKelvie et al., 2011). Recognising the existence of several different types of perceived environmental uncertainty and understanding their interaction may be useful in clarifying the nature of the expected relationship between environmental volatility and perceptions of ‘environmental uncertainty’. The investigation of the indigenous and MNE operators here reported that all types of uncertainty may have a dual impact on a decision. The findings challenge the general perspective in the extant literature, which generally assumes that higher levels of uncertainty obstruct opportunity identification and exploitation (Bylund & McCaffrey, 2017; Kirzner, 1979; Luthans & Ibraveva, 2006; Mahnke et al., 2007; Manolova et al., 2008). Specifically, this binary impact on *opportunity identification and exploitation* was mainly attributed to state uncertainty, but also may be dependent on the different perceptions of the other two types of uncertainty (effect and response). Based on these findings, I can understand that the fact that environmental changes (state uncertainty) were predictable did not mean that their consequences were understood. Therefore, a higher

predictability of an event or change may increase the salience of the effect and response types of uncertainty (Milliken, 1987). Based on the analysis above, this study therefore tentatively proposes the following:

*Proposition 1: Extreme state uncertainty may be negatively or positively associated with opportunity identification and exploitation based on the perceived levels of effect and response uncertainty.*

The study further suggested that the boundaries between external and individual environments are not distinct; therefore, managers and their environments interact reciprocally (Bechky, 2011; Gruber et al., 2015; Smallbone & Welter, 2001). The findings provided evidence of relationship between the ‘objective characteristics’ of the environment and ‘perceptions of uncertainty’. Perceptions vary as a function of contextual factors and individual attributes (Milliken, 1987). I infer that how managers perceived their business and external environments, and their emotions and attributes, were at the core of attitude formation and behaviour in the identification and exploitation processes.

Building on this overall understanding, this study further proposed that the psychology and attributes of the entrepreneurs, especially emotions, may play a crucial role in determining entrepreneurial action in extremely uncertain environments. This suggestion was somewhat surprising, this section therefore discusses the findings pertaining to the influence of emotions on entrepreneurial action.

The findings identified some key individual attributes and emotions that affected opportunity identification and exploitation, e.g. a need for achievement, self-efficacy and a willingness to bear uncertainty. These results are in line with those of Cardon et al. (2009), Frese and Gienlnik (2014) and Rai (2008) that these attributes are typically associated with positive entrepreneurial outcomes in turbulent environments and differentiate entrepreneurs from their peers. Indeed, these personal qualities are said to enhance an entrepreneur’s willingness to take initiatives, tolerate uncertainty, be persistent in the face of challenge, and act with daring and energy (Foo, 2011; Holland & Shepherd, 2013; Miller, 2015; Shepherd et al., 2020).

The results also revealed that, apart from the potentially detrimental influence of excessive uncertainty on the stamina of managers in the form of exhaustion (Murnieks et al., 2020), uncertainty developed their *resilience and perseverance*, which boosted their ability to consider potentially positive outcomes of such uncertainty and subsequently to exploit

opportunities (Shepherd et al., 2020). In addition, I believe that perseverance may need to go beyond resilience in the sense of stamina and commitment to a strategy or project, or beyond going ‘on with life’ (Bullough et al., 2014, p. 474).

Besides individual traits, this study also emphasised the role of emotions as an influence on opportunity exploitation (Cardon et al., 2012; Kollmann et al., 2017). Previous findings have identified the role of negative emotions, e.g. *fear of failure*, *stress* and *anger*, in motivating or deterring entrepreneurial action, but the findings here emphasised their ambiguous impact (Cacciotti et al., 2016, 2020; So et al., 2015). Individuals experiencing fear perceived high outcome uncertainty and limited personal control over outcomes, so fearful individuals may make relatively pessimistic risk assessments (Ivanova et al., 2018; Kollmann et al., 2017; Li, 2011; Welpe et al., 2012). In contrast, anger was associated with high certainty and individual control, and therefore angry individuals may make relatively optimistic risk assessments (Foo, 2011; Lerner & Keltner, 2001; Welpe et al., 2012). As noted in this study, mixed and conflicting negative emotions may be associated with different cognitive appraisals, so it may not matter whether conflicting reactions are positive or negative. Thus, for some entrepreneurs, emotions may have a positive impact, for others negative (Podoynitsyna et al., 2012; So et al., 2015). Based on these results, I suggest that not only may specific emotions (e.g. anger and fear) be delineated, but their intensity (e.g. low, moderate, high) may also be considered (Coget et al., 2011).

## 6.5 Summary

This chapter discussed the findings of the current study in relation to the existing literature and addressed research questions. The findings show that the firms operated in an obstructive, challenging and extremely uncertain business environment, but that even the most extreme institutional barriers and voids may generate significant benefits as well as disbenefits. While the analysis inevitably found evidence of negative reactions, the two firms also employ three strategic responses to deal with barriers and voids: acceptance, adaptation and influence (Figure 6-1).

This study identified the antecedents of entrepreneurial processes and action (Figure 6-2) and reported that the entrepreneurial processes consisted of three widely-recognised processes: opportunity identification, development and evaluation. Entrepreneurial action was conceptualised as a set of actions, including opportunity exploitation.



This study confirms that the three types of uncertainty (state, effect and response) - each individually and collectively - are a two-sided coin (i.e. a source of positive and negative impact) for opportunity identification and exploitation. The role of individual attributes and emotions (particularly negative emotions) in shaping the influence of uncertainty is underlined. The next chapter will summarise the major findings and discuss their theoretical and practical implications.

# **Chapter 7: Conclusions and Implications**

## **7.1 Introduction**

This chapter summarises major findings based upon the four primary research questions. It also discusses the study's theoretical and practical implications, highlights limitations and suggests directions for a future research agenda.

## **7.2 Summary of Findings**

The study concludes that the Palestinian mobile phone operators constantly faced different institutional challenges and extreme uncertainty. In this extremely negative environment chosen to bias the study in favour of negative responses, it was no surprise to find evidence of the negative impact of institutional barriers and voids, but they also generated positive impacts. The indigenous firm and MNE interpreted such barriers and voids in terms of benefits and disbenefits and employed three types of strategic response to them: acceptance, adaptation and influence.

In the uncertain Palestinian market, prior knowledge of market may provide managers with the capacity to identify, develop and exploit opportunities, but an extensive dependence on prior knowledge may have negative impacts. Moreover, both strong and weak ties were sources of important sources of information and resources to facilitate entrepreneurial processes and actions in such a turbulent environment. Entrepreneurial alertness may also be complemented by systematic search in promoting opportunity identification. In an extremely uncertain Palestinian environment, the two firms used all opportunity identification options (recognition, discovery and creation) and construct sequences for different types of actions, beyond immediate opportunity exploitation.

The study suggests that the three types of uncertainty (state, effect and response) - each individually and collectively - can indeed be a source of both positive and negative impacts for entrepreneurial processes and action. The aggregate level of uncertainty may motivate entrepreneurial processes and action, particularly opportunity exploitation, to a maximum level, beyond which any further increase in uncertainty may be associated with declines, rather than further advances. This study also confirms the significant influence that

emotions and personal attributes of the entrepreneurs/managers may exert on entrepreneurial action in this hostile business environment.

### 7.3 Implications for Theory

This study claims to make a theoretical contribution to both entrepreneurship and IBV by investigating whether the indigenous and MNE operators in the Palestinian mobile phone sector perceived institutional barriers and voids in extremely uncertain environments as disincentives and/or opportunities. This study treated institutional barriers and voids and uncertainty separately, but evidence from the two-case studies shows that they were related, and reported a similarly ambiguous relation.

Two claimed contributions of this study to the IBV about the ‘co-evolutionary’ relationship between institutions and actors (i.e. firms) are outlined below:

(a) The findings may contribute to the IBV and institutional void literatures by confirming an ambiguous effect - as benefits and disbenefits - of the most extreme institutional barriers and voids on the indigenous and MNE operators. This finding partly contradicts the main argument of the literature, which suggests that institutional barriers and voids pose only deleterious effects and severe obstacles for firms. It also suggests a need to fundamentally re-evaluate the assumption that institutional challenges have a primarily negative impact (Hiatt & Sine, 2014; Meyer et al., 2009; Oliveria et al., 2018). The indigenous firm and the MNE responded purposefully and dynamically to challenges, and these findings suggest viewing institutional challenges not only as constraints, but also as ‘opportunity spaces’ for agency (Doh et al., 2017; Mair & Marti, 2009; McKague et al., 2015; Moulick et al., 2019; Sydow et al., 2020). The positive strategic responses to institutional barriers and voids in this most hostile environment may also imply the capacity of many firms to respond positively to less uncertain environments elsewhere.

