

# The influence of age on the entrepreneurial legitimacy of newcomers



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*Ik verklaar hierbij dat deze thesis een oorspronkelijk werk is, dat uitsluitend door mij vervaardigd is.  
Als ik informatie en ideeën aan andere bronnen heb ontleend, heb ik hiervan expliciet melding  
gemaakt in de tekst en de noten.*

# Preface

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I hereby present my master thesis ‘The influence of age on the entrepreneurial legitimacy of newcomers’. You should continue reading if you are interested in the topics entrepreneurship and legitimacy in relation to the age of newcomers. Are you a newcomer by yourself? In other words, someone who recently started his or her own business? Then it is likely you can learn something from the findings of my research. If you know me personally and you are interested in what I was busy with the last six months, then you should also continue reading.

The research for my master thesis is carried out by means of interviews with twelve newcomers and an analysis of media publications on these newcomers. This thesis is written as part of my graduation from the master Innovation and Entrepreneurship, which is a specialization in Business Administration, at the Radboud University of Nijmegen. The beginning of the thesis has already been made last November (2015), when I began to immerse myself in the topics ‘entrepreneurship’ and ‘age’. At the moment, the moment I write my preface and thereby finish my Master thesis, we are in the beginning of July 2016. I look back on half a year wherein I have learned a lot and I can say that entrepreneurship really aroused my interest. I was already interested in entrepreneurship because of an internship at a business of a young businesswoman during my bachelor, but now I am interested even more.

I am advised by Caroline Essers, during the writing process of my Master thesis. Herewith I want to thank her for this. Together we came to a relevant research question. Qualitative research was required in order to give an answer on the research question. The qualitative research is carried out in the form of interviews and document analysis. Twelve entrepreneurs distributed over three successive age categories, who started a new business within the last five years, were interviewed. I would like to thank all entrepreneurs for their cooperation in my research, as well as their sincerity and inspiring stories. I also want to thank everyone who brought me into contact with entrepreneurs. Last but definitely not least, I want to thank all my precious family and friends. They have supported me in many different ways during the past half year.

Finally, I hope you enjoy reading my master thesis!

Lisa Rijkssen

Bemmel, July 3th, 2016



# Abstract

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Starting your own business is a popular phenomenon for the past few years. Just think about your own environment, you can probably come up with some names of people who started their own business. But do these people also become successful? Have they survived as an entrepreneur during the first few tough years? Whether this is the case has everything to do with the legitimacy of the entrepreneur. Legitimacy contributes to the growth and survival of entrepreneurs who started a new business within a new social field. The focus of this study is specifically on entrepreneurs who started a new business within the last five years, the so called ‘newcomers’. Newcomers have to deal with a challenge during the process of obtaining legitimacy. They need to conform to current arrangements of the social field they enter, called ‘fitting in’. At the same time, newcomers try to differentiate and to bring a change, denoted by the term ‘standing out’.

The title of the thesis already gave it away; the age of newcomers in relation to legitimacy will be the core of this master thesis. Based on this, the following research question is formulated: *How does the age of newcomers play a role in obtaining entrepreneurial legitimacy?* Sub-questions are formulated in order to answer the main question. A distinction is made between three age categories of newcomers, consisting of early newcomers (16-34), mid-career newcomers (35-54), and late-career newcomers (55+). The study consists of a comparative case study, which means several interrelated cases are compared with each other. Twelve newcomers, who are evenly distributed across the three age categories, are interviewed and media content about the newcomers is analyzed.

On the basis of the results it has been found that the age of newcomers influences the way of doing business in such a way that it also has an effect on ‘fitting in’ and ‘standing out’. In turn, this has consequences for the legitimacy of newcomers. The early newcomers seem to have found the best balance between a ‘fit in’ and ‘stand out’. While the mid-career newcomers ‘stand out’ the most compared with the other two categories. This allows short-term problems with obtaining legitimacy. The age of late-career newcomers influences, generally in an indirect way, the legitimacy they obtain by their social field.

By means of the results of the study, newcomers are recommended to actively respond to the effects of their age on obtaining legitimacy. Any follow-up study should focus on a specific sector of newcomers. The differences between men and woman in the process of obtaining legitimacy also need more attention.





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# 1. Introduction

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Chapter one starts with an introduction of the research topic by explaining the findings of previous studies. Subsequently the objective and main question based on the literature will follow. In order to answer the main question it is necessary to formulate sub-questions. Thereafter, both the practical and theoretical relevance of the research are discussed. Finally, this chapter concludes with an overview of the course of this research.

## 1.1 Introduction

Being an entrepreneur is becoming more and more popular according to facts published by the KVK. The amount of people who started their own business in the Netherlands in 2013 was increased by 13 percent with respect to the previous year (KVK, 2014). The average age of starters was 37 in 2014, but the group of young entrepreneurs between 20 till 34 years increased with 15,3 percent (KVK, 2014). Entrepreneurship seems to be a popular phenomenon among the youth. The favourable attitude of youth towards entrepreneurship is not only a trend in the Netherlands, but entrepreneurship is becoming more popular among the youth worldwide. Numbers show us that about 9 percent of people worldwide engage in entrepreneurship (Neck, Zacharakis, Bygrave & Reynolds, 2002). It is striking that 12 percent of the youth worldwide seems to have a ‘very favourable’ opinion towards entrepreneurship and even 87 percent a ‘somewhat favourable’ opinion (Bertelsman Stiftung, 2007). This is actually a remarkable development, because it is contrary to the fact that the interest of people in self-employment decreases with age, while the actual number of people who choose self-employment is increasing with age (Parker, 2004). Contextual factors and inherent factors influence the preference of individuals for entrepreneurial activities (Schoon & Duckworth, 2012; Lévesque & Minniti, 2006). Age is an inherent factor which is already discussed in the entrepreneurship literature (Parker, 2009; Lévesque & Minniti, 2006). For instance, the age of individuals is linked to the willingness to start a business (Parker, 2004, 2009; Lévesque & Minniti, 2006; Bönnte, Falck & Heblich, 2009).

Being an entrepreneur and entrepreneurship are concepts that are defined in many different ways by different studies. From very simplistic definitions; ‘an entrepreneur is an individual who starts and runs his or her own business’ (Bönnte et al., 2009, p. 271), to more detailed and vague definitions whereby entrepreneurship is defined as, understanding by whom and with what consequences opportunities of the future are discovered, created and exploited

(Venkataraman, 1997). A combination of definitions from recent studies and studies of several decades ago have resulted in the following clear definition (De Clercq & Voronov, 2009, p. 800), an entrepreneur is typically characterized as a confident individual who purposefully acts in the face of uncertainty (Johnson & Ma, 1995), identifies new opportunities that go unrecognized by others (Shane & Venkataraman, 2000) and applies novel combinations of resources (Schumpeter, 1934). The opportunities that entrepreneurs recognize come in a variety of forms. Entrepreneurs are characterized in particular by the fact that they are able to discover resources which are not optimally used (Shane & Venkataraman, 2000). People who decide to exploit the recognized opportunity and enter the field of entrepreneurship are described by the widely used term of *newcomers* (Aldrich & Fiol 1994; Zimmerman & Zeitz, 2002; De Clercq & Voronov, 2009). The nature of the opportunity and the nature of the individual determine if people become newcomers (Venkataraman, 1997). In other words, both contextual input and individual characteristics play an important role (Schoon & Duckworth, 2012). Education, gender and age are examples of individual characteristics of a newcomer. The latter plays an important role during this study, because age is considered one of the most important determinants for individuals to become a newcomer (Parker, 2009; Lévesque & Minniti, 2006).

The individual characteristic *age* is the first factor that is discussed and is linked to entrepreneurship in many studies (Geldhof et al., 2013; Bönte et al., 2009; Mas-Tur, Pinaza, Tur-Porcar & Sánchez-Masferrer, 2015). There is an inverse U-shaped relationship between age and the decision to start a business (Parker, 2004, p. 106). Age is among the clearest influence on the decision for people to engage in entrepreneurship. This relation seems to be clear, but this is not the case for the connection between the entrepreneur's age and creating a successful business (Mas-Tur et al., 2015).

Legitimacy is the second factor that is often discussed in the entrepreneurship literature (Suchman, 1995; Deephouse, 1996; Zimmerman & Zeitz, 2002; Vaara, Tienari & Laurila, 2006) and is in contrast to 'age' strongly associated with creating a successful business. Newcomers need to overcome problems associated with lack of legitimacy to become successful (Low & Abrahamson, 1997). Legitimacy is a socially constructed process that reflects congruence between the (assumed) shared beliefs of a group in a social field and the behaviour of the legitimated entity (Suchman, 1995). Newcomers try to attain an acceptable level of conformity with the current arrangements of the field and at the same time they also try to bring a change. In other words, newcomers try to 'fit in' and at the same time to 'stand

out' (De Clercq & Voronov, 2009). The 'fit in' of newcomers is called *institutional legitimacy* and the 'stand out' of newcomers is called *innovative legitimacy* (Bourdieu & Wacquant, 1992). New entrepreneurs face thereby two challenges; they need to differentiate but also to conform. This is called the strategic balance view (Deepphouse, 1999; Tan, Shao & Li, 2012). In an article published by De Clercq and Voronov (2009) the two challenges are described as follows, 'entrepreneurial habitus involves newcomers acting, talking and thinking in ways that indicate that they are innovators, who nonetheless will not 'rock the boat' or destabilize the field'.

## 1.2 Objective and main questions

Based on the published studies about entrepreneurship, newcomers, the age of entrepreneurs and legitimacy it is possible to define a problem, objective and main question for this study. The gap in the existing literature gives rise to the execution of this research.

### The problem

Defining a clear problem is important in order to perform a good research including answering the main question and to achieve the objective of this research (Boeije, 2005).

The literature already contains studies about the individual factor *age* and entrepreneurship (Parker, 2004, 2009; Lévesque & Minniti, 2006; Bönte et al., 2009) and also the relation between the contextual factor *legitimacy* and entrepreneurship, especially newcomers, has been extensively described (Vaara et al., 2006; Guo, Tang & Su, 2013; De Clercq & Voronov, 2009). Newcomers face the challenge to be different and to be the same. They need to balance between both to obtain legitimacy. Legitimacy is of great importance to survive and to grow (Deepphouse, 1999; Tan et al., 2013). It is currently unknown what the role of the age of the newcomer is in obtaining legitimacy. This is exactly the gap in the existing literature, the three concepts *age*, *legitimacy* and *newcomers* are yet not been brought together in the entrepreneurship literature. The objective, main question and sub-questions will bring the three concepts together.

### The objective

The objective of the research makes clear to what the knowledge obtained during this research will serve. The objective of this research is to make clear how the age of newcomers plays a role in obtaining legitimacy in order to contribute to the body of knowledge in the field of entrepreneurship and legitimacy. The research will specifically focus on the tension between strategic conformity (to fit in) and differentiation (to stand out). In other words, contribute

knowledge about the role of the age of newcomers in gaining institutional and innovative legitimacy by newcomers. The formulation of the objective clarifies this is a theory-oriented research aimed at theory development (Verschuren & Doorewaard, 2010).

### **The main question**

To clarify the problem of this study, we need a main question besides the objective. By the use of qualitative research methods the following research question will be answered: How does the age of newcomers play a role in obtaining entrepreneurial legitimacy?