(a) This study claims to contribute to the IBV literature through identifying three strategic responses which an indigenous firm and an MNE deployed to navigate and shape their institutional environment: *acceptance*, *adaptation*, and *influence*. Each of these responses corresponded to some extent with earlier conceptualisations. Indeed, ‘acceptance’ was adopted directly from the passive

‘acquiescence’ concept in Oliver (1991) and corresponds with ‘acceptance’ in Khana & Palepu (2010). ‘Adaptation’ also broadly coincides with that concept in Gao et al. (2017, p. 29-30) whereby ‘... firms can adapt to changing environments across time by changing, organising, and recombining resources, capabilities, and routines’. ‘Influence’ broadly (but not exactly) corresponds with ‘manipulation’ in Oliver (1991). Although this study claims no major original contribution in terms of concepts, the blend of these three concepts in a logical sequence of firms’ efforts in coping and/or dealing with prevailing institutional conditions is novel in that they cover the stages of strategic response observed. The findings also tentatively suggest that firms can employ ambidextrous combinations of strategic responses, not only to accept, but also to influence, these barriers and voids.

This thesis has developed a framework that may serve as a springboard for advancing our understanding of the complexity related to, and antecedents of, entrepreneurial processes and action within uncertain business environment, as explained below:

- (b) This research proposes a contingency and dynamic view to predict and explain how uncertainty affects entrepreneurial processes and action, depending on individual differences (individual attributes, prior knowledge), social networks, institutional environment and types of opportunity. Individual attributes of entrepreneurs (Shane & Nicolaou, 2015; Baron 2006, 2008) and their prior knowledge (Baron and Ensley, 2006; Haynie et al., 2009) may influence opportunity-related cognitions and the success of entrepreneurial processes and action. Nonetheless, higher levels of prior knowledge do not automatically necessitate an engagement in entrepreneurial processes and action within the Palestinian uncertain business environment, as higher levels of uncertainty may devalue prior knowledge. A higher dependency on prior knowledge may also generate a familiarity bias and bad experience effects. This study is consistent with the notion of Ardichvili et al. (2003) and Smith et al. (2009) that the characteristics of opportunities (tacitness and codification) themselves may influence the willingness of entrepreneurs to identify and exploit them. This research takes a step toward a greater understanding of how the variance in the characteristics of an opportunity may affect the processes and explain the role of

prior knowledge and experience (i.e. discovery and search in the opportunity identification processes).

- (c) This study bridges two contrasting views regarding the importance of weak ties (Alvarez & Busenitz, 2001; Ardichvili et al., 2003) and strong ties (Elfring & Hulsink, 2003; Hmieleski et al., 2015) in facilitating entrepreneurial processes and action. The findings provide evidence that is partially consistent with the prevailing view (i.e. the importance of weak ties), revealing the importance of mixing weak and strong ties in the Palestinian uncertain business environment (Leyden & Link, 2015). Weak ties may play a role in spanning structural holes, connecting different knowledge networks and introducing firms to new types of market knowledge, which can lead to opportunity identification. Strong ties may also play a crucial role in disseminating information, entering a network and passing on information to others who may be better equipped to use it, which may facilitate entrepreneurial processes and action.
- (d) The study provides a means of reconciling the theoretical perspectives of systematic search (Fiet et al. 2005; Fiet, 2007; Zahra et al., 2009) and serendipity/entrepreneurial alertness (Kirzner, 1973, 1979) that may otherwise be viewed as competing. Some entrepreneurship scholars (e.g. Gaglio & Katz, 2001; Kirzner, 1973, 1979) rely upon a narrow perspective of entrepreneurial alertness and ignore systematic search as an influential factor on entrepreneurial processes and action. However, this thesis offers a greater understanding of the relationship between alertness and search through confirming that systematic search may enhance/supplement entrepreneurial alertness in facilitating entrepreneurial processes and action within the Palestinian uncertain context.

At a detailed level, this study may provide new or clearer interpretations of entrepreneurial processes and action in an extremely uncertain environment. Four claimed contributions of this research are explained below:

- (a) This study reveals that initial perceptions of opportunities were often rudimentary, and that most opportunities were developed - both before and after - opportunity exploitation. The findings suggest that opportunity (particularly created opportunity) needs an iterative and interactive development process (Dimov, 2007). This provides evidence for a tentative conceptualisation of this

stage in terms of ‘opportunity development’ and considering it as an interdependent process that takes place in all entrepreneurial processes. This conception tolerates the views of both opportunity discovery and creation and posits that entrepreneurs may act before they have a comprehensive perception of an opportunity (Ardichvili et al., 2003). These results challenge a constrained perspective of opportunity identification (e.g. Kirzner, 1973) that considers opportunity development to be part of it. They also advance existing understandings of the opportunity development process by suggesting an appropriate conception, especially in conditions of high uncertainty. This conceptualisation takes into account behavioural aspects and processes under the influence of prior knowledge, resources and context, and provides an improved basis for entrepreneurial learning and adaptation (c.f. Sanz-Velasco, 2006).

- (b) This study is consistent with Shepherd (2015) and Wiklund et al. (2018) in conceptualising entrepreneurial action as a number of activities (may be interrelated or sequential) rather than a one-off event or act. It suggests that entrepreneurial action can be identified as an action path such as mode-of-exploitation or activity pattern, referring to such things as the intensity and sequence of different types of actions. This study is consistent with the view of Choi and Shepherd (2004) that opportunity exploitation is a necessary step in the entrepreneurial processes to realise economic values, but it also suggests that firms may take reasoned actions, beyond opportunity exploitation. Taking different actions after opportunity evaluation in the Palestinian extremely uncertain environment implies the difficulty and complexity of exploiting opportunities, but also the possibility of the capacity of many firms to take entrepreneurial action and exploit opportunities in less uncertain environments elsewhere.
- (c) This study bridges two contradictory views regarding whether uncertainty negatively impedes or positively stimulates entrepreneurial processes and action. The findings provide evidence to challenge a ‘barrier’ view of uncertainty that is ‘detrimental to entrepreneurial action’ in entrepreneurship studies (McMullen & Shepherd, 2006: p.135; also c.f. Shepherd et al., 2015; Kuechle et al., 2016) by confirming its ambiguous impact (incentive and/or disincentive). The study further proposes a contingency view to predict and explain variations in impacts,

depending on a subjectivist and perceptual view of uncertainty (Duncan, 1972; Milliken, 1987; Rindova & Courtney, 2020), and on different conditions of uncertainty. Even extremely high levels of uncertainty (as in Palestine) do not automatically necessitate negative responses and may be overcome, and a 'barrier' view of uncertainty is too simplistic.

- (d) This thesis also claims to add value to existing empirical research in the field of entrepreneurship by emphasising the subjective effects of emotions, together with the attributes of entrepreneurs, on entrepreneurial processes and action. Enriching inconsistent findings in the literature on the role of negative emotions, e.g. *fear of failure, stress and anger*, in motivating or deterring entrepreneurial action, the results show their positive and negative impacts on opportunity exploitation. Rather than studying participants experiencing one emotion (as in Foo, 2011), this study investigated how mixed and conflicting emotions may influence entrepreneurial processes and action. Therefore, this study teases out the main and interactive impacts of cognition and emotions on entrepreneurial processes and action in the Palestinian highly uncertain business environment. This explains that an entrepreneur who identifies a business opportunity can experience a blend of different emotions at any one time. However, the predominance and strength/intensity of one emotion over another may drive action, so it is important to distinguish which types of emotion are dominant and which are in conflict (Podoyntsyna et al., 2012).

## **7.4 Implications for Practitioners**

The study claims to convey three messages - that may be applied elsewhere - for business practitioners operating in uncertain institutional environments. These practical implications are discussed as follows:

- (a) The study shows that firms may need to effectively apply different strategic responses to address the diverse institutional barriers and voids simultaneously. Situations change frequently in uncertain business environments; therefore, managers may need to key their firms agile and flexible. They may also need to develop deep understanding of their local environments. For this purpose, they may need to invest in their market intelligence capabilities to accumulate local

knowledge and to develop an extensive information network that can help keep up with market changes to inform the formulation of strategic responses. In particular, managers of MNEs may find it useful to hire local staff to get local knowledge. They may also develop strategically interconnected mechanisms that facilitate the continual orchestration of local and international knowledge interaction. In uncertain circumstances, firms may need to establish broad business collaborations and intensive network building with a variety of local organisations and individuals and be proactive to survive and grow in their business environments. In order to cope with uncertainty, managers may be cautious against over-dependence on their prior knowledge and experience that may lead to familiarity bias in decision-making processes.