The main question represents a relation between *newcomers in entrepreneurship* and obtaining *legitimacy*, with *age* as a moderating variable. This relation between entrepreneurs and legitimacy is already described in the literature (De Clercq & Voronov, 2009; Rao, Chandy & Prabhu, 2008; Guo et al., 2014; Tan et al., 2013). The variable age is expected to play a role in obtaining entrepreneurial legitimacy by newcomers entering the social field, while distinction is made between institutional legitimacy and innovative legitimacy.

The following sub-questions support the main question. Sub-questions:

1. How is entrepreneurial legitimacy affected by the age of early newcomers?
2. How is entrepreneurial legitimacy affected by the age of mid-career newcomers?
3. How is entrepreneurial legitimacy affected by the age of late-career newcomers?

## **1.3 Relevance**

### **Practical relevance**

In the first place, the practical relevance of this research is aimed at newcomers. The research will clarify the role of their age on being obtained as institutional and innovative legitimized newcomers in the field they enter. In general, firms will face less competition by being different and will experience benefits of being innovative. Differentiation will in fact lead to increased performance, earn higher rents and possibly even a local monopoly (Deephouse, 1999; Porter, 1980; Baum & Singh, 1994). On the contrary, firms will also benefit from being the same by being recognized as institutional legitimate. Superior performance can be achieved, legitimacy challenges that hinder resource acquisition will be avoided and the likelihood of survival increases (Deephouse, 1999; DiMaggio & Powell, 1983; Oliver, 1997). Obtaining legitimacy, both institutional and innovative, will increase the likelihood newcomers survive (Deephouse, 1999; Tan et al., 2013). Therefore newcomers will anticipate on the results of the research if they know *if* and *how* their age influences the obtained

institutional and innovative legitimacy. The entrepreneurs are better able to face the challenge and bring both kinds of legitimacy in balance.

In addition, the practical relevance of this research is also aimed at economic developments. Entrepreneurship contributes to economic growth (Schumpeter, 1934), productivity and generation of productive and social networks (Audretsch & Thurik, 2001). Furthermore, entrepreneurship also helps to revitalize regional identity and this will drive the innovation process and creates employment opportunities (Audretsch & Thurik, 2001). Finally, the actions of new ventures can also affect the pace of technological change by inciting large incumbent firms into action (Sorescu, Chandy & Prabhu, 2003). New information about entrepreneurship and the effect of age on the perceived legitimacy will contribute to performing better entrepreneurship in practice and thus contribute to the above described positive economic effects.

### **Theoretical relevance**

Next to the practical relevance, I aim to make a number of contributions to the literature. In the first place, this study will add qualitative empirical research to the legitimacy literature. There is already much theorizing on the topic of legitimacy, but empirical research is still rare (Rao et al., 2008). Secondly, as argued by Shane & Venkataraman (2000) is our understanding of the business landscape incomplete because of the absence of entrepreneurship in collective markets, organisations, and firm theories. Despite the research that has been done into legitimacy and entrepreneurship (De Clercq & Voronov, 2009; Bönthe et al., 2009) and the relationship between age and performing entrepreneurship, there is still a gap in the literature in the field about the combination of these variables. The influence of age on the perceived legitimacy by performing entrepreneurship is still a gray area in the literature. Some research suggested (De Clercq & Voronov, 2009) to do research in the field of factors such as gender and ethnicity and their influence on the labeling process of entrepreneurs as newcomers in the field. The factor 'age' is also an addition to the research field.

## **1.4 Outline**

The master thesis is structured as follows. The second chapter will provide more background information about the concepts introduced in chapter one, including the maintained definitions of the concepts. The methodology of the research, also called the technical design, is explained in chapter three. Thereafter the results of the qualitative research will be introduced in chapter four. The fifth chapter consists of a conclusion summarizing the results

of the study. Finally, the last chapter includes the discussion and suggestions for further research.



## 2. Theoretical background

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The goal of the second chapter of this master thesis is to discuss the literature and to explain the different concepts of this study. To start with the concepts ‘entrepreneurship’ and ‘newcomers’. Thereafter, the literature about legitimacy will be extensively put apart, with the focus on institutional and innovative legitimacy. Lastly, the role of the age of entrepreneurs and especially newcomers will be discussed.

### 2.1 Entrepreneurship

An entrepreneur is defined by Bönte et al. (2009, p. 271) as ‘an individual who starts and runs his or her own business’. Schoon and Duckworth (2012) complement this definition by defining that the individual is self-employed full-time. Potential entrepreneurs need to make a decision between two extremes. He or she can start his or her own business and earn an uncertain profit. The entrepreneur will choose this option if the expected future profits are larger than the discounted sum of earning of the second option, namely becoming a dependent employee and earn a steady wage or stay unemployed (Bönte et al., 2009; Kihlstrom & Laffont, 1979; Evans & Jovanovic, 1989). Entrepreneurship has important consequences for the individual newcomer and the field he or she seeks to enter, it is described as a socially embedded process (De Clercq & Voronov, 2009). Nonetheless, there is some disagreement in the literature about the definition of entrepreneurship. The problem with above definition of Bönte et al. (2009) and Schoon and Duckworth (2012) is the lack of recognition that different people vary in recognizing opportunities (Shane & Venkataraman, 2000). Therefore, a more complete definition is given by Shane and Venkataraman (2000, p. 218), ‘Entrepreneurship is about how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited’.

There is no consensus in the literature about how to define entrepreneurship, I will maintain the following definition of an entrepreneur: ‘A person who identified new business opportunities and realized this by founding a new business for the purpose of creating value under conditions of uncertainty’ (Shane & Venkataraman, 2000; De Clercq & Voronov, 2009; Dollinger, 2007). The next section will make clear what is meant by ‘*identified new business opportunities*’.

## Identifying opportunities

Previous research argues that the recognition of opportunities by entrepreneurs is a subjective process, but the opportunities themselves are objective phenomena that are not always known to everyone (Shane & Venkataraman, 2000). Entrepreneurs distinguish themselves with discovery and exploitations of the opportunities for their private wealth, but also as a consequence for social wealth. Entrepreneurs are the people who are really triggered by these opportunities. An individual can only earn entrepreneurial profit if he or she recognizes the existence and value of the opportunity (Shane & Venkataraman, 2000). There are supposed to be three classes of opportunities (Venkataraman, 1997). First of all, there are some inefficiencies within existing markets. This may be a consequence of information asymmetries among the participants of the markets or because of the limitations in technology to satisfy unfulfilled market needs that are known. The second class of opportunities is caused by changes in social, political, demographic and economic forces that are not in control of individuals. Finally, also inventions and discoveries that produce new knowledge form a possibility (Drucker, 1985). These opportunities always exist, but are not always discovered and exploited by every individual. Different members of a society are supposed to have different beliefs about the relative value of resources, because of the potentials they have to transform the opportunities into a different state (Kirzner, 1997). This will be done if the entrepreneur discovers that a set of resources is not put to its best use at that moment (Shane & Venkataraman, 2000).

As just indicated, the discovery of an opportunity is a necessary condition for entrepreneurship, but it is not sufficient. To become an entrepreneur the opportunity also needs to be exploited (Shane & Venkataraman, 2000). Why, when and how some people do exploit opportunities and others do not is depending on the nature of the opportunity and of course also on the nature of the individual (Venkataraman, 1997). The entrepreneurs' willingness to exploit is influenced by the characteristics of the opportunities themselves. The entrepreneur has to believe the expected value of exploiting the opportunity will be large enough to compensate the costs. Individual differences like optimism, perceptions and previous employment also affect the decision to exploit an opportunity (Shane & Venkataraman, 2000)

Furthermore, entrepreneurs are characterized by uncertainty as mentioned in the maintaining definition. Entrepreneurs, so also newcomers, need to take risks because they need to make

investments in the form of money, time and effort without knowing what the returns on the investments will be in the future (Venkataraman, 1997).

### **Newcomers in entrepreneurship**

It has become clear who is an entrepreneur and what makes an individual an entrepreneur. The literature contains different terms to describe new entrepreneurs, in other words people who start with performing entrepreneurship. Newcomers is a widely used term to describe entrepreneurs who enter the field (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002; De Clercq & Voronov, 2009). The next section of this chapter will discuss the literature about legitimacy. Here will prove that perceiving legitimacy concerns new entrepreneurs who enter the field, called *newcomers* from now on.

## **2.2 Legitimacy**

Newcomers often face the problem of liabilities of newness, which mean they experience problems with getting access to resources (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002; Díez-Martín, Prado-Roman & Blanco-González, 2013). The degree of legitimacy of the newcomer can limit the problems caused by the liabilities of newness (Tornikoski & Newbert, 2007; Rao et al., 2008; DiMaggio, 1988; Stuart, Hoang & Hybels, 1999). The process through which newcomers become embedded in the assumptions of the field is described as legitimization (Vaara et al., 2006). Others define legitimacy from an institutional point of view as ‘the degree of cultural support for an organisation’ (Meyer & Scott, 1983, p. 201) A more extensive definition is given by Suchman (1995, p. 574), organisational legitimacy is ‘a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions’. To put it another way, when the action of a newcomer meets and adheres to the expectations of the social field it is legitimate (Rao et al, 2008). Legitimacy is a socially constructed concept, to be more precise, it is the construction of social reality. It reflects congruence between the activities of the newcomers, which are based on cultural beliefs, norms and values, and the shared beliefs of field incumbents (De Clercq & Voronov, 2009; Johnson, Dowd & Ridgeway, 2006). The social *field* refers to ‘the local social space in which newcomers and incumbents are embedded toward which they orient their actions’ (Bourdieu, 2000; De Clercq & Voronov 2009, p. 805).

Results of some earlier studies confirm the existence of a positive link between legitimacy and the survival of entrepreneurs, taking in special the survival of newcomers (Dowling & Pfeffer, 1975; Deephouse, 1999; DiMaggio & Powell, 1983; Oliver, 1997). Building

legitimacy with key stakeholders is important for newcomers, because it is a crucial factor in order to compete and to have success, which contribute to growth and survival (Guo et al., 2013; Aldrich & Fiol, 1994; Dowling & Pfeffer, 1975). Newcomers can suffer with a lack of legitimacy in the eyes of important stakeholders. This contributes negatively to the growth and thus survival of an organisation (Guo et al., 2014).

Organisational legitimacy can be derived from different sources and newcomers may want to acquire different types of legitimacy (Suchman, 1995; Zimmerman & Zeitz, 2002). Different types of legitimacy are distinguished and discussed in the literature. In the eyes of stakeholders, new venture can gain internal and external legitimacy (Rao et al., 2008). Actions associated with historical, scientific, market and locational legitimacy are covered by internal legitimacy. External legitimacy can only be obtained by the association of a new venture with successful and established external entities. Another possible distinction can be made between cognitive legitimacy and socio-political legitimacy (Aldrich & Fiol, 1994). The first type, cognitive legitimacy, is defined as ‘knowledge about the new activity and what is needed to succeed in an industry’ (Aldrich & Fiol, 1994, p. 648). Socio-political legitimacy is about cultural norms and political authorities, which place values on activities of new organisations (Ranger-Moore, Banaszak-Holl & Hannan, 1991). The third distinction is derived from Bourdieu’s social theory and is about institutional and innovative legitimacy (De Clercq & Voronov, 2009). Newcomers face a challenge of conforming (‘fit in’) and differentiating (‘stand out’) to the field’s current power arrangements.

This study will focus on the distinction between institutional and innovative legitimacy made by De Clercq & Voronov (2009). Newcomers have to conform and differentiate to become legitimated as entrepreneur by the social field and in order to survive and grow. Both forms of legitimacy will improve the performance of newcomers (Deephouse, 1999) and are therefore interesting for this study.

### **Institutional and innovative legitimacy**

Legitimacy is achieved ‘when a newcomer has attained an acceptable level of conformity with the field’s current arrangements and also brings about change’ (De Clercq & Voronov, 2009, p. 801). To put it another way, the newcomer needs to ‘fit in’ and ‘stand out’ the social field. If the newcomer stands out, he or she will be different than the competitors and obtain innovative legitimacy. In addition, newcomers also fit in by conforming to the social field and thereby obtain institutional legitimacy (De Clercq & Voronov, 2009). Both contribute to improvements in performance of the newcomer (Deephouse, 1999). This means

entrepreneurship is not just an inherent possession of the newcomer, but a performance resulting from collective sense making (Dowling, 2005). For newcomers it is necessary to be endowed with institutional legitimacy and innovative legitimacy to become legitimized as 'entrepreneur' by the incumbents of the social field (De Clercq & Voronov, 2009).

Newcomers cannot nominate themselves as a legitimated entrepreneur, the social field needs to see the newcomer as a legitimated entrepreneur.

'Institutional legitimacy is granted when newcomers comply with particular field-specific assumptions about how a participant in that field is expected to look and behave' (De Clercq & Voronov, 2009, p. 906). To put it another way, institutional legitimacy is about the extent to which newcomers conform to the field's current power arrangements' and can be seen as the extent to which newcomers 'fit in'. Newcomers must be the same as others by means of conforming to the norms and rules of the institutional environment in order to be recognized as legitimate. Being the same by conforming benefits the firm because it is recognized as legitimate (DiMaggio & Powell, 1983; Suchman, 1995). This is strongly related to the concept of 'institutional isomorphism', described as 'the homogeneity of organisations derived from legitimation mechanisms through which organisations are motivated to adopt prevailing practices to demonstrate social fitness (Tan et al., 2013, p. 84).

The principle of institutional legitimacy lies in the institutional theory. 'Organisations operate within a social framework of norms, values, and taken-for granted assumptions about what constitutes appropriate or acceptable economic behaviour from the institutional perspective' (Oliver, 1997, p. 699). Institutional theorists assume organisations need to conform to social expectations in order to achieve organisational success and survival (DiMaggio & Powell, 1983; Oliver, 1991). Scott (1987, p. 498) argues organisations therefore do conform, because they are rewarded by doing so through increased legitimacy, resources and survival capabilities. Activities of organisations that are seen as institutionalized are 'those actions that tend to be enduring, socially accepted, resistant to change, and not directly reliant on rewards or monitoring for their persistence' (Oliver, 1992; Oliver, 1997, p. 699). Based on the institutional theory there are three levels of analysis on which institutionalized activities are based. To start with the individual level, the decision-makers' norms and values affect the institutionalized activities (Oliver, 1997). The fact that the newcomers will be the decision-makers will lead to institutionalized activities influenced by the norms and values of the newcomer. The firm level is the second level of analysis and is considered as the corporate culture, shared belief systems and political processes of managing. The third level is the

interorganisational level and is about public and regulatory pressures and industry-wide norms (Oliver, 1997). Pressures from the government, societal expectations (standards about quality, safety etc.) and industry alliances will influence the institutionalized activities of newcomers. The three levels together define what is socially accepted for the firm. For this reason, all firms in the same sector exhibit similar structures and activities (DiMaggio & Powell, 1983). To put it another way, according to the institutional theory the variation in firms' structures and strategies is restructured by external social pressures (Oliver, 1992).

The extent to which newcomers challenge, or 'stand out', the field's current power arrangements is considered as innovative legitimacy (De Clercq & Voronov, 2009). Innovation is seen as one of the key factors of entrepreneurship (Braunerhjelm, 2011; Sternberg & Wennekes, 2005), because firms can benefit from less competition when they are different (Deephouse, 1999). Being innovative as an entrepreneur is associated with the capability to discover, evaluate and exploit new opportunities (Shane & Venkataraman, 2000). Innovation has not only a positive effect on the performance of one specific business founded by an entrepreneur, it also contributes to the wealth creation and well-being of an entire region or country (Holcombe, 1998; Wennekers & Thurik, 1999). Newcomers may vary in the extent to which they receive innovative legitimacy, because they vary in the extent to which they are perceived as challenging the power arrangements of the field (De Clercq & Voronov, 2009). The ability of newcomers to position themselves strategically more favorably with regard to other organisations contributes to the obtained innovative legitimacy (Bourdieu & Wacquant, 1992; De Clercq & Voronov, 2009).

### **Challenge**

It has not gone unnoticed that newcomers face the challenge of 'fitting in' or 'standing out' by entering a new social field (De Clercq & Voronov, 2009; Deephouse, 1999; Thoelen & Zanoni, 2011). The new entrepreneurs entering the field need to use technology, methods or procedures that are in a way consistent with activities in the current field. But in the same time they need to offer added value to the field that cannot be realized by present field arrangements (Dowling & Pfeffer, 1975; Suchman, 1995). Newcomers operate in a social field that is dynamic and ever changing (Bourdieu, 2000). Therefore, it is even possible that innovative legitimacy will change in institutional legitimacy during the years. If field incumbents experience new products and technologies as successful they can notice that the current field structure is not optimal. In that case, new arrangements become the new standard (Creed et al., 2002, Rao et al., 2008, De Clercq & Voronov, 2009). To sum up, newcomers'

legitimacy is associated with the challenge to both comply with *current* field arrangements and to differentiate with the *current* state of the field (De Clercq & Voronov, 2009; Tan et al., 2012; Deephouse, 1999).

Both forms of legitimacy, being different and being the same, bring some advantages and improve new venture performance (Guo et al., 2014). Newcomers will benefit from increased bargaining power and reduced industrial competition by being different than the other players in the social field (Porter, 1980). On the contrary, if the newcomer is the same and conforms to the arrangements in the current field, it is possible to benefit from improved legitimacy and the access to external resources will be easier (DiMaggio & Powel, 1983; Suchman, 1995). The strategic balance view of Deephouse (1999) describes the trade-off between differentiation and conformity that every newcomer will face. The challenge is to balance between the two pressures. This is confirmed by Jennings et al. (2009), who stated that newcomers should make a distinction between differentiating or conforming. Organisations should conform to current practice or deviate through being innovative (Tan et al, 2013; Jennings et al., 2009). A different perspective argues that newcomers can manage to benefit from both competitive differentiation and institutional conformity at the same time (Tan et al., 2010). This thought is the starting point for this study. Institutional legitimacy and innovative legitimacy (competitive differentiation) are assumed to be ‘loosely coupled’ (Weick, 1976; Tan et al., 2013). It is not a problem ‘to be different or to be the same’; entrepreneurs are likely to obtain both competitive advantage and institutional legitimacy simultaneously. Institutional isomorphism and competitive differentiation are considered as parallel to one another and not as two extremes (Tan et al., 2013). Fitting in and standing out is in a previous study already examined in the context of ethnic minority creative entrepreneurs (Thoelen & Zanoni, 2011). From the analysis of the study, four different types of the use of their minority background were identified. The degree to which the ethnic minority background is used to stand out in the creative field of the entrepreneur varies greatly. Fitting in the field also seems to be related to conscious choices on the usage of ethnic minority background.

### **2.3 The influence of age**

Age is one of the most important inherent factors for individuals to become an entrepreneur (Parker, 2009; Lévesque & Minniti, 2006). Contextual factors and inherent factors influence the preference of individuals for entrepreneurial activities (Schoon & Duckworth, 2012; Lévesque & Minniti, 2006). Contextual factors are features of the socio-economic environment of the newcomer and include among other things the education. Inherent factors

are characteristics of the individual, for example the age of the newcomer. It is assumed that individuals become less willing to start a new firm when age increases based on the standard theory of the allocation of a scarce resource. In this situation, time is the scarce resource what means the opportunity cost of time increases when people grow older. But at the same time the present value of the stream of future payments will decrease. So younger individuals are more likely to start a new firm than older individuals because of the relative return to entrepreneurship (Lévesque & Minniti, 2006)

It is not clear what the influence of the newcomers' age is on creating a successful business (Mas-Tur et al., 2015). Even so, there is some empirical evidence for the relationship between age and the decision to start a business. An U-shaped relationship between both is found (Bönte et al., 2009). According to Parker (2004), the individual's age is among the clearest influences on making the decision to start their own business or not. The age around 40 is considered to be the golden age for starting your own business (Parker, 2004). Because that will be the moment in your life when all the necessary skills and requirements are in place in the right time (Bönte et al., 2009). People own some abilities and skills that decrease over lifetime, while some others increase. When you become older the ability to process fresh knowledge, reason logically and be creative will decrease (Ruth & Birren, 1985). In general, older people are also less concerned about their job enjoyments and less interested in learning new things than young people. Logically there is also a decrease in interest in work features such as training and advancement (Kooij, de Lange, Jansen, Kanfer & Dijkers, 2011).

Other characteristics of individuals have also been discussed in the literature to clarify their relation with entrepreneurship (Essers & Tedmanson, 2014; Coleman, 2007). The differences in the effects of financial and human capital on the performance of small firms owned by women and men are studied (Coleman, 2007). In general, male entrepreneurs are usually younger than female entrepreneurs. It is also known that the younger the woman who undertakes entrepreneurial activities, the more financial difficulties she encounters because of her age. Investors or creditors experience the younger age as an insufficient guarantee (Coleman, 2000), which leads to less willingness to provide financial capital. This could be a reason for the fact woman-owned firms are less likely to grow. However, woman-owned firms are just likely to survive as men-owned firms according to a study conducted by Coleman (2007). The identity of an entrepreneur is usually constructed in relation to 'heroic, male white entrepreneurial archetype' (Essers & Tedmanson, 2014, p. 355). Therefore, they



took a broader perspective and explored the impact of the socio-political context of three Turkish migrant businesswomen on their gender, religious, ethnic and entrepreneurial identity. The concept of intersectionality is linked to this research and is about the (in)separability of inequalities and identities such as ethnicity, class and gender in specific institutional, social and cultural contexts (Holvino, 2010; McCall, 2005; Essers & Tedmanson, 2014). Apart from this, the concept intersectionality is also found in other studies. For example, the coherence between the age of an individual and the age distribution in the region where the individual lives and their influence on the decision of a newcomer to start a business is researched (Bönte et al., 2009).

To sum up, the influence of inherent factors and also the intersectionality between those factors and their influence on entrepreneurship and newcomers has already been discussed in the literature for several times (Bönte et al., 2009; Lévesque & Minniti, 2006; Parker, 2004; Essers & Tedmanson, 2014). As a result, it has become clear that the link between the age of a newcomer and their obtained legitimacy is still missing. In order to conduct this research, age categories must be distinguished. The age of entrepreneurs are distinguished in three categories based on the distinctions that are made in the literature. The first category consists of the young newcomers, who are called the *early career entrepreneurs* (16-34). The mid-career entrepreneurs (35-54) form the second category and the third category consists of late-career entrepreneurs (55+) (Rae, 2005; Harding, 2005). In this research the same age categories will be used for newcomers.