- (b) Managers may need to be aware of different informational settings that may find themselves in when engaging with entrepreneurial processes and action, which directly influence their perceptions in judging the situation. They may therefore consider all options of opportunity identification (recognition, discovery and creation) and different cognitive models for entrepreneurial action (c.f. Arikan et al., 2020; Read et al., 2011; Alvarez & Barney, 2007). This differentiation and understanding may help in planning and selecting/designing appropriate strategic actions to deal with risk and/or uncertainty at each step of entrepreneurial processes and action. Moreover, managers may need to learn quickly how they may deal with uncertainty since firms are developed and/or operated in the face of great uncertainty even in a well-developed environment. For example, the COVID-19 pandemic created great uncertainty even for incumbent firms in developed economies with relatively well-established institutions. Some firms also exploited new opportunities (Alvarez & Porac, 2020).
- (c) Managers may need to be aware of the psychological changes in themselves and in their subordinates in the face of uncertainty. This may require them to consider how their individual cognitive evaluations and emotions (positive and negative) may systematically influence their own decision-making, and their leadership and management of subordinates in such situations. Managers may need to use some tactics to reduce the cognitive load of information processing in decision-making and avoid/delay the reaching of the turning point of a positive to a negative impact of uncertainty. They may use scaling-up and experimenting



projects, deeply understand the team's capabilities and limitations to avoid pushing them from the 'challenging' to the 'panic' zone, establish a constructive feedback channel between managers and their subordinates, build trust and resilience within the team, and simplify strategies. Firms also may supplement their business planning and entrepreneurship trainings with material that addresses self-regulation, emotion and cognition awareness.

## **7.5 Limitations and Future Research**

Though this research may claim several important contributions, these contributions must be considered in the context of their potential limitations. The caution in making generalisations to other countries and sectors is clearly relevant in the context of two case studies from Palestine. The study uses qualitative methods and two cases that could be replicated with a larger sample, different methods (e.g. quantitative), different sectors, different national contexts, and across similar industries in different countries, which may enhance our understanding of whether firms facing institutional challenges and high uncertainty from different settings perceive and respond to them differently or follow the same pattern.

A number of key areas, beyond the scope of the present work, remain to be examined as explained below:

- (a) There is a need for more research and theoretical investigation into how institutional barriers and voids can be a source of advantage (Doh et al., 2017; Mckague et al., 2015). This suggests that future research may address new research questions, e.g. under what circumstances may institutional barriers and voids create competitive advantages; how can firms exploit these advantages; and what resources and capabilities are needed to exploit them?
- (b) This study is consistent with the suggestion of Alvarez et al. (2017), Arikan et al. (2020), Berglund et al. (2020) and Shepherd (2015) to consider a more interactive perspective of entrepreneurial behaviour as a result of the interplay between objective opportunity characteristics, subjective evaluations of these objectives by entrepreneurs, and their emotional interference. Accordingly, this research provides a foundation for future research to identify the interaction of opportunity characteristics and attributes of the entrepreneur.

- (c) This study provides evidence to provisionally contest an over-simplistic linear view in assessing the influence of uncertainty on entrepreneurial action, particularly opportunity exploitation (i.e. the higher amount of uncertainty the stronger the negative effect). Uncertainty is nuanced, and the intensity of uncertainty may play an influential role in generating and deterring entrepreneurial action, especially opportunity exploitation (Fisher et al., 2020; McKelvie et al., 2011). This study therefore corresponds with the recent calls for a more nuanced view of uncertainty (Ramogluo & Tsang, 2016; Townsend et al., 2018) or a better notion of uncertainty in entrepreneurship theory (Packard et al., 2017). This current study acknowledges its limitation in producing a graphical representation of the relation between aggregate level of uncertainty and entrepreneurial action (particularly opportunity exploitation), it therefore suggests that further longitudinal and quantitative empirical research are required to investigate the uncertainty overload phenomenon and develop a model to find the pattern, e.g. whether it has an inverted-U or S- (sigmoid) shape. Replicating this study may be fruitful, hopefully amplifying this phenomenon and elaborating on the ability of firms to exploit any positive impact of uncertainty.
- (d) This study concurs with Baron et al. (2012), Foo et al. (2009) and Shepherd (2015) that future research should further examine the effects of emotions in entrepreneurship, especially negative emotions, and how they affect perceptions of uncertainty. It also suggests that future entrepreneurship research may necessarily need to differentiate emotions in terms of their valence, their motivational tone and their underlying cognitive evaluations since this distinction has so far not been rigorously considered in entrepreneurship research. This distinction may help future research to investigate the direct and indirect influence of emotions on entrepreneurial processes and action within an uncertain environment.

# Appendices

## Appendix (A): An Interview Guide

1. The researcher sent an acknowledgement email to the interviewees, thanking them for their cooperation and for agreeing to be part of the research and explaining what he expects from them and informed them of his data collection plan and protocol, and any further steps.
2. Two days before the Skype interview, the researcher sent a reminder email to the interviewees based on their scheduled appointment. This email enclosed the Plain Language Statement (i.e. a brief description of the research and how the researcher will use their responses to ensure confidentiality) and the Consent Form (i.e. their acceptance to be a part of this study).
3. The interview questions were sent to the interviewee beforehand the interview when s/he asked for this.
4. After the interviewees' consent, all the interviews were recorded via voice digital recorders (2 voice recorders), and these audio recordings were only accessed by the researcher and used to transcribe the interviews.
5. At the beginning of the interview, the researcher introduced himself and presented a simple and precise briefing about the research topic. He tried to inject some elements of humour in the conversation to reduce any tension, asked the interviewee to send him the consent form if they had not done so, and informed them about what he expected from them during the interview. Then, the researcher asked them to briefly tell him about themselves (their education, experience in the sector, and experience in the company) to build better rapport (i.e. create a climate of trust and understanding).
6. During the interview, the researcher asked (15) main broad, open-ended questions to encourage the interviewees to express their experiences and opinions. He did not stick to the interview schedule or the order of the questions and did not interrupt. If an interesting point was made, the researcher took a note and followed it up at an appropriate point. Moreover, he tried to prompt the interviewee by indicating that he wanted to hear more, the researcher was perfectly happy for them to take their time and consider what they were saying. Sometimes he asked them to be more precise and to define the words or terms they are using.
7. The researcher asked the interviewees all the questions and the majority of them answered these questions, but some of the interviewees did not answer some questions, as these questions did not relate either to their experience or positions.
8. At the end of the interview, the researcher asked about anything he felt had been left out. He also asked the interviewees if there was anything else, they would like to say. The researcher thanked them for their time and efforts and told them that he would send them the interview's transcripts to make any comments or add further information.
9. The researcher emailed the interviewees both the Arabic and English transcripts of interviews. Most of the participants were generally happy with the drafts but wanted minor amendments. The researcher revised the drafts, taking research participants' comments into account.

## Appendix (B): An Interview Questions

### Profile of informant

- Position
- Education
- Work experience in the industry
- Work experience in the company

### Main Questions

- 1- **What are the main institutional challenges and obstacles that your company faces?**
  - Do you face the same institutional barriers in the WB and GS? How could this affect your company operations?
- 2- **Can you prioritise these institutional barriers and voids according to the extent of their impact on your company's operations?**
  - The three most important institutional obstacles to the business that have led to the abandonment of projects or have led to innovative actions to get around the barriers.
- 3- **How do these three institutional challenges affect your company's operations? Give some examples.**
- 4- **From your point of view, do you consider these challenges and obstacles as incentives or disincentives to work in this uncertain business environment? Why?**
  - Can you give me pairs of projects, one that was strangled by institutional barriers, the other stimulated by them?
  - Did any project or product take advantage of barriers? If yes, can you describe this project/product?
- 5- **Do firm resources play an essential role in the entrepreneurial processes, and could they surmount institutional barriers? If yes, how? Give some examples!**
- 6- **Does culture affect your perception of opportunity identification, development, and exploitation, and access to resources?**
- 7- **Do informal institutions substitute or complement changes in the formal institutional environment? How?**
- 8- **How does your company deal with institutional barriers? Can you explain some strategies and responses used by your firm to deal with institutional contradictions?**
- 9- **How do your company deal with institutional voids? Can you explain some actionable responses?**
  - Do you think that institutional barriers and voids could generate/create any monopolistic advantages/opportunities for your firm?
- 10- **What are the necessary factors influencing the success of core entrepreneurial processes and action?**
- 11- **Can you explain the core entrepreneurial processes in your company? In detail, explain each of the following processes:**
  - Opportunity identification
    - How does your company identify business opportunities?
  - A- Recognition:
    - Do you think that entrepreneurs are different or similar in the opportunity recognition process? Why?
    - How does your company deal with uncertainty and risk in opportunity recognition?
  - B- Discovery:

- How does opportunity discovery start?
  - Are entrepreneurs who discover opportunities significantly different from others in their abilities? If yes, what are these capabilities?
  - Do you think that opportunity is a result of accidental discovery and entrepreneurial alertness or a systematic search or are they enacted and constructed in the present?
  - How does your company deal with risk in opportunity discovery?
- C- Creation:
- How does opportunity creation start?
  - Do you have a clear idea or vision before starting the opportunity creation process? If yes, how do you have it? If no, why?
  - How does your company deal with uncertainty in the opportunity creation process?
- Opportunity Development
    - How does opportunity development start? When?
    - Is opportunity development affected by any factors? If yes, what are these factors?
  - Opportunity Evaluation
    - What are the main indicators used by your firm in opportunity evaluation decision-making process?
    - Does your company use the same evaluation procedures for all types of opportunities? Why? What are these procedures?
    - In your company, what are the components of the opportunity assessment plan?
- 12- **How does the type of opportunity affect the entrepreneurial processes in your company?**
- 13- **How does the turbulent environment (with institutional barriers and voids) affect the entrepreneurial processes in your company?**
- Do you categorise/classify uncertain contexts? If yes, what are these categories?
  - How do you evaluate uncertain contexts? How do you deal/mitigate/reduce uncertainty?
  - Do you think that uncertain context could inhibit/raise/create entrepreneurial opportunities? If yes, how?
  - How do you deal with/respond to uncertainty? Do you accept uncertain context? If yes, to which level? And how does this work?
- 14- **How does the turbulent environment (with institutional barriers and voids) affect entrepreneurial action in your company?**
- What choices does your company make after evaluation?
  - How does your company exploit the opportunities? Explain the process. Give some examples.
  - Does uncertainty inhibit or motivate your company to exploit the opportunity?
  - What are the major factors that could affect opportunity exploitation?
  - Does type of uncertainty play a role in inhibiting or motivating opportunity exploitation? Explain and give examples.
  - Do negative emotions contribute to either ability or inability to make an entrepreneurial action? If yes, explain how?
- 15- **How do you describe your company regarding the following: organisational form, leadership, decision making process, human resource practices, strategy, finance, marketing, and sustaining competitive advantages?**

## Appendix (C): An Example of One of the Interview Scripts

<b>Interview ID</b>	J01
<b>Interview Date and Time</b>	02/09/2018 at 10:00 & 03/09/2018 at 17:00
<b>Company</b>	XXXXXX
<b>Interviewee Name</b>	XXXXXX
<b>Position</b>	Marketing Director
<b>Education</b>	BSc in Computer Engineering
<b>Work experience in the industry</b>	20 years
<b>Work experience in the company</b>	20 years

**Interviewer:** What are the main institutional challenges and obstacles that your company faces?

**Interviewee:**

- The presence of unauthorized, illegal, and widespread commercial activities by Israeli mobile operators in the Palestinian market, especially in the WB. The Israeli market is saturated and there is a very intensive price war among 8 Israeli mobile operators, therefore, they are attracting Palestinian customers as they provide 3G and 4G services, which are not granted to the Palestinian mobile operators. (500,000 SIM cards for the Israeli operators, around 17% of the Palestinian market).
- The lack of spectrum and frequencies granted to the Palestinian operators. The Israeli government, rather than the PNA, controls frequencies. Therefore, our company was granted 5 MHz dedicated and 5 MHz shared with the Israeli operators. However, the smallest Israeli operator is granted at least 20 MHz dedicated.
- The PNA does not have control over area (C), so traffickers are still able to smuggle the Israeli operators' SIM cards to the Palestinian market. Moreover, the PNA does not have any enforcement power to prevent illegal Israeli mobile operators to work in the Palestinian territories and the Israeli government recently subsidised the Israeli operators by 40 million NIS, i.e. \$ 12 million, to cover the Israeli settlements and the majority of the WB for military purposes.
- The technology gap between the Israeli and Palestinian operators. The Israeli operators have been granted 3G frequencies (2004) and 4G (2014) and the Israeli government proposed, and tried to impose, that the Palestinian operators buy 3G services from the Israeli operators and operate their 3G services through roaming over the Israeli networks in order to increase the dependency of the Palestinian operators on the Israeli operators; however, the Palestinian operators have been granted only 3G frequencies after 10 years of negotiation (2018) and only in the WB not in the GS. The 2G and 3G frequencies granted are insufficient to provide good quality services to our customers (3 million customers in WB and GS).
- The company operates two different networks in the same market, 3G network in WB and 2G Network in GS.
- Israel's control of ports and crossings, and a very lengthy and inefficient process for importing telecommunications equipment. All sites, towers, transmissions, spare parts, SIM cards, scratch cards and handsets should go through extra and complicated security checks which could be last for a few months, maybe years, or sometimes the Israeli government does not approve at all. For example, the Israeli government does not approve any more transmissions after they approved two transmissions in 1998, one for WB and one for GS. Also, they seized an operating system in the airport and held it until it was not usable and we paid extra costs for Ericsson to update this system.
- The company operates a 2G network in GS which is one of few countries that operate 2G networks, therefore, we have to pay high fees for a special support agreement from Ericsson and they told us that they will not be able to support our network after 2020.
- The fragmentation of Palestinian cities and towns. There is a lack of a direct connection between Palestinian territories and we cannot link our infrastructure in WB and GS. There are strong Israeli restrictions in releasing permits to move equipment within Area C, build transmissions in the WB and GS, allow infrastructure deployment, and allow the installation of microwave links.
- Power cuts for around 20 hours per day in GS.

**Interviewer:** Do you face the same institutional barriers in the WB and GS? How could this affect your company operations?

**Interviewee:**

- No, we are facing a more complicated and uncertain institutional environment in GS. There are more restrictions on importing telecommunication equipment and spare parts. For example, the Israeli

<p>government does not allow us to operate 3G services in GS and import the fleet management service's equipment and spare parts. In addition, the power cuts last for around 20 hours per day.</p> <ul style="list-style-type: none"> <li>▪ We consider GS as a completely different market as it has many different externalities (unstable political situation, a very bad economy and unemployment, siege etc.).</li> </ul>
<p><b>Interviewer:</b> Can you prioritise these institutional barriers and voids according to the extent of their impact on your company's operations?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ Israel prevents the entry of transmissions: We hired a data centre for transmissions in London and Amman, and our engineers designed a system to link these transmissions and the networks in WB and GS (i.e. body). This solution was an innovative idea and our vendor (i.e. Ericsson) was afraid and did not expect that system to work, but we operate our networks and operations based on this system.</li> <li>▪ Power cuts in GS: We installed generators for around 550 sites (i.e. towers) in GS, and we recently installed a solar energy system. This new system reduces the operating costs and is environmentally friendly.</li> <li>▪ Israel imposes more restrictions on the entry of scratch cards: We converted our top-up system from scratch cards to 100% online top-up system.</li> <li>▪ The fragmentation of Palestinian cities and towns: we reached an agreement with some Israeli operators to provide our customers with a 'National Roaming' service.</li> </ul>
<p><b>Interviewer:</b> How do these three institutional challenges affect your company's operations? Give some examples.</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ In 2005, Israel prevented the entry of SIM cards and we were not able to attract any new customers for around 2 years. (We stopped some commercial activities)</li> <li>▪ Very high operating and capital expenses for operating and maintaining our network in GS due to the extra investment in generators and solar energy system, and fuel costs.</li> <li>▪ We cannot expand our networks or attract more customers due to the limited frequencies granted.</li> <li>▪ Very intensive competition in the Palestinian market as we are competing with a legal Palestinian operator and 8 illegal Israeli operators.</li> <li>▪ In the 2014 war on GS, Israel demolished around 20 of our company's sites that were placed on some targeted buildings. These were unexpected extra costs.</li> </ul>
<p><b>Interviewer:</b> From your point of view, do you consider these challenges and obstacles as incentives or disincentives to work in this uncertain business environment? Why?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ There is no alternative to working in this complicated and challenging business environment. Therefore, these obstacles can be considered incentives rather than barriers.</li> <li>▪ Although these challenges increase expenses, our company has been able to compete and has already competed with Israeli companies that existed primarily in the Palestinian market before our launch.</li> <li>▪ The company tries to find a solution for each obstacle, especially those imposed by the Israeli government.</li> </ul> <p><b>Interviewer:</b> Can you give me pairs of projects, one that was strangled by institutional barriers, the other stimulated by them?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ Transmissions are placed in London and Amman: When our customer base reached 100,000 customers, Israel tried to destroy our company through preventing the entry of new transmissions to WB and GS. Now, our customer base is 3 million customers.</li> <li>▪ 3G services: The Israeli government tried to ensure that the Palestinian operators buy 3G services from the Israeli operators and operate their 3G services through roaming over the Israeli networks, but after around 10 years of negotiation, we provide 3G services in WB and we generate very good revenues from these services.</li> <li>▪ For example, the 3G project was strangled for 10 years, and expanding their network has been strangled due to the limited frequencies.</li> </ul> <p><b>Interviewer:</b> Did any project or product take advantage of barriers? If yes, can you describe this project/product?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ In 1996, our company was the only company that applied to the auction of the mobile phone sector through X Group. In 1998, our company started its operations in the WB and GS and continued for</li> </ul>