# 3. Methodology

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The method chapter, also called the technical design, consists of the research strategy, research material and the quality of the research. These three parts together concern the decisions about how, where and when to do the research in order to answer the main question (Verschuren & Doorewaard, 2010, p.17). All the decisions that are made during the construction of the technical design are based on the epistemology of this research. Therefore this chapter will start with epistemological point of view for this research.

## 3.1 Research strategy

### Epistemology

This research is aimed at obtaining more depth than breadth information by means of empirical research. The domain of the research is relatively small, this means that the number of research units is limited. The research units will be the newcomers, each will be examined by the use of a qualitative research method. A qualitative approach fits the purpose of the research the best, because the purpose is to describe entrepreneurial phenomena and to interpret from the meaning of the entrepreneur. It is assumed that it is impossible to describe and interpret the information given by newcomers objectively. The researcher is never able to separate facts and values because knowledge is constructed in a social world. Thereby, the language of the newcomers is important in this qualitative research, but also strongly depends on personal interpretations. The researcher and the newcomers interact with each other and during the interaction they will create their own reality. It is impossible to separate facts and values, because knowledge is socially constructed in a social world. The story of the newcomers and their obtained legitimacy is not *the* right story, but a construction resulting from the interaction between the researcher and the newcomer (Peverelli & Song, 2012). The interpretive or social-constructivist paradigm fits with these thoughts. One of the principles of the interpretive paradigm is that knowledge is constructed by human beings as they make sense of their environment (Anderson, 2013, p.56). For this reason the social-constructivist paradigm will be the starting point for all the choices that will be made in this study.

### Case study

The goals of this study are to gain a profound and full insight into a number of situations wherein newcomers from a certain age enter the field of entrepreneurship and strive to obtain institutional and innovative legitimacy. Therefore, the use of qualitative data and research

methods are required. The main question and the related sub-questions contain the variable 'age', this requires a strategic sample instead of a random sample. As mentioned before, the study will consist of a small number of research units. A limited and pre-selected group of twelve newcomers will be investigated during this study. All these features suggest one specific research strategy, the comparative case study.

The case study is characterized by the fact that phenomena are not studied isolated. The relevant context in which the phenomenon occurs is also studied (Boeije, 2005, p. 22). Legitimacy is socially constructed and newcomers are not able to label themselves as legitimate (Suchman, 1995; De Clercq & Voronov, 2009). The social field of the newcomer determines if the newcomer is seen as institutional and innovative legitimate. Therefore it is important to take into account both the perspective of the newcomer and the perspective of the social field. The second characteristic of case studies also contributes to this by the use of multiple methods of data collection in order to observe the phenomena from different perspectives. The perspective of the newcomer is studied by the use of semi-structured interviews and the perspective of the social field by the use of content analysis of textual materials.

Within case studies several modalities and variants can be distinguished. One specific variant of the case study fits perfectly with the above characteristics of the research, which is in fact the *comparative case study*. This kind of study is different from the others because several interrelated cases are compared with each other instead of just one case (Verschuren & Doorewaard, 2010, p.181). Specifically the hierarchic method, a sub-variant of comparative case studies, will be used. The cases studies are studied independently from each other during the first phase of the method. The results of the analyzed cases are used in the second phase and can be used as input for a comparative analysis. Several entrepreneurs will be studied by interviews and content analysis of textual material as independent cases. In the second phase, the results are compared among different age groups.

The chosen research strategy has some advantages and disadvantages. First, the positive characteristics of qualitative research and hierarchic case studies will be discussed. The advantage of qualitative research is that it will provide a general picture of the research object. The second advantage is the flexibility of case studies compared to other research strategies. Experiments and surveys need a lot of pre-structuring in contrast to case studies which are open to changes and require less pre-structuring. Case studies make it possible to respond to the answers of the entrepreneurs during the interviews and to make adjustments where

needed. It is also important to keep the possible disadvantages of the case study in a qualitative research in mind. For instance, the results about the effect of the age of newcomers on obtained legitimacy cannot easily be applied to a broader population. This is especially the case when there are only a few cases studied. More advantages and disadvantages are described in paragraph 3.3, including the link between the selected strategy and the consequences for the quality of the research. But first the research material is discussed in the next paragraph.

### 3.2 Research material

Research materials are defined as ‘the set of activities which establish the kind of research materials needed to answer the research question’ (Verschuren & Doorewaard, 2010, p. 17). A distinction is made between research objects and sources of information. To begin with the research objects which consists of the newcomers themselves. Chapter two has already explained who are exactly meant by newcomers in the field of entrepreneurship. The main categories of the research objects that can be distinguished are *early newcomers* (16-34 years), *mid-career newcomers* (35-54 years) and *late-career newcomers* (55+ years) (Rae, 2005; Harding, 2005). Each category will consist of four newcomers, twelve newcomers in total. The research objects, the newcomers, are expected to provide useful data. In the second place, the situation and process of obtaining ‘legitimacy’ is also a research object, which takes place in the social field of the newcomers. This study will take a closer look at the differences, similarities and inconsistencies between young, mid-career and late-career newcomers and their obtained institutional and innovative legitimacy by entering the social field. The research objects are clear now, but where and how will the necessary data be gathered?

The first sources of information for this research are the newcomers, which are entrepreneurs who enter the field (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002; De Clercq & Voronov, 2009), with an age in the above categories. The newcomers will take the role of respondents. To put it another way, they supply information about themselves as entrepreneurs and their businesses. During this research we are interested in their experiences, behaviour, opinions and ideas, feelings and perceptions (Verschuren & Doorewaard, 2010). In addition, the age of the newcomer is of course also important information for this study. Using people as source of information during this research brings two advantages. First of all, the entrepreneurs themselves can provide a very wide diversity of information. The various background features of the entrepreneurs, in particular the age, is of direct interest by answering the main question of the research. The second advantage is the speed whereby the information is obtained by the

entrepreneurs. During the research we do not have to wait until something will happen, we can stimulate the entrepreneurs by questions to get the information that is required for answering the main question and sub-questions.

A semi-structured interview guide will be used to gather data from the respondent. The questions are based on an operationalisation of the concepts *institutional* and *innovative legitimacy* (Appendix I).

The second sources of information are textual materials about the newcomers published by the media. The content of textual materials is important for gaining insight to the perspective of the social field, which determines the legitimacy of newcomers. The textual materials consist of printed media as well as electronic media. Newspapers, magazines and articles fall within the first category and materials obtained by means of the internet belong to the second category (Verschuren & Doorewaard, 2010). Using the media as source of information for this empirical research has one main advantage, that is to say the wide geographical scope. The textual materials can be collected relatively quickly and this is favourable in relation to the limited time in addition to conducting the interviews. It should be taken into account that the textual materials presumably do not contain direct information on legitimacy. To be more precise, it is assumed the very word ‘legitimacy’ of newcomers is not explicitly mentioned in the media. Therefore, the operationalisation (Appendix I) will also provide support in analyzing the textual materials.

The next step of the technical design is getting access to the source of information. To get access to the information of the newcomers a questioning technique will be used. The interview will be semi-structured and face-to-face in order to answer the research question for which we need qualitative data. The researcher needs to focus on good interaction with the newcomer who is being interviewed. In addition, the interviewer will ensure that the questions asked fit in the frame of references of the entrepreneur (Boeije, 2005). Twelve entrepreneurs will be interviewed, thereby four entrepreneurs in each age category. Getting access to textual materials is not expected to be a problem by the use of Internet.

Despite it has become clear what the research strategy of this study is and what the requirements for the research material are, it is still necessary to describe the sample. The sample of this study is based on a deliberate choice I made regarding the selection of twelve newcomers who will represent a greater population. First of all, the goal of gathering qualitative data for this study lead to non-probability sampling. Subsequently, the choice is

made to apply purposive sampling. In other words, the respondents have been selected on the basis of their experiences and perspectives on entrepreneurship which are deemed to be important for this study. The respondents, the newcomers, have to meet a number of requirements in order to qualify for this study. The age of the newcomers and the number of years since they started a new business as newcomers were the most important. In the end, the selection process has resulted in the following sample description. In general twelve entrepreneurs all started a new company within the last five years in the Netherlands participated in the study. The female entrepreneurs are in the minority, since they constitute only one fourth of the sample. Which automatically means that the male entrepreneurs constitute three quarters of the sample. The average age of the youngest category of newcomers of the sample, the early newcomers (16-34), is 26 years. The mid-career newcomers (35-54) have an average age of forty years. The four men of the oldest category, the so called late career newcomers (55+), are on average 61 years. The 'newest' newcomers started his company in July 2015. The entrepreneur who started his company the longest ago is a newcomer since April 2012.

### **3.3 Research quality**

To sum up, the research strategy has been extensively put apart and the required materials are discussed. Including all the associated advantages and disadvantages of the choices made. Only one aspect of the methodology section has not yet been addressed, that is to say the quality of the research. Four quality criteria will be discussed based on the characteristics of the case study.

First of all, using semi-structured interviews restricts the reliability of the study. Sometimes the researcher will put further questions and sometimes not. The question is always about: 'Does the research produce the same results when repeated?' It is really important to capture the course of the analysis in detail to ensure reliability as much as possible (Boeijs, 2005). Therefore the interviews will be recorded and transcribed afterwards, in this way the data becomes accessible for other researchers. The researcher who asks the research questions is the research instrument herself. As a result, this can have an impact on the reliability of the research. The questions will be based on the operationalisation scheme and formulated as concrete and neutral as possible. In spite of this, the thoughts and feelings of the researcher may have a small influence on the questions.

The internal validity is the second criteria for ensuring the quality of the research. Case studies are compared to other research strategies considerably flexible. Experiments and surveys need a lot of pre-structuring in contrast to case studies which are open to changes and do not require much pre-structuring. Case studies make it possible to respond to the answers of the newcomers during the interview and to make adjustments where needed. To be more precisely, this ensures you can measure exactly what you want to measure. Consequently, it contributes to the internal validity of the research and thereby it is a great advantage compared to a survey for instance (Verschuren & Doorewaard, 2010, p. 185). In addition, the internal validity can also be ensured by the use of pre-testing of the interview guide. After finishing the semi-structured interview guide it is tested by two people with no prior knowledge of the subject. If the respondents (the newcomers) do not uniformly understand the interview questions, as intended by the researcher, the answers of the respondents will not be comparable (Ongena & Dijkstra, 2007).

The third criterion related to ensuring external validity. Is it possible to generalize the results? As mentioned before, the effects of the age of the newcomer on the obtained institutional and innovative legitimacy by entering the social field are difficult to apply to a broader population. As one might expect, external validity is more difficult to ensure in qualitative than in quantitative research, often because of the small size of the sample (Boeije, 2005, p. 155). But from the perspective of social constructivism it is more important to show how newcomers are constructed in the social field and to generate 'rich' data than the ability to generalize (Anderson, 2013, p. 56).

Finally, the degree of objectivity of this study. The researcher, the interviewer, speaks with the newcomers and tries to understand the perceptions, feelings and meanings of the entrepreneurs. In addition, the researcher will also analyze textual materials published by printed and electronic media. The researcher is not able to observe and analyze the data, conducted by the interviews and media, objectively and neutrally. The final topic that deserves some attention, especially in HR-research, refers to ethics. Ethics is described as 'codes of behaviour in relation to the rights of those who are subject to the research or affected by it' (Wells, 1994, p. 284). Newcomers are closely involved by doing the research so we need to think about the code of behaviour and possible ethical limitations. First of all, the behaviour of the researcher needs to be professional, the data is collected and interpreted in a careful and appropriate way. This is accomplished by the use of pseudonyms. Secondly, the respondents should be informed about the use of the data in the reporting part of the

research. Subsequently, the respondents may authorize the use of the personal information obtained by the interview. This could be done by 'informed consent', described as 'a two-way communication process between subjects and the investigator as well as a specific agreement about the conditions of the research participation' (Sieber & Tolich, 2013, p. 115). After conducting the interviews the newcomers must be able to report back and to give suggestions for amendments (Anderson, 2013). Possible ethical limitations could be the shame of the newcomers, for example when they have not been successful in perceiving legitimacy. A second limitation that must be taken into account is the extent of anonymity and privacy experienced by the entrepreneurs. This will be assured by the use of pseudonyms.



# 4. Results

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## 4.1 The process

The empirical part of this research is based on twelve interviews of entrepreneurs who entered the social field with a new business in the Netherlands within the past five years, so called ‘newcomers’. The twelve newcomers are divided into the different age categories called ‘early newcomers’ (16-34), ‘mid-career newcomers’ (35-54) and ‘late-career newcomers’ (55+). The results of the interviews will be explained on the basis of these three categories. The interviews were conducted face to face and took place at the office of the respondent, at their home or in public space. The conversations lasted an average of one hour and took place during the spring of 2016. The interviews consisted of a short introduction, followed by an explanation of the research and finally a part of semi-structured questions. Each interview is fully recorded with permission of the respondent and transcribed word-for-word afterwards. In addition, articles published in magazines, journals and newspapers are analyzed in order to support the results of the interviews or even disprove.

The network of the researcher and websites concerning entrepreneurship have provided contact information of appropriate respondents. Respondents were in the first place approximated by means of an email, which consisted of information about the research and the reason why the respective newcomer would be a good respondent for the research. In some cases, the entrepreneur proved not to be suitable for the research after some correspondence. Notwithstanding, those entrepreneurs suggested on their turn other newcomers with an age in one of the three categories. In the end, about 60% of the sent mails have actually resulted in an interview. All the newcomers who have become respondents meet the following criteria. To begin with, as the focus of the research lies on newcomers, only people who started a new business within the last five years were included. Second, the respondent should belong to one of the three age categories and the total of the respondents should be equally spread across the three categories. In other words, each age category consists of four newcomers. In the third place, there should be an article published in the media about the newcomer. This is an important criterion because the interviews reflect the degree of legitimacy experienced by the newcomers themselves, but legitimacy is assigned by the social field. The articles published in journals, magazines, newspapers etc. will therefore confirm or disprove the information gathered by the interviews. Lastly, only ‘established’ entrepreneurs who were registered at

chamber of commerce were selected in order to ensure the newcomers had been able to acquire legitimacy. In addition, both male and female newcomers are included in the research, unfortunately we have not managed to achieve this for the oldest category of newcomers.

The interviews were conducted in the native language of both the researcher and respondent, this means the interviews were conducted in Dutch. The full interview transcripts are also elaborated in their original language, only relevant quotes to support the findings by category are translated to English. This is done after doing the analysis according to the following steps. At first, all the recordings are transcribed by the researcher in order to become completely familiar with the twelve transcripts. After transcribing all the interviews they were divided into the three age categories. The next step consisted of identifying and coding the respondents' narratives. The focus was on aspects that point into the direction of legitimacy or a shortcoming of it. Also the characteristics of fitting in and standing out in the social field of the newcomers were central to the analysis. In a third step, all codes found were aggregated to fifteen themes per age category. The analysis resulted in typical characteristics with regard to legitimacy per age category and also notable differences and similarities between the categories. Chapter two consisted among other things of the idea of Tan et al. (2010; 2013), which assumes that newcomers can fit in and stand out while they acquire legitimacy. With this theory kept in mind, three themes by age category of newcomers are selected to discuss in the next section. Each theme will be supported and illustrated by quotes given by the respondents during the interviews. As a result of conducting the interviews in Dutch and only translating relevant quotes, the confusion about the meaning of statements given by newcomers is minimized. But it was not always possible to translate the Dutch quotes in the exact same meaning of the English words, because there is not always a direct translation (Appendix 5). By means of only translating the necessary quotes and not the entire conversation, the context of the statements remain clear. Using this method is tried to guarantee the original meaning of the respondents as much as possible. The newcomers are represented by the use of pseudonyms in the next section.

## **4.2 Early career newcomers**

The first category of entrepreneurs, which we call the early career newcomers, are characterised by the fact they started a new business in the past five years at an age between 16 and 34. The purpose of the discussion of the following themes and narratives is to give an answer to the following question: How is entrepreneurial legitimacy affected by the age of

early newcomers? Prior to introducing the three distinctive themes for the early career newcomers the four entrepreneurs are briefly introduced. To start with Tim, he is a 25 year old former psychology master student. He started his own business specialized in behaviour change advices in July 2015. Tim has always been an enterprising person during his student years, but he never had his own business before. The second respondent in the category of early newcomers is the 25 year old Eva, she started a healthy lifestyle blog as a hobby two and a half years ago. Nowadays she sells thousands e-books and hardcopy cookbooks each year and runs her own thriving business. Eva had prior to this business a little experience with entrepreneurship. Anna is the third early newcomer who is included in this analysis, she is 27 year old and is running her own Scandinavian inspired lunchroom since June 2015. Anna had no previous experiences in entrepreneurship. This category ends with the 26 year old Peter who is still studying public administration while he runs his own business. Peter came up with his own flavour shot of liquor in April 2015 and it is his first experience with entrepreneurship. The early career newcomers are first of all characterised by their entrepreneurial character, as well as they really distinguish themselves by offering something unique and they are innovative based on the narratives. The three themes will be illustrated in the next section.

### **Theme 1: Entrepreneurial character.**

The four early career newcomers are all characterised by the fact they have a strong entrepreneurial character. Narratives from the newcomers are selected to illustrate the entrepreneurial character theme.

*Tim (25):* “During my bachelor, I have been reasonably active with committees and **organizing different activities** like weekends for the novice students and things like that. ... I also **organized a lot** over there, like matches, weekends, events and parties.”

*Eva (25):* “I inherited the idea of ‘**everything is possible**’ from my parents, but I’m not sure if it was consciously or unconsciously. **I believe you can do anything you want to do.** Suppose you want to make a book, well I never thought about a different scenario. I wanted to make a book, so I was going to make a book.”

*Anna (27):* “I chose to do something very specific [Swedish/Scandinavian oriented]. And will it be successful or not? Yes that is **definitely a risk!** We could do something which was perhaps more well known, so that people see it as familiar and rather choose it. But I thought it was just nice to do **something unknown** and that is indeed **a risk you take**, yes.”

*Peter (26):* “I never had my own business before, but I am an **entrepreneurial type.** Even if I work somewhere, next to my normal work activities I am still always **engaged in a project** or something.”

The narratives of the four early newcomers show that they clearly have entrepreneurial qualities. Peter (26) and Tim (25) were already active with projects and organizing activities

before they even started their own business. The probability of finding a job is small in Tim's sector, so that was a reason to start his own business (Fokke, 2016). Female entrepreneur Eva (25) says something interesting about her upbringing, her parents have consciously or unconsciously contributed to her entrepreneurial character. Eva is very confident about the fact that if you want something it is possible, she has no doubts at all. Anna (27) was aware of the risk she took with the start of her own business, but she loves to do something unknown. In other words, she tries to and loves to stand out a bit. Something that was confirmed by all the newcomers in all categories is the fact entrepreneurs just need to take risks to become a real entrepreneur. But it turned out that the youngest category of newcomers still tries the most to reduce risks, especially financial risks, where possible.

### Theme 2: Being distinctive

The second theme that characterizes the four early career newcomers is the distinctiveness of their business. The next four narratives will clarify the theme.

*Tim (25):* "The other companies do the same, so we really **differentiate ourselves** by focussing on **specific target groups or specific behaviour** we want to work with in our industry, to say it just like that."

*Eva (25):* "That element is new, but at the same time the **biggest feature what makes us unique** with respect to all the others. Several new companies have been doing what I did, but I was luckily still **the first** who did it that way in the Netherlands."

*Anna (27):* "I think we have quite a few competitors, but I like the **diversity** by myself and that people not just have to choose from two things. ... The competitors also make sure that **you stay focused and keep doing your own unique thing**. ... Well I noticed that a lot of people who come here say directly they like it, the food was good, they like the concept, and it is **something different than usual**."

*Peter (26):* "I think **the story is unique**, because the alcohol business is just quite a difficult and also saturated market. ... And I came as **a new dude with a shot of liquor** and that was a bit **unprecedented** and that also ensured the media attentions, yes."

The narratives of the four early career newcomers all contain words such as 'unique' and 'different' to show their distinctiveness. Tim (25) differentiates his company by focusing on specific customers, while Peter (26) differentiates himself by bringing a unique and unprecedented story. It seemed to work, because Peter has received a lot of 'laudatory reactions' and 'increasing interest and requests' (Suijkerbuijk, 2015). Anna (27) recognizes that there are some competitors, but the concept of her business is something different than people are used to. Or at least, according to Anna and the opinion of her guests. In general, all four early newcomers are aware of existing competition and the possibility of copycat. But all are not afraid of these competitors, they are confident about the success of their own business. Throughout the narration it has become clear Eva (25) is a good example of this, she is strongly convinced by the unique features of her business. She also has to deal with

competitors, but she was the first one in the Netherlands and now she stays ahead of the competition. The media confirms the distinctiveness of Eva's business, 'Her cookbook differs from other healthy cookbooks by the simplicity' (De Jongh, 2015). A striking part is that none of the early career newcomers mentioned their age in relation to their distinctiveness. In addition, at first it seemed to be the category really tried to distinguish themselves by selecting a specific target group for their business. Ultimately, it is shown that all four newcomers had a greater range of customers than previously been thought. In brief, initially it seemed that early newcomers almost exclusively would stand out because of their uniqueness and distinctiveness. In practice, it has been found that they also fit in the environment in a certain way because of the greater range of customers than expected.

### **Theme 3: Being innovative**

The final theme of the early career newcomers is about their degree of innovativeness. The following narratives are all related to innovation.

*Tim (25):* "On the one hand, I think it is a good thing that we base [our services] on existing scientific literature, but on the other hand it is also good we take action to do **research by ourselves** to see what does work and what does not work. ... The point is that I think there are **many possibilities**, certainly in the **technical field**. But also for **sustainability**. That kind of developments, technological developments, national developments, it will provide **many opportunities**. ... I think there are many opportunities and a **lot of innovative things will help us** or at least we can make use of it."

*Eva (25):* "There might be a **new book**, maybe something about babies, because **it is not yet there** in the Netherlands in the way I want to write about it. So, in that field it would be something new for me, but it is still a book. ... **I want clothes, a sportswear collection, and smoothies**. And probably, or yes probably, together with my dad I am in conversation with Jumbo about **healthy meals** with my name. So there is still a lot possible."