<p>more than 8 years without any legal competitors (i.e. Palestinian operators). Any new auction needs Israeli approval to grant PNA new frequencies for the new operators.</p> <ul style="list-style-type: none"> <li>▪ Traffic service: This service helps our customer to know the status of road and Israeli checkpoints between the fragmented Palestinian cities and towns.</li> </ul>
<p><b>Interviewer:</b> Do your firm's resources play an essential role in the entrepreneurial processes, and could they surmount institutional barriers? If yes, how? Give some examples!</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ Yes, resources play a very important role especially human resources (i.e. staff) and access to the information about the market and our competitors to overcome some of these obstacles.</li> <li>▪ Our company managers play a very important role in allocating and recombining the available resources either to achieve more efficient and effective operations or to create new products.</li> <li>▪ Our strong financial position and physical resources help in overcoming some barriers, but this does not work in all cases.</li> <li>▪ Our company launched an employment programme for new graduates called 'Go Professional' in order to provide the company with new blood, bring and create new ideas, and keep up with any changes in the Palestinian community and the field of technology which raise some new opportunities to our company.</li> </ul>
<p><b>Interviewer:</b> Does culture affect your perception of opportunity identification, development, and exploitation, and access to resources?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ Our culture motivates us to identify more opportunities and provide more services to our customers. For example, the Palestinian community is religious-oriented; this creates the need to provide some services like time of prayers, greetings in feasts (i.e. Eid) and pilgrimage, and the direction of Qibla.</li> <li>▪ The Palestinian community is educated and very appreciative, and they compare our services and products with the Israeli operators; this encourages us to provide high quality services and new services.</li> </ul>
<p><b>Interviewer:</b> Do informal institutions substitute or complement changes in the formal institutional environment? How?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ The informal institutions could complement rather than substitute. We employ our social networks and partnerships to solve some problems and overcome some barriers.</li> <li>▪ For example, we collaborate with the Palestinian Society for Consumer Protection and the movements for boycott of Israeli products to prevent the spread and penetration of the Israeli operators' SIM cards in the Palestinian territories.</li> </ul>
<p><b>Interviewer:</b> How does your company deal with institutional barriers? Can you explain some strategies and responses used by your firm to deal with institutional contradictions?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ Our company is considered active in dealing with these institutional barriers. We try to find a solution, and alternative solutions, for all problems and barriers that we are facing.</li> <li>▪ In 1999, our company replaced the digital phone system, which was used by the Israeli operators, with GSM system, and we were able to completely end the existence of Israeli operators' SIM cards in the Palestinian market. But, the Israeli operators started again to work in the Palestinian market and they attracted Palestinian customers due to the technology gap.</li> <li>▪ Through the Palestinian Ministry of Telecom and Information Technology (MTIT), we negotiated with the Israeli government for around 10 years to get 3G frequencies.</li> <li>▪ We placed our transmissions in London and Amman after the prevention of transmissions from entering the WB and GS.</li> <li>▪ We converted our top-up system from scratch cards to an online system.</li> <li>▪ We collaborate with the Palestinian MTIT, Palestinian Society for Consumer Protection and the movements for boycott of Israeli products to prevent the spread and penetration of the Israeli operators' SIM cards in the Palestinian territories.</li> <li>▪ We stock large quantities of SIM cards.</li> <li>▪ We installed a solar energy system to overcome the power cuts problem.</li> <li>▪ We contract local suppliers, especially in GS, to overcome some difficulties in importing the handsets.</li> <li>▪ We sent many letters to the Palestinian Prime Minister, Minister of Telecom and Information Technology, and Minister of Finance about the illegal operations of Israeli operators, in order to make a pressure.</li> <li>▪ We collaborate with the local community to raise the awareness of the Palestinian customers about the dangers of using Israeli operators' services and how it supports the Israeli economy.</li> </ul>



<ul style="list-style-type: none"> <li>▪ We lobbied, with many international organisational, for Israel to grant us 3G frequencies and now we are lobbying to get 4G frequencies.</li> </ul>
<p><b>Interviewer:</b> How does your company deal with institutional voids? Can you explain some actionable responses?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ We built the Palestinian telecommunication infrastructure.</li> <li>▪ We invested in, and helped, many local contractors to develop their capabilities to help us with installation and maintenance of our sites and networks.</li> <li>▪ We encouraged many local media companies to start their operations and develop themselves through long-term contracts.</li> <li>▪ We depend on our social networks to solve many problems and overcome many obstacles and barriers.</li> <li>▪ We are trying to align our interests with the PNA's interests especially regarding the presence and spread of Israeli operators' SIM cards and operations.</li> </ul> <p><b>Interviewer:</b> Do you think that institutional barriers and voids could generate/create any monopolistic advantages/opportunities for your firm?</p> <p><b>Interviewee:</b> Of course, yes. The existence of institutional barriers and voids generates some opportunities and advantages, but it's very costly to either exploit these voids or overcome these barriers.</p>
<p><b>Interviewer:</b> What are the necessary factors influencing the success of core entrepreneurial processes and action?</p> <p><b>Interviewee:</b></p> <ul style="list-style-type: none"> <li>▪ Personal traits: The majority of our directors and managers were employees at lower level management, and they got the experience in the mobile phone sector in our company. They got promoted because they are risk-takers, innovative, imaginative, open to new ideas, and leaders.</li> <li>▪ Prior knowledge: Our company was the first Palestinian mobile phone operator in the Palestinian market and there was no previous experience in this industry, therefore, we have been encouraging innovation and creativity in dealing with many issues and obstacles. Now, we are experts in managing the Palestinian market and mobile phone sector, which helps us in developing more efficient and effective operations, identifying more opportunities, and providing more new products and services.</li> <li>▪ Social Networks: They are very important, especially in the Palestinian context. They help us to identify the market's needs and access to many resources.</li> <li>▪ Entrepreneurial alertness: This is a differentiator among employees. Employees with a high level of alertness are more able to assess the exceptional situations, more sensitive to the market's changes, have a wide vision, have a good ability to link events and variables, and are faster in identifying opportunities in the markets. We conduct regular market scanning, through an international consulting company, but some employees discover some unexpected opportunities.</li> <li>▪ Systematic search: We conduct some systematic searches in the market to encourage more consumption of data (i.e. internet). Also, we established an innovation centre that provides many facilities to our employees and many applications developers, to identify more opportunities in the market. For example, we developed 'X Company Applications Store (JAS)' and we urge applications developers to join us in this store to create more opportunities for using data.</li> <li>▪ External environment: A more stable environment could be easier for execution and exploitation of opportunity, but more dynamic and changing environment could be very good environment for innovation and raise some new opportunities, especially for entrepreneurial firms.</li> <li>▪ Type of opportunity: When the market's demand and supply exist and it is clear how to link them, this is the easiest opportunity to be identified and exploited. However, the more complicated the situation, the more efforts and costs needed (i.e. more risk-taking).</li> </ul> <p><b>Interviewer:</b> Can you explain the core entrepreneurial processes in your company?</p> <p><b>Interviewer:</b> How does your company identify business opportunities?</p> <p><b>Interviewee:</b> We identify business opportunities in different ways: (1) We conduct regular market scanning to monitor the market's changes and identify any gaps in the market, mainly customers' needs. (2) We receive feedbacks and suggestions from our customers and dealers. (3) We attend many international telecom conferences. (4) We explore the services and products of other mobile phone operators in the region (i.e. Middle East). (5) We transfer some technologies and services from other countries and markets to the Palestinian markets. (6) We design completely new products or services to the market and create the customers' needs.</p> <p><b>Interviewer:</b> Do you think that entrepreneurs are different or similar, in the opportunity recognition process? Why?</p>

**Interviewee:** Opportunity recognition is the easiest case of opportunity identification. However, entrepreneurs who recognise the opportunities are different from each other. They have the ability to monitor and notice any changes in the market. They are very sensitive to the market's changes and dynamics and know how to benefit from them.

**Interviewer:** How does your company deal with uncertainty and risk in opportunity recognition?

**Interviewee:**

- We make a plan, but we take into consideration a certain level of risk or uncertainty.
- We make emergency plans. (Many alternative plans).
- We designed special offers for GS due to the bad economic situation (adaptation and flexibility).
- We are very flexible, try to minimise the impact of any changes in the market on our company, and ensure the continuity of the services we provide.
- We make some assumptions, in order to deal with this context.
- We don't change our strategic plans completely.

**Interviewer:** How does opportunity discovery start?

**Interviewee:**

- The company gets the idea from different sources: (1) conducting focus groups in order to identify the customers' needs, (2) asking our current customers about their opinion if we would like to launch any new services or products, (3) conducting market surveys and outgoing calls, (4) analysing the current usage of our customers in order to identify their needs and design suitable offers for them (i.e. voice calls, internet, messages etc.), (5) exploring the services and products of other mobile phone operators in the region (i.e. Middle East) through reviewing Arab Advisor Group reports about their experience, especially new products and services, (6) participating in many international telecom conferences, in order to learn from others' experience, and meet new consultants and vendors.
- This helps us to either identify the market's needs and meet them with our services or introduce a new product or service and create the need in the market. This process could happen many times before reaching this stage.

**Interviewer:** Are entrepreneurs who discover opportunities are significantly different from others in their abilities? If yes, what are these capabilities?

**Interviewee:**

- Yes, they have a more advanced understanding of the market than entrepreneurs who recognise opportunities.
- They are critical thinkers, have an advanced level of linking causes and effects.
- They have a high level of entrepreneurial alertness and good systematic search skills.

**Interviewer:** Do you think that opportunity is a result of accidental discovery and entrepreneurial alertness or a systematic search or being enacted and constructed in the present?

**Interviewee:** Opportunity could be a result of both accidental discovery and systematic search.

**Interviewer:** How does your company deal with risk in opportunity discovery?

**Interviewee:**

- Exploratory research in order to collect more data and information.
- Consulting either local consultants and experts or international consultants
- Our experience plays a very important role in dealing with this complicated market.

**Interviewer:** How does opportunity creation start?

**Interviewee:**

- It starts internally in the company and we conduct many trials to reach a certain level of maturity of the idea.
- We share our thoughts with other employees or managers in order to develop the idea. Hence, many changes could take a place.
- We conduct some experiments or design models for this product or service.
- We use it internally then start externally with a limited number of customers.
- For example, our company created the mobile phone industry in Palestine. We built the telecom infrastructure and we created commercial services and products everywhere in the Palestinian territories.
- Another example: our company introduced GSM system instead of a digital phone system.

**Interviewer:** Do you have a clear idea or vision before starting the opportunity creation process? If yes, how do you get it? If no, why?

**Interviewee:** No, it is very difficult to have a clear vision from the beginning. The idea will be more clear and solid as the creation process progresses.

**Interviewer:** How does your company deal with uncertainty in the opportunity creation process?

**Interviewee:**

- Creativity and flexibility
- Collective work (i.e. team-work). We encourage any employee to share their ideas with others.
- Collecting data and information about the opportunity and market as much as we can.
- We share our road map with other segments and stakeholders to know their opinion.
- We depend on our judgments and experience.
- We define causes and effects in order to control the process.
- We try to use the most appropriate way to deal with the source of uncertainty.
- Experimentation.

**Interviewer:** How does opportunity development start? When?

**Interviewee:**

- The opportunity development process starts from the beginning (i.e. initial idea), as we ask the idea's owner to prepare a business case to explain their ideas, nature of product or service, the market's needs and competition status. For example, when we identified a fleet management service opportunity, we asked the owner of the idea to prepare a business case which provides us with all the required information about the market's needs, vendors, costs, product, competitors and other operators' experience if this product provided by any of them.
- In the development process, the initial idea could be adjusted many times, create complementary services (i.e. opportunities) to fill some gaps that are discovered in the market, either for the same customers (target segment) or a new segment (customers), or maybe lead to completely new opportunities. For example, we collaborated with a local taxi company and designed a taxi application for people's rides, but after that we noticed some customers needed to ship some stuff or stock from one place to another, so we added a new service.
- Another example, we designed a selling system to connect our system with the dealers, called 'Lukra', to only sell post-paid lines or SIM cards. But we developed this system to allow our dealers to sell Value Added Services (VAS), order SIM cards from our stores, and order top-up credit.
- We designed a 'My Account' application, mainly for making enquiries about customers' programmes and their bills. But we developed this application to allow our customers to buy new lines, top-up their current lines or pay their bills.

**Interviewer:** Is opportunity development affected by any factors? If yes, what are these factors?

**Interviewee:** The development process is affected by some factors such as the ability of our company to collect sufficient information about the external environment, our capabilities to understand the market and its needs, our experience in developing commercial opportunities in this complicated and uncertain context, our relationships with the vendors, our staff capabilities and skills, and the extent to which the market is ready for these products and services.

**Interviewer:** What are the main indicators used by your firm in the opportunity evaluation decision-making process?

**Interviewee:**

- Feasibility analysis (Revenues and Costs)
- Attractiveness
- Market's needs
- The availability of the company resources and capabilities to exploit this opportunity.
- The suitability of this product or service (i.e. opportunity) with the company's products and services profile.

**Interviewer:** Does your company use the same evaluation procedures for all types of opportunities? Why? What are these procedures?

**Interviewee:** Around (90%) of our opportunities are evaluated with the same procedures and according to the main indicators. The evaluation is a stage/step evaluation process in order to precisely assess these opportunities and collect sufficient feedback to develop the opportunity. However, some opportunities (around 10%) need different evaluation procedures and indicators.

**Interviewer:** In your company, what are the components of the opportunity assessment plan?

**Interviewee:**

- Opportunity and product (nature, functions, needs, specifications).
- Market, segments (how this opportunity could affect other segments to avoid any contradiction), customers, competitors, vendors.
- The benefits of this opportunity to the company (increase of either revenues or customer base), and how this opportunity is consistent with the company's Road Map.
- The resources and capabilities required to exploit this opportunity.
- The execution plan and allocation of resources.

**Interviewer:** How does the type of opportunity affect the entrepreneurial processes in your company?

**Interviewee:**

- If the market's needs and the company's capabilities are not clear, there is no opportunity.
- If the market's needs are not clear but the company's capabilities are clear, there is an opportunity. However, the company should stimulate the need for their products. For example, we introduced Blackberry service to the Palestinian market when the customers did not know how to use or maximise their benefits from this service, but we raised their awareness about the importance of this service (Technology transfer). Another example: we introduced a Fleet Management Service when the customers did not know the importance of this service, but we gave them 3-months free trial. Now this service has become the most demanded and is a primary service for the majority of companies and municipalities. Then, we added other functions such as measuring the level of fuel, tracking drivers, monitoring car speed, monitoring the temperature of freezers (sensors), and ensuring the movement of the concrete mixer operator.
- If the market's needs are clear and the company's capabilities are not clear, there is an opportunity. However, we need to invest more in our company's capabilities or ask for external consultation to solve this problem.
- If the market's needs and the company's capabilities are clear, there is an opportunity and these are our normal and daily business transactions.
- If the opportunity's features are not clear and we do not have prior knowledge, there is no opportunity (lookover).
- If the opportunity's features are not clear, but we have prior knowledge, there is an opportunity and the best way to identify the opportunity is discovery. For example, smart meters services for measuring the consumption of electricity and water. Our company started this project with one municipality, as its features were not clear enough, then we started to work with other municipalities and the electricity company. (We aim to increase the dependency of our customers on the technology and Internet).
- If the opportunity's features are clear and we do not have prior knowledge, there is an opportunity and the best way to identify the opportunity is exploratory research and should be based on learning from the new opportunity to develop the company's capabilities.
- If the opportunity's features are clear and we have prior knowledge, there is an opportunity and the best way to identify the opportunity is a systematic search in order to minimize the efforts, costs and time.

**Interviewer:** How does the turbulent environment (with institutional barriers and voids) affect the entrepreneurial processes in your company?

**Interviewee:**

- This environment sometimes obstructs the emergence and development of opportunities (e.g. 3G project was strangled for 10 years, and expanding their network has been strangled due to the limited frequencies), but we overcome these obstacles, as we are dealing with this environment on a daily basis and we became experts in managing turbulent environment.
- Also, the rapidly changing environment creates some opportunities, but the company should be more dynamic and flexible in order to identify and exploit these opportunities and generate a good profit. Indeed, this challenging environment encourages us to be innovative and creative in order to solve these problems.

**Interviewer:** Do you categorise/classify uncertain contexts? If yes, what are these categories?

**Interviewee:**

- Yes, we classify uncertain contexts according to the causes of this case of uncertainty. Sometimes, we can collect some data about the reasons for uncertainty, which helps in dealing with it.
- The causes of uncertainty could be (1) the external environment, e.g. political instability, economic situation, Israel's policies, and how these changes could affect our company. (2) Changes in the Palestinian market and the reaction of either our local competitor or illegal Israeli competitors.

**Interviewer:** How do you evaluate uncertain contexts? How do you deal/mitigate/reduce uncertainty?

**Interviewee:**

- We collect data (i.e. available data) as much as we can.
- We make our plans, but we take into consideration the uncertainty.
- We make many alternative plans in order to deal with uncertainty.
- For example, the Israeli government promised to grant us 3G frequencies in 2010 and we were preparing for this in our road map, but we were making alternative plans for 2G services, such as additional SMS and VAS, which were exploited to the maximum. In addition, our company engineers developed 2G frequencies from GPRS to Edge frequencies in order to improve the quality and speed of the internet as an alternative solution to the delay in granting 3G frequencies.

**Interviewer:** Do you think that uncertain context could inhibit/increase/create entrepreneurial opportunities? If yes, how?

**Interviewee:** Generally, uncertain context inhibits opportunities. But the rapid changes also create some opportunities for dynamic entrepreneurial firms. Therefore, our company tries to participate in creating a technological environment, which will help us in creating more opportunities in the Palestinian market.