*Anna (27):* "**I am not sure if you can be innovative every single time again**, because I like the current concept and people are enthusiastic about it. So, the concept and the way we serve our food **won't be very different**, but I think you must **constantly renew** things in your business. In terms of your interior, there always need to be something new to look at. ... I always **stay busy with observing the needs of people** and that makes sure people keep coming back and are not done with it, yes."

*Peter (26):* "I told them **I would not join the game**. ... It is a kind of game and a **kind of tradition**. They talk with so many representatives, people with new products or companies with a certain assortment came along every day. From the beginning I knew **I wouldn't do that**, I would not start with that [giving discounts]. ... I am now working on a new drink, yes a **new drink**. For me it is now, once you are in the beverage business you can **easily launch something new**."

According to the narratives the four early career newcomers are all innovative in their own way. To be more precise, the narratives indicate they all stand out in their own way. Tim (25)

makes clear he continually does research by himself in order to improve their service. He also thinks that technological development will bring many useful opportunities in the future, but they cannot establish the technological developments by themselves. On the basis of the statements of Eva (25) it is clear that she is thinking of innovation in the field of differentiation and diversification. By the words she used it becomes clear Eva really *wants* to do a lot of things to further expand her business. For example, Eva differentiates by wanting to write a book about a whole new topic in addition to her current books. In addition, she has also plans to diversify by launching a sportswear collection, which is something totally new in her business. Also Anna (27) is aware of the importance of renewing, she is doing that by small subtle changes in the menu and interior. But no extremely innovative changes to the concept of her business anymore, because in first instance the concept was already quite innovative. Striking is that Anna does not dare to say she is extremely innovative, she is careful in terms of phraseology by saying for example; 'I'm not sure if...'. This might be because she is still young and not an experienced entrepreneur with a high degree of confidence. Anna started her business only one year ago, this might be a reason for her caution. The media confirmed the innovativeness of Anna's business by noticing that Fika, with the corresponding Scandinavian sense, was brought to the Netherlands by Anna by opening her lunchroom (Van Staaldune, 2016). The last one, Peter (26), is again innovative in a different way than the previous three newcomers. Peter is innovative by breaking old traditions and maintaining his own standards. He chose not to adapt to the current traditions and 'games'. This is clearly a 'standing out' attitude, because he is doing something new that which differs from the usual current. Derived from Peter's statements may be noted he is very confident and has no doubts about his course of action. For example, the use of 'I told them I would not' and 'from the beginning I knew I wouldn't do that'. In addition, Peter is also innovative in the sense of product diversification because it will be easier to launch a second product in the beverage industry.

### **4.3 Mid-career newcomers**

The mid-career newcomers have an age of between 35 and 54 and belong to the second category of entrepreneurs. The question that needs to be answered for this category is as follows: How is entrepreneurial legitimacy affected by the age of mid-career newcomers? Again the four respondents will be briefly introduced before the themes will follow. The first mid-career newcomer is the 47 year old Jasper who is running his first own business since January 2015. He launched a regulation app which is mainly applied in the health care sector



for so far. Kim is 41 years old and the second entrepreneur in the mid-career category. Kim started her first business in October 2012 and is specialized in ecological and sustainable coffins. The third newcomer in this category is the 37 year old Nick. He has previous experiences with entrepreneurship, but started a new hotel in combination with a restaurant exactly three years ago, that is to say June 2013. The last newcomer of this category is Lars. Lars is 36 year old and the owner of 2 businesses of which he started the last one in January 2014. He sells sustainable heating and cooling systems which do not use gas. According to the analysis these four mid-career newcomers are characterized by being obviously different than others. They continue to evolve continuously and they encounter many bottlenecks and problems. How the three themes came about will be apparent from the next narratives.

### **Theme 1: Being different**

‘Different than usual’ is the first theme that describes the four mid-career newcomers. Why this is the case will appear from the following narratives.

Jasper (47): “And that is of **course not always a fit in** with such an organisation, it will come up later for sure, but they want to take care by nature. ‘Oh you have a broken leg?’, then we will take care of you. **We stay away from that**, we don’t want to take care, we want to regulate it. So, **the fit in is not always there for everyone.**”

Kim (41): “The **shape is really different**. ... **Normally**, there are handles on the clasp and it is not carried by an edge. ... So yes, everything, **everything is different**. From the bottom to the use of it. In the first batch, I transported them [the coffins] in boxes, because now the current industry knows it will be delivered in one piece, but it is designed in a way you can stack them. Of course that also **never happened before**. So, really **all aspects are different** and therefore we have chosen for the boxes, because **you can’t change everything at once**. ... So yes, **we run into a lot of things** and I never expected the industry would be so **old-fashioned**.”

Nick (37): “Yes, we **really try to deviate** from it. The catering industry sticks to traditions and **we try to break through the traditions**. I also see a trend that the catering industry, say the hotel-restaurants, it is not as traditional as it used to be. ... The industry is enormously subject to **trends, rejuvenation and reconstructions**. ... So you should really **let go the traditions** to run a good company.”

Lars (36): “We really **deviate and try to do it really different than the established order**. So thinking in possibilities and not in problems. Like I said before, the installation technique industry is **really conservative**. We have a competitor in the Netherlands, which is already widely used and therefore it is very difficult to intervene. **Because people don’t like things they don’t know.**”

During the interviews with the mid-career newcomers the word ‘different’ often passed. They really try to do it differently than other businesses do it in the industry. So, they try to stand out. Three out of four of the fundamental ideas to start the businesses arose from criticism by the newcomers of current situations in society. Jasper (41) and Kim (41) both get inspired by experiences in private spheres. Kim makes clear her business is different than others by the

use of the word ‘normally’ when she speaks about the currently available products of the other businesses. She is also well aware of the fact she can’t change everything at once. So, Kim knows she stand out to such an extent with her business she needs to implement the changes step-by-step. This might be because she knows otherwise she will get a lot of problems in the social field.

Jasper (47) tries to stay away from the current caring attitude and Lars (36) tells he is trying to do it really different than the established order with his business. In the media, the concept of his business is also described as innovative and initially the technique he used seemed to be a contradiction (Keijzers, 2014). Nick (37) even speaks about breaking through the current traditions. The media confirms this by the following quote about the hotel-restaurant Nick is running: ‘The hotel is different than other hotels’ (Flow Magazine, 2014). It is clear that the markets and industries in which the mid-career newcomers are located are very conservative and old-fashioned. This is clearly a point where the entrepreneurs are frustrated by, because they keep coming back saying things like ‘like I said before ’ This implies that the four mid-career newcomers experience frequently recurring problems by being different and they keep repeating that. As a consequence of being different than the rest of the market and industry, all four mid-career newcomers have to do with resistance to their products and services. Therefore the third theme will be devoted to this. The mid-career newcomers indicate that they hope their values and norms, in particular concerning the environment, become general values and norms in the future.

## **Theme 2:    Developing**

The second theme that characterizes the mid-career entrepreneurs is their attitude to continue to develop. Developments can take place in many different ways according to the following statements.

Jasper (47): “The first thing is easier, it is easier to **add features**, for example to add **functionalities or to change the look or feel**. You should do that, because **people want to see something new** once in a while. So you have to do that. But in addition, you should also look for which **new market** you can enter? And if you can **develop a new product line**?”

Kim (41): “A **whole new product**, which will really **stand beside**. So in terms of perception it will be brown, standard and more like the current coffins. ... The other one [the new diversified coffin] will be more a **basic coffin, which can compete** with the miserable chipboard coffins but then is good for the environment. ... In the end, we also want to **go to the other side**, so more towards the luxury segment.”

Nick (37): “That industry is subject to **trends, to rejuvenation and renovation**....So you should really **let go of all traditions** to run a good company. For example, we do



that by using the same menu all day. You can order a burger instead of a breakfast or fish and chips. That means you need to **look beyond the current traditions.**”

Lars (36): “We **optimize and monitor** a lot of systems. Which we can read out here with the computer, what they do, every minute of the day. What they do at the moment? How many energy is taken out? Could that be done otherwise? So **we are working on it.**”

Jasper (47) is convinced of the fact you should add some new functionalities to products or occasionally change their appearance. You should also always continue to develop as an entrepreneur by searching for new markets and product lines. A client, who is using the app developed by Jasper, confirmed in the media ‘we think the app can help us in communicating with the network of our clients... this app makes it a lot more effective’ (Heller, 2015). So Jasper’s business also allows for developments in health care.

Stop with traditions, rejuvenation and renovation are very important aspects in running a business, according to Nick (37). Also Kim (41) clearly reflects this theme with her statements, she developed a whole new product which stands beside the other product. In addition, she indicates her business will develop towards the luxury segment in the future and so there will be diversification. By the linguistic usage of Kim (41) it is obvious she criticizes the current products on the market. For example when she talks about ‘the miserable chipboard coffins’, by which she criticized the products of her competitors. Hence this was for Kim a reason to start her own business, arose from criticism on the current and to continue to develop new things. Lars (36) is not really concerned with developments in the field of differentiation and diversification, meanwhile he is concerned about efficiency developments. So, he also continues to develop his business, but than in the field of making the current working better. The social field will perceive no direct remarkable developments by this way of developing. This could provide less ‘stand out’ problems as compared to the other three mid-career newcomers who develop more evident by the social field.

### **Theme 3: Problems**

The third theme relates to the resistance to products and services of mid-career newcomers as a result of being different, as described in the first theme of the mid-career newcomers. The mid-career newcomers often have to deal with problems as the following statements will make clear.

Jasper (47): “You do not know what you are going to earn, you do not know whether it will succeed at all, so that is quite a **risk. Financial**, but also as regards **your social environment**, if it fails then you are **not a successful entrepreneur**. ... And that is of course **not always a fit in** with such an organisation, it will come up later for sure, but they want to take care by nature.”

Kim (41): “So you know the law dates from 100 years ago and really is grafted on the current wooden coffins. And not on new technology, so **you encounter problems for each country**. For example in Scandinavia, while we did all the tests in terms of cremation and everything in the Netherlands, we still need to do them [the tests] in each country again. ... So it is **not a transparent market** and I’ll say it very nicely if I say so. ... So, really **all aspects are different** and therefore we have chosen for the boxes, because **you can’t change everything at once**. ... So yes, **we run into a lot of things** and I never expected the industry would be so **old-fashioned**.”

Nick (37): “During the process **it has become more difficult** [sharing norms and values]. ... **A lot of people already dropped out**, because **they did not fit into the picture** or they felt by themselves they did not fit into the picture. But now three years later, the business has grown a lot. We were a team of 15 people and now a team of 56 people. That means you are **less able to select point-blank**. So you are **dependent** on your team to pass norms and values of the business. That is going better at the one department than the other.”

Lars (36): “We try **to carry out what they feel**. Architects are often quite, or actually the installation technique my discipline, is **quite conservative**. It is a very old fashioned profession where renewal not really, everyone want it but money plays an important factor, but renewals **are expensive and nobody wants to pay for that**. ... Reason to believe? It is quite difficult because we have a new product and people ask us every time ‘Why do we not know you yet?’, ‘Why run there only 10 systems yet?’, ‘Is it not that good?’ and yes we need to **defend ourselves all the time**. But **if everyone keeps thinking in that way, it will never be alright**.”