**Interviewer:** What are the rational responses to uncertainty? Do you accept an uncertain context? If yes, to which level? And how does this work?

**Interviewee:**

- We collect data (i.e. available data) as much as we can in order to reach a reasonable level of certainty.
- Generally, we accept and operate in the uncertain context. If the uncertainty could lead to the stoppage of the company's operations, we work with any level of uncertainty. But, if we are making a decision regarding a new product or project, in this case, it will depend on the size of investment (high investment requires a greater level of certainty).

**Interviewer:** How does the turbulent environment (with institutional barriers and voids) affect entrepreneurial action in your company?

**Interviewee:** In most cases, this environment drives us to be more innovative and creative to overcome these barriers or exploit these voids. But it may inhibit us from exploitation in some cases (e.g. Mobile payment and online payment cannot be implemented due to the lack of regulations and rules to regulate the Palestinian market).

**Interviewer:** What are your company's options after evaluation?

**Interviewee:**

- Execution and exploitation, if the company has the required resources and capabilities.
- Development of the company's capabilities and resources if needed.
- Collecting more information and data to reach a reasonable level of clarity, not full clarity.

**Interviewer:** How does your company exploit the opportunities? Explain the process. Give some examples.

**Interviewee:** Once the exploitation decision has been made, we coordinate with all departments concerned in order to plan for execution. Then we prepare the plan that explains the allocation of resources and staff. In some opportunities we go directly to the market and provide the product or service. However, in the case of opportunities where we are not certain about their impact and the reaction of the market, we start either by small-scale projects or experiments, then we go to the market.

**Interviewer:** Does uncertainty inhibit or motivate your company to exploit the opportunity?

**Interviewee:** Uncertainty plays both roles, so it could inhibit and motivate our company to exploit the opportunity. But we deal with this uncertain environment as a challenge and we try to employ our experience and our well-qualified team to work in this context, in order to prove themselves.

**Interviewer:** What are the major factors that could affect opportunity exploitation?

**Interviewee:**

- Accessibility of the information
- External environment stability
- Managers' and staff's experience
- Company's and staff's capabilities
- The relationships with our vendors and local community.
- The relationship with the PNA and MTIT.

**Interviewer:** Does the type of uncertainty play a role in inhibiting or motivating opportunity exploitation? Explain and give examples?

**Interviewee:**

- Yes, the type and cause of uncertainty play a role in inhibiting or motivating us to exploit the opportunities.
- We deal with the uncertainty according to its causes.
- We assume a certain level of uncertainty in the Palestinian market.
- Our experience in the company, industry and Palestinian context, as well as our judgment, play a very important role to overcome uncertainty and convert barriers to opportunities.
- We consider the uncertainty as a challenge rather than a barrier, therefore we work to succeed.
- We have a high willingness to take risks and uncertainties.
- All of our directors and staff are Palestinians and they are familiar with this complicated and uncertain market.

**Interviewer:** Do negative emotions contribute to either ability or inability to make an entrepreneurial action? If yes, explain how?

**Interviewee:**

- Some negative emotions contribute to the ability of our staff to make an entrepreneurial action.
- Fear of failure: 'We work to succeed and there is no space for failure'. Fear of failure encourages us to be more innovative and creative to find many alternatives in order to overcome all barriers.
- Self-esteem: Our self-esteem and trust in other staff increase our ability to perform very difficult tasks in this environment. Our experience and culture of persistence help a lot in challenging these barriers.
- Resilience: the accumulation of experience over years of work helps us to make decisions in this environment.
- Stress: We deal with the causes of this stress and we consider it a challenge, which helps us to act entrepreneurially.

**Interviewer:** How do you describe your company regarding the following: organisational form, leadership, decision making process, human resource practices, strategy, finance, marketing, and sustaining competitive advantages?

**Interviewee:**

- Organisational form: Our organisational structure is very dynamic and flexible, and we make some changes based on the changes in the market.
- Leadership: They are experts in the mobile phone industry, and they have charismatic characteristics that enable them to encourage teamwork and motivate staff.
- Decision making process: It's based on data analysis models of the market if the data is available, if not, it's based on our experience and judgments in cases of ambiguity and uncertainty.
- HR practices: Generally, we recruit new graduates through Go Professional and look for candidates who are creative, flexible and able to work in this complicated market. However, some positions require an expert or specialists like engineers.
- Strategy: We have broad strategies and guidelines. These strategies are flexible and have few details. We allow staff at lower levels to set out their operational plans according to the changes in the market.
- Finance: We have a good cash flow, but sometimes especially for large projects e.g. 3G project, we borrow some money from banks.
- Marketing: We are very open to new ideas and very flexible, so we make broad, general marketing strategies and we allow our team to contribute their marketing and promotional ideas and some suitable procedures to keep up with the market's changes.
- Sustaining competitive advantages: our competitive advantages include our experience in the Palestinian market, a large customer base, well-qualified Palestinian staff and high quality services. But we need to improve and maintain our competitive advantages through creating some barriers for our competitors, investing more in branding, and focusing more on social responsibility.

## Appendix (D): Antecedents of Entrepreneurial Processes and Action from the Indigenous Firm

Factors	Quotations
Individual attributes	<ul style="list-style-type: none"> <li>▪ <i>'Openness to new ideas, thinking out of the box, acceptance of risk more than others, optimism, smartness, creativity, and dealing with obstacles as challenges are important characteristics of entrepreneurs' (J02)</i></li> <li>▪ <i>'The greater willingness to bear risks, openness to new ideas, optimism, determination to succeed, and skills, but within the company's plans, lead to more successful entrepreneurial processes' (J11)</i></li> </ul>
Prior knowledge	<ul style="list-style-type: none"> <li>▪ <i>'University majors and previous experience are very important, but in our case we started from scratch and built up very good experience as it was very difficult to recruit international experts and consultants. Now, we are experts in managing the Palestinian market and mobile phone sector which helps us in identifying more opportunities and providing more new products and services' (J03)</i></li> <li>▪ <i>'... In some cases the previous experience could be a barrier. For example, the managers' bad experience could affect their way of thinking and they assume that they already tried this solution and it did not work ... Moreover, some managers may deal the same way they did in previous opportunities, with different types of opportunity that need different thinking and procedures. They may also ignore some opportunities because of their belief that they will not succeed' (J10)</i></li> </ul>
Social networks	<ul style="list-style-type: none"> <li>▪ <i>'Our strong relations with the local community, staff, customers, vendors and dealers help us in identifying new opportunities and facilitate the execution process ...' (J11)</i></li> <li>▪ <i>'Social networks are very important, especially in the Palestinian context. They help us to solve many problems, identify the market's needs and access many resources and segments' (J06)</i></li> </ul>
Entrepreneurial alertness	<ul style="list-style-type: none"> <li>▪ <i>'... Employees with a high level of alertness are more likely to assess the exceptional situations and be more sensitive to the market's changes ... in identifying opportunities ... employees discover some unexpected opportunities' (J01)</i></li> <li>▪ <i>'Employees with a high level of alertness are more able to identify opportunities in the markets. But the position of entrepreneur in the company plays an important role in convincing others in the company and exploiting the opportunity' (J09)</i></li> </ul>
Systematic search	<ul style="list-style-type: none"> <li>▪ <i>'We conduct some systematic search in the market to encourage more consumption of data (i.e. internet). We also established an innovation centre that provides many facilities for our employees and other applications developers to identify more opportunities in the market ...' (J01)</i></li> <li>▪ <i>'We use systematic search when searching for specific opportunities (information is available) and it helps us to quickly reach, identify and develop these opportunities' (J11)</i></li> </ul>
Institutional environment	<ul style="list-style-type: none"> <li>▪ <i>'A more stable environment could be easier for execution and exploitation of opportunity, but we are working in an extremely uncertain environment and we are dealing with it as a challenge. Our company is still working in this context and creating room for more opportunities' (J03, J06)</i></li> <li>▪ <i>'This uncertain environment could both facilitate and inhibit the success of entrepreneurial process and action ... Indeed, the external environment in Palestine is incapable of facilitating the execution of entrepreneurial opportunities' (J09)</i></li> </ul>
Type of opportunity	<ul style="list-style-type: none"> <li>▪ <i>'... the level of clarity of these opportunities related to the level of risk and success, which affects our perception of risks, costs and returns. Therefore, we cannot generalise one identification, development and evaluation procedure to all types of opportunities as it varies from one context to another (risk or uncertain context, stable or unstable)' (J03)</i></li> <li>▪ <i>'When the market's demand and supply exist and it is clear how to link them, this is the easiest opportunity to identify and exploit, ... and can be easily imitated by our competitors. However, the less clear the features of the opportunities and the more complicated the situation, the more efforts and costs needed ... For example, ... this project was not clear and took a long time to be approved, but now this service generates annually around one million dollar' (J10)</i></li> </ul>

Source: Author

## Appendix (E): A Codebook of Levels of Uncertainty

Level	Word or Phrase
High	A very complicated, difficult, hard, ambiguous, difficulty, inability to anticipate/predict, cannot easily, is not easy, cannot deliberately plan, often does not work, often cannot do.
Intermediate	Still able, to some extent able, try, usually does work, sometimes does not work.
Low	Can easily, deal with, try always to expect, is able, have the capacity, help us to, can.

Source: Author

## Appendix (F) - Quotations on Levels of Uncertainty Types from the Indigenous Firm

Effect uncertainty	
High level	<ul style="list-style-type: none"> <li>'We have to identify the changes and their impact on our company ..., which is not an easy task' (J02)</li> <li>'We try to predict if this uncertainty affects our company or not and how, but we often cannot do' (J04)</li> </ul>
Intermediate level	<ul style="list-style-type: none"> <li>'We made some assumptions in order to estimate the impact of these rapid and continuous changes and fluctuations on our company' (J11)</li> <li>'We are able, to some extent, to predict the influence of this uncertain environment on our company and operations' (J02)</li> </ul>
Low level	<ul style="list-style-type: none"> <li>'We try always to anticipate how the changes in the main external environment factors could affect our company' (J08)</li> </ul>
Response uncertainty	
High level	<ul style="list-style-type: none"> <li>'We try to estimate the reaction of our stakeholders ..., but this is a very hard mission. This prevents us from designing our campaigns and planning our options to act against these reactions' (J04)</li> </ul>
Intermediate level	<ul style="list-style-type: none"> <li>'We try to understand how these changes influence the Palestinian markets, ... We were sometimes, to some extent, able to identify and design different options to deal with the situation' (J08)</li> </ul>
Low level	<ul style="list-style-type: none"> <li>'We are dealing with this environment on a daily basis and we became experts in estimating changes and managing this turbulent environment' (J01)</li> <li>'Our experience in the Palestinian market helps us to identify the causes of the uncertainty and find appropriate solutions, as we evaluate these uncertainties and accordingly define different solutions or prevention measures' (J10)</li> <li>'After around 20 years of working in the Palestinian market, we are experts in managing the Palestinian market and mobile phone sector which help us in identifying sources of uncertainty and designing appropriate strategies to deal with this ever-changing environment' (J03)</li> </ul>

Source: Author



## Appendix (G): Antecedents of Entrepreneurial Processes and Action from the MNE

Factors	Quotations
Individual attributes	<ul style="list-style-type: none"> <li>▪ <i>‘Whenever an employee is more creative, open to new ideas, a risk-taker, optimistic, willing to work and succeed, and a fast implementer, then the more s/he is able to identify and exploit new opportunities ...’ (W04)</i></li> </ul>
Prior knowledge	<ul style="list-style-type: none"> <li>▪ <i>‘The prior knowledge of the market and its structure, customers’ needs and network and sites installation were essential. But the inability of recruiting international experts to Palestine forced us to build our knowledge and experience from scratch, and in this case previous knowledge and experience is not that important ...’ (W04)</i></li> <li>▪ <i>‘It depends on the type of opportunity. Some types of opportunity need previous knowledge (around 20%), and other types don’t need prior knowledge, especially those related to creativity, opportunity and product creation, and new projects (around 80%) ...’ (W06)</i></li> </ul>
Social networks	<ul style="list-style-type: none"> <li>▪ <i>‘Our stronger relations between our company and local communities, companies, vendors and the international community (external relations), and the stronger relations among our staff (internal relations) increase our ability to identify new opportunities and access many resources and information’ (W04)</i></li> <li>▪ <i>‘... there are strong relations between managers and our staff, and we adopt an open door policy. Moreover, we have strong relationships with our dealers and suppliers, close relationship with our customers, and participatory relationships with the other operators in the group. All of these networks increase the possibility of success in identifying, developing and exploiting new opportunities’ (W09)</i></li> </ul>
Entrepreneurial alertness	<ul style="list-style-type: none"> <li>▪ <i>‘The high level of alertness helps our company to discover more opportunities that we may be unaware of ...’ (W01)</i></li> <li>▪ <i>‘We have to always keep our eyes open on the market to identify new opportunities. There are some people who really are born with a high level of alertness, but we can also train some people to develop their entrepreneurial alertness capabilities’ (W04)</i></li> </ul>
Systematic search	<ul style="list-style-type: none"> <li>▪ <i>‘Systematic search is essential to work in the market. We have to conduct research to investigate the procedures of marketing and promoting for specific products (i.e. opportunities) and collect enough data and information about the market, how to approach and reach our customers or potential customers, and how to identify, develop and exploit this opportunity’ (W04)</i></li> <li>▪ <i>‘Our company encourages the staff to search in the Palestinian market as well as in regional and international markets. For example, we conduct research about the services provided by operators in the Jordanian, Egyptian, Japanese and Algerian markets ... etc’ (W06)</i></li> </ul>
Institutional environment	<ul style="list-style-type: none"> <li>▪ <i>‘Whenever the external environment is more stable, then the implementation will be easier. However, the unstable and changing environments still generate some opportunities...’ (W05)</i></li> <li>▪ <i>‘The Palestinian context is very changeable and unexpected ... this environment could generate some opportunities, but it hinders the implementation process (i.e. makes it more complicated) due to the difficulty of anticipating the market and its changes’ (W09)</i></li> <li>▪ <i>‘The turbulent environment is considered a problem and a barrier for bureaucratic companies, but in our case, we deal with this environment as a challenge ... this creates some opportunities’ (W04)</i></li> </ul>
Type of opportunity	<ul style="list-style-type: none"> <li>▪ <i>‘There are some opportunities that are planned and have clear characteristics, which are usually easy to discover and exploit; and there are some opportunities that are unplanned and have unclear characteristics, which are harder to identify and exploit ...’ (W04)</i></li> <li>▪ <i>‘Whenever the characteristics of the opportunity are clear, then the identification and exploitation will be easier, and we “as management” need this type of opportunity to realise a short-term success. But this does not mean that the ambiguity of the opportunity’s characteristics could prevent our company from identifying and exploiting this type of opportunity in order to achieve long-term objectives’ (W05)</i></li> </ul>

Source: Author

## Appendix (H): Quotations on Levels of Uncertainty Types from the MNE

Effect uncertainty	
High level	<ul style="list-style-type: none"> <li>▪ <i>'We also cannot easily predict how these changes in external and business environments could affect our company' (W04)</i></li> <li>▪ <i>'The risk department tries to anticipate the influence of any changes in the external or business environment on our company. Indeed, this task is very complicated in the Palestinian market' (W09)</i></li> </ul>
Intermediate level	<ul style="list-style-type: none"> <li>▪ <i>'... If the causes are related to the Palestinian side, even if there are many challenges, there is often collaboration and we can to some extent estimate the influence of changes and find solutions' (W11)</i></li> <li>▪ <i>'I see that the institutional and market changes moderately affect our company' (W06)</i></li> </ul>
Low level	<ul style="list-style-type: none"> <li>▪ <i>'The committee is able to analyse the market and the internal environment of the company (operational, commercial, and technical), and how the market's changes could affect our company' (W10)</i></li> <li>▪ <i>'We invested in our market intelligence capabilities to access relevant information, and the risk department is responsible for analysing situations. This helps us to estimate environmental changes in our external environment and their influence on our company' (W06)</i></li> </ul>
Response uncertainty	
High level	<ul style="list-style-type: none"> <li>▪ <i>'We, at a strategic level, cannot deliberately identify and plan our options and solutions in face of the rapid changes in the Palestinian market' (W05)</i></li> </ul>
Intermediate level	<ul style="list-style-type: none"> <li>▪ <i>'The risk management department always tries to forecast the market changes ... This usually does work, but sometimes it does not, as we cannot access some information specially related to politics, which may hinder us from identifying the possible options and developing feasible plans' (W09)</i></li> </ul>
Low level	<ul style="list-style-type: none"> <li>▪ <i>'Staff, at the operational level, can easily deal with this uncertain context and daily changes' (W05)</i></li> <li>▪ <i>'We have a risk management department responsible for collecting the available data and information ..., which helps us to design suitable strategies and procedures to deal with uncertainties' (W01, W06)</i></li> <li>▪ <i>'Despite the high uncertainty that we are facing in the Palestinian market, we have the capacity for finding alternative solutions and designing feasible and applicable plans to thrive on these uncertainties through employing our market intelligence programme and transferring the experience of other operators in our group' (W10)</i></li> <li>▪ <i>'We need to reach the relevant information about all issues that could affect the company's operations in Palestine to overcome our local knowledge disadvantage. Therefore, we conduct research to collect local information about political, social and economic changes in order to make some judgements/predictions for a certain period of time that could help us to properly plan for the market, either commercial, financial, or investment plans' (W02)</i></li> </ul>

Source: Author

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