The mid-career newcomers experience various problems with respect to all kind of aspects of being a newcomer and having a new business. The problems that arise in relation to being different provide fit-in troubles. Nick (37) experiences problems with sharing values and norms with new staff, which complicates the fit in of new staff in the business. Also Jasper (47) notes there is a lack of fit in with his environment because of different values and norms. His statement also makes clear entrepreneurs need to take social and financial risks. The mid-career newcomers also experienced problems because of the old-fashioned industry, lack of transparency in the market (Kim, 41), and the conservative branch in which they are located (Lars, 36). As a newcomer, Kim (41) encountered many problems and realized it was not possible to change everything at once. Also the published opinions in the media are divided as regards the belief in her business. The coffins are labelled as environmentally conscious and sustainable alternatives. On the contrary, others think it is a hype and they do not believe the biodegradability and harmlessness of the material of the coffins yet (van Wechem, 2016). Lars (36) came also to this conclusion when he had to defend himself, or actually his business, time after time because he was new and people didn’t know his product yet. It is possible to derive some uncertainty from his linguistic usage. He talks about ‘it will never be all right’ and he says it is quite difficult to defend his business in terms of reasons to believe. This seems like to be a vicious circle. Furthermore, all four newcomers have problems with

applying for a subsidy, because the requirements to have a right to subsidy are outdated. Both Kim (41) and Lars (36) attach great value to the environment and run their business from a green and sustainable point of view. The criteria for subsidy appear to be old-fashioned and not adopted to the sustainable developments of recent years. This is confirmed by someone who is in the same industry as Lars, ‘Apparently it is difficult for civil servants to think about innovative projects’ (Keijzers, 2014). So, standing out caused some real problems for the mid-career newcomers.

#### 4.4 Late-career newcomers

The third and also last category includes newcomers aged 55 or older, the so called late-career newcomers. This category exists by chance only of men, female newcomers aged 55 or older were hard to find. The question that belongs to this category is: How is entrepreneurial legitimacy affected by the age of late-career newcomers? Some facts about the newcomers in this category will follow now as introduction. The 58 year old Marcel is the first late-career newcomer. He is a born entrepreneur and started his last business early 2014. His business is specialized in developing and manufacturing hemp fiber for the production of fabrics. The second late-career newcomer is Hans, he is 69 year old and running his own restaurant. Has also a long entrepreneurial history, but started his current business in April 2012. Rob has experience with two start-ups and started in May 2014 his current business. The third late-career newcomer is 60 year old and designs software that makes it possible to detect breast cancer earlier and better. The last late-career newcomer is the 56 year old Jeroen. Jeroen had no experience in entrepreneurship at all and started his first business around May 2012. He designed a unique solution for the lift overload of ambulance staff by riding the stretcher in and out the ambulance. The four late-career newcomers have three prominent themes in common. First of all, the influence of the past plays a prominent role in their current entrepreneurship. Regulations and their degree of innovativeness are the other two themes. The following narratives will clarify the choice of these themes.

##### Theme 1: Influence of the past

On the basis of the analysis it can be noted that the past of the late-career newcomer has an important role in their current entrepreneurship. Experiences of the past are often cited by the late-career newcomers.

Marcel (58): “It is of course the **experience** you have, you know that if you start something new you will be very enthusiastic and everything seems to be nice and then in the course of time you will find out the **difficulties and bottlenecks**. ... I have just **become more cautious** about leaning on other people. ... I have become more cautious

with the involvement of new people **compared with the past. I was always very generous**, also when I involved a friend and the salary and this and that. **We do not do that anymore!**”

Hans (69): “But continuity is often lacking and especially if the entrepreneur grows older. Let me put it in this way, the company becomes in a daily grind. **You need to take care of it** [experience]. ... I believe it, because otherwise you don’t dare to take risks and **an entrepreneur must take risks**. .... And yes, sometimes it goes wrong. Yes, and then you need the guts to move on and start over. So did I, **I stood up again** and went back to my old profession, the food service industry.”

Rob (60): “That way **I get to know both sides**, the academic research and entrepreneurship, so business [by experiences in Silican Valley]. Because of the culture of start-ups **I started to think differently** about things like a permanent job, what I found important at one time. **I have learned** that you just have to do where the heart is and do what you like.”

Jeroen (56): “I think you need to be willing to invest time as a man of fifty. You obviously have **gained so much knowledge over the years**, it would be a waste to not use the knowledge in one way or another. You can use it in the company you work for or in the business you start by yourself.”

The entrepreneurial experiences Marcel (58) has gained in the past have an effect on his current working method with regard to the process of hiring staff. He learned from bad experiences in the past and he knows how the process of becoming an entrepreneur looks like. This is emphasized by statements such as *‘you know that if you start something’* and *‘in the course of time you will find out that’*. Marcel became familiar with the whole process you go through as an entrepreneur when you start a new business. He indicates that his experiences definitely have an impact on this current course of action as entrepreneur. Also Hans (69) talks a lot about his entrepreneurial experiences and he stresses again the fact that entrepreneurship is risk taking. He even claims from experience, you need to fall, learn, and stand up again to become a real entrepreneur. The past of Rob (60) taught him to do what you like and to be vacant for other things. This thought had ultimately enabled him to become an entrepreneur, or actually a late-career newcomer. Jeroen’s (56) drive to become an entrepreneur originated from the idea that it would be a shame to do nothing with all his knowledge obtained in the past. Therefore he started his own company. The media also appoint the needed expertise to develop the product and Jeroen’s experience in this area as an engineer (Bouman, 2016).

## **Theme 2: Regulations**

The second theme that characterizes the late-career newcomers is about following the prescribed rules, laws, and working methods. The characteristic words are brought together in the theme ‘regulations’. The next narratives represent the situations where the late-career newcomers come in contact with regulations while running their business.

Marcel (58): “You are often **forced to do things according to existing methods**. Because otherwise you will be in trouble. ... And when we are talking about product specifications, **we deliver stuff without good specifications**. It is a bit half-way, but **we will be forced to make precise specifications** in the end. So, **you try to do things in another way**, it generates rapidity but sometimes you will be thrown back because **you need to work according to the industry standards**.”

Hans (69): “You have **the local government**, which has to do directly with the regulations irrespective of the financial picture. A small example is the **parking policy** here. ... The **licensing**. ... So I mean, which is **certainly influential**. I must say it is **also increasing the costs**, but that distinguish the serious entrepreneur and the fast guy who thinks to seize his opportunity. ... But I got a whole new phenomenon at the bank and that was **my age**. Because the bank just said to me: ‘We can give you a mortgage of 20 years, but who says you can meet it?’ ”

Rob (60): “Well **they do not adhere to the rules** [the staff of screening organisations]. They are so **afraid that they do something wrong** that they do not even begin. ... But if people say ‘I do not want to start anyway because it is too complicated for me and if I do something wrong I will be in trouble, so we don’t do it’, which is **an attitude I encounter very often**. That **irritates me immensely**, that is **not an entrepreneurial climate**.”

Jeroen (56): “Yes of course, you are dealing with a vehicle and in this case with a medical vehicle. And you have **guidelines**, there are CE guidelines and everything that is put down in a vehicle must meet a 10G test. ... So you just have minimum **requirements** and **you have to meet them**, otherwise you will not even enter the market.”

All four newcomers have to deal with regulations, one has more trouble with it than others. It has been found that the early career newcomers, in contrast to the late-career newcomers, have the least to do with regulations and experienced no problems with it at all. Overall, early career newcomers fit in better and stand less out than late-career newcomers with regard to rules, laws, guidelines etc. Marcel (58) feels compelled to work according to existing methods and tries to avoid them, but in the end he cannot get away with his own interpretation and circumvention of the rules and has to adapt to the industry standards. Marcel is also the only late-career entrepreneur who really tries to circumvent the rules and he admits he is doing some things ‘half-way’. This attitude can be explained by his experiences and his character. Marcel may have noticed in the past that following the rules not always produce the desired result. In addition it also seems that he likes to keep making momentum and doing things differently regarding regulations ‘*generates rapidity*’. So, he tries to stand out but is eventually forced to fit in. Rob (60) is irritated and disappointed in the lack of an entrepreneurial climate in his sector. He knows the rules by himself, but potential customers do not know them and do not dare to delve into the rules. From the narratives can be deduced he found that ‘immensely’ irritating. Hans (69) and Jeroen (56) are both aware of all the policies, licenses, guidelines and requirements you have to meet, but they see it as self-evident

It is necessary to enter the market and to stand out as a serious entrepreneur. Striking is the fact that Hans (69) mentions the increasing costs of following the rules. The late-career newcomers are compared with the other two categories by far the most concerned with money, sales volume, costs etc. They are the most financially aligned category of newcomers. Finally, it is also notable that the age of Hans (69) seemed to be a problem regarding the rules of the bank in providing mortgages.

### Theme 3: Being Innovative

The degree of innovativeness of the late-career newcomers is the third and final theme. The following statement will make clear that the oldest category of newcomers perhaps is the most innovative group.

Marcel (58): “We are **technological innovative** not in the sense of using new techniques, also not in the sense that others never used the technique before, but **in the sense of tuning the old process in such a way that is new**. Other companies do not have it yet, are not yet succeeded.”

Hans (69): “Therefore I must say I like to work with young people. Because they often come up with the manners, the **new ways** [of doing things]. ... You have to be **alert to signals** in your business. Well this business is actually **still in progress**, you notice that. First I notice that from sales perspective and why I keep coming back to that? Because your sales is the best indicator to see if you are doing well or not. The moment your sale stagnates it should emit signals. Then you can do two things, you can sit down and wait and the sales will be less and less or you **take action**.”

Rob (60): “Yes of course it is difficult, but that is a challenge. Finding a way to convince people of a **new method** which gives them an advantage. ... Which is a little **disappointing in the field in which I work?** ... But you encounter some problems really soon, because it is all awfully nice if you create a **product that improves things** but if you want to sell you product only one thing works and that is making cheaper what people are doing now. That is a **disappointment**. **One is not used to pay for quality**, you see that constantly in the screening organisations. You can come up with **innovations which are obvious better**, but one is not convinced.”

Jeroen (56): “So there really is a **break from the traditions**. ... I think that it is a **breakthrough of traditions** which brings me some advantages. Because they just do not want to lift anymore, I do not have to make them [ambulance staff] clear lifting is not good for your health.”

Three out of four late-career newcomers are not technologically innovative, but innovative in a way that they convert existing knowledge in a new product or service, as said by Marcel (58). His business makes a good chance to become a very successful company and could even turn the world upside down, according to the media (Kemperman, 2014). Rob (60) is the only real technological innovative newcomer in this category, he designed software which consists of a new method to detect breast cancer and his product is an improvement compared to the

existing. The degree of innovativeness does give him problems with regard to convince the customer. But because of the high degree of innovation he received a lot of European subsidy ('Europees geld', 2015). On the contrary, Jeroen (56) experiences that the traditions in his sector are no longer respected, which has a positive effect on his business. But that has been different during the first two year of his business, at that time no one believed in his product. Hans (69) is characterized by his innovative thinking, he is not afraid to take action if necessary. An article in the newspaper about Hans and his business confirms this once again. Hans sees the arrival of a competitor as a chance and to stay focused (Grain, 2015). The narrative also makes clear Hans likes to work with young people, because they help to innovate. Notable was that in this category the newcomers most often applied for a patent on their product, probably because of their innovativeness.

## 5. Conclusion

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### 5.1 Conclusion

The goal of the study was to understand how entrepreneurial legitimacy obtained by newcomers is affected by their age. During the research, a distinction was made between early newcomers (16-34), mid-career newcomers (35-54), and late-career newcomers (55+). Based on the analysis of twelve narratives consisting of four newcomers from each age category, it is possible to identify characteristics for each category of newcomers. Media content about the newcomers is used to confirm the observed characteristics. The identified characteristics refer to the process of 'fitting in' and 'standing out' the social field of the newcomers. Based

on this, the degree of entrepreneurial legitimacy obtained by the newcomers could be studied. The results enable to answer the following three sub-questions, each focused on a specific age category.

### **Early career newcomers**

To begin with, the way in which entrepreneurial legitimacy obtained by early newcomers is affected by their age. The age of early newcomers can vary between 16 and 34 years old. The early career newcomers are characterized by the fact they have a strong entrepreneurial character, they distinguish themselves from other players in the field and they are innovative. Some characteristics have ensured they started their own business, for example their affinity with organizing and being involved in projects. Also the belief in themselves and the willingness to take risks are probably characteristics that have contributed to this. In addition, the early newcomers all offer something unique and they really differentiate themselves. This strongly relates to 'standing out', but not in an overly remarkable way. This may have to do with the third characteristic. Early newcomers are most likely conceptual innovative, but they are hardly innovative in terms of technology and policy adjustments. Based on the narratives it can be suggested that therefore the early newcomers do not experience any problems or frictions regarding regulations, understanding, support, and subsidies. In contrast to the other two categories of newcomers, who certainly have to deal with that kind of frictions. In that way, there is certainly a 'fitting in'. Their businesses provide only something new to the social field they enter in the sense of a new concept. In general, early newcomers try to minimize financial risks as much as possible, or at least in comparison with the mid-career and late-career newcomers. Because as a starter they do not have endless money to invest and it is still a question whether the investment will pay back. In addition, possibly because of their young age and lack of years of experience in entrepreneurship they do not dare to take big risks. Both not in the field of technological innovations as financial risks. All four early newcomers did indicate that except for the financial risk, they do not see or take major risks with their businesses. The newcomers have received reactions from the social field, which point out that they hit the spot with their innovative concepts. This is based on both their own stories and media content.

To sum up, entrepreneurial legitimacy obtained by early newcomers seems to be positively influenced by their age. The age of early career newcomers seems to ensure that they do not take enormous risks. Nevertheless, they know what to do to be innovative and to distinguish themselves. This ensure that we can suggest, on the basis of the results, that early



newcomers obtain institutional and innovative legitimacy, both by ‘fitting in’ and ‘standing out’. Despite the fact early newcomers have a lack of experience in entrepreneurship, they seem to possess characteristics that indicate an entrepreneurial character. This may have contributed to finding a good balance between both ways of legitimacy. On the basis of the results it is suspected that early newcomers are able to find a good balance between institutional and innovative legitimacy, possibly because of their conceptual innovativeness.

### **Mid-career newcomers**

The second sub-question refers to mid-career newcomers, in other words newcomers between the 35 and 54 year old. How is their entrepreneurial legitimacy affected by their age? The answer on the second sub-question is based on three characteristics that are already extensively covered in the chapter ‘Results’. Mid-career newcomers are characterized by being different, the behaviour to continuously evolve their business, and the many problems and bottlenecks they face. Mid-career newcomers want to be different, they are different and they try to remain different. This is mainly derived from criticism on the current products and services offered on the market. Sustainability and the environment are important drivers for the entrepreneurs in the mid-career category. All this point to a ‘standing out’ position. It is noted by one of the newcomers himself, there is missing a ‘fit in’ with some people and organisations from the social field because of different perspectives on how to act in the sector in question. It seems that mid-career entrepreneurs do not stay put, they remain busy with developments. The focus is on developments such as differentiation, diversification and optimizing. In addition, they do not hesitate to look beyond the current traditions and break them if necessary. This again clearly indicates that the mid-career newcomers ‘stand out’. Initially this seems to have led to many problems, or as it is experienced by the newcomers. Because of changing values, norms, and traditions the ‘fitting in’ in the social field, including their own staff sometimes, is hampered. The analysis of media publications also confirms this partially. However, also confirmatory positive articles about the mid-career newcomers and the arrival of their new businesses have been found in the media.

Overall, from the results it can be suggested that mid-career newcomers tend more to ‘stand out’ than ‘fit in’. This interpretation of the results is based on the new developments that keep coming and frequently cause problems, because people from the social field are not used to it yet. The lack of ‘fitting in’ their social field can create problems with regard to their institutional legitimacy. The mid-career newcomers really hope their values, norms and traditions will become the new standards and replace the current, old-fashioned ones. The

government plays an important role in this process, but nowadays they do not really help according to the mid-career newcomers themselves. The government even impedes the mid-career newcomers nowadays, for instance by providing subsidies. Despite the problems which indicate a lack of legitimacy, there is also evidence for obtained innovative legitimacy. The category of mid-career newcomers has won most awards, or at least they are selected frequently the most to win an award. This is especially in the field of innovation and that might suggest that this age category receive the most appreciation for their innovativeness. Also the media attentions contributes to this, generally they confirm indirectly the innovative legitimacy of the newcomers.

### **Late-career newcomers**

Lastly, how is entrepreneurial legitimacy obtained by late-career newcomers influenced by their age? Late-career newcomers have an age of 55 years or older and research has shown that they are all characterised by the following three characteristics. First of all, logically the past of the late-career newcomers affects their current business and they mention the past more often than the other categories of newcomers do. Obviously, this category has a much longer history than the other two categories because of their age. Acting on the basis of the past tends more towards 'fitting in' than 'stand out'. They know well how it works in the business world and also the media appoints the importance of experience. In addition, late-career newcomers have clearly much to do with regulations. They did mention the government, policies, guidelines and technological requirements by far the most in comparison with the other two categories. The cause of this seems to be the type of industry in which the four late-career newcomers are located. They have a lot to do with health, environment and quality of food requirements. All four of them indicate that the regulations provide a 'fit in', because it is desired to comply with it by the social field. In spite of this, it is not always desirable to comply to the rules by the late-career newcomers. 'Standing out' is sometimes more desired by the entrepreneurs, but not possible in practice because it is among other things sometimes necessary to enter the market and to avoid tickets. However, this makes sure the business is perceived as legitimate in the field of laws and regulations. This will contribute to the extent of institutional legitimacy, because the newcomers comply with some specific assumptions from the field (De Clercq & Voronov, 2009). Lastly, innovation in the field of converting existing knowledge in new products and services characterizes the late-career newcomers. In addition, this category is characterized by the fact they have considered or applied for patents most often. They 'stand out' because of their innovativeness and this

seems occasionally to provoke problems regarding acknowledgement and thus innovative legitimacy. The reason for this are the current predominant traditions, however they seem to change slowly in favour of the late-career newcomers. Notwithstanding, because of their innovativeness they do receive European subsidies as mentioned in the media.

To conclude, in general the late-career newcomers did not mention their age as a factor of direct impact on their obtained legitimacy. Only one of the late-career newcomers has experienced little difficulty regarding his age, namely as regards the acquisition of a mortgage. Overall, the late-career newcomers seem to 'fit in' more than they 'stand out' and it seems that age is in their case of positive impact on their legitimacy. Remarkable is that the only characteristic which seems to indicate their 'standing out', namely being innovative, seems to take care of most problems related to obtaining legitimacy. According to the literature newcomers have to conform and differentiate to become legitimated as an entrepreneur (Deephouse, 1999; De Clercq & Voronov, 2009). But from the results of this study it can be suggested that late-career newcomers might conform more than differentiation to obtain legitimacy.

The answers to the sub-questions make it is possible to come back to the main question. The age of newcomers influences the way of doing business, which in turn has an impact on the degree of 'fitting in' and 'standing out'. The mid-career newcomers 'stand out' the most as compared to the early career newcomers and late-career newcomers. A reason for this seems to be the fact that the mid-career newcomers feel the greatest resistance to the current and therefore do it different with their own business. Perhaps the age of the mid-career newcomers ensures that they themselves feel they have enough experiences in life and business to know better. It seems that this has caused some problems resulting in an obstacle to obtain legitimacy, according to the mid-career newcomers themselves. However, the positive media publications about the innovative businesses of the mid-career newcomers seem to prove the opposite. From the publications can be suggested that the mid-career newcomers certainly obtain legitimacy by 'standing out'. Because of the idea they can offer something new with added value which cannot be realized by others in the current social field (Dowling & Pfeffer, 1975; Suchman, 1995). The age of the youngest group of newcomers appears to provide the best balance between 'fitting in' and 'standing out'. Because of their young age and lack of experience they seem to be slightly more cautious, but still innovative and able to distinguish themselves. The early newcomers seem to make this happen by being conceptual innovative. This also appears to have a positive effect on their obtained entrepreneurial legitimacy.

Finally, the age of late-career newcomers absolutely affect indirectly the legitimacy they obtain in their social field. From the interviews it can be suggested that the ‘influence of the past’ and ‘regulations’ are two characteristics that ensure a certain degree of ‘fit in’ for the late-career newcomers. This also seems to ensure legitimacy. While being innovative, the third characteristic, provides a reasonably strong tendency to ‘standing out’. According to the newcomers themselves this also causes problems regarding legitimacy, but the media publications disprove their statements partly. It was found that ‘fitting in’ yields more institutional legitimacy than ‘standing out’ yields innovative legitimacy.

## 5.2 Implications

The research has foreseen the need for further development of theory about entrepreneurship and in particular in the field of the age of newcomers and their obtained entrepreneurial legitimacy. First of all, the research provides a first insight in the combination of these topics, what was still missing in the current literature. The legitimacy of entrepreneurs, and also especially newcomers, has been extensively described in the literature several times (Vaare et al., 2006; Guo et al., 2013; De Clercq & Voronov, 2009). Previous research has also shown that legitimacy is of great importance for newcomers to survive and to grow (Deephouse, 1999; Tan et al., 2013). Now we are able to complement this information by adding the differences and similarities between three different age categories of newcomers and the influence of their age on legitimacy. Secondly, newcomers always face a challenge to obtain legitimacy by being different and being the same (Deephouse, 1999), now we are able to chart the problems that newcomers of different age categories face in that challenge. The results of this study confirm the theory of Tan et al. (2010), the results prove that newcomers can benefit from institutional conformity and competitive differentiation at the same time. This is contrary to the theory of Jennings et al. (2010), which asserts that newcomers should make a distinction between differentiating or conforming. The results of this study disprove the statement, because ‘fitting in’ and ‘standing out’ at the same time can yield a high degree of legitimacy. Third, as argued by Rao et al. (2008) empirical research on the topic of legitimacy is still rare. This research has provided useful qualitative data and hence enriches the literature. Finally, research by De Clercq (2009) suggested to do more research in the field of factors that influence entrepreneurs as newcomers in the field. The results of the study do contribute to the literature as recommended by De Clercq with the factor ‘age’.

Apart from this, the results of the study certainly have practical implications. Based on the interviews with the entrepreneurs it has become clear they mostly base their course of action

on their feelings, experiences, and financial calculations. Newcomers who are interested in the topics ‘legitimacy’ and ‘age’ might access my study. It might help to improve their acting regarding the characteristics of their age and its impact on obtaining legitimacy.

In the first place, newcomers should take into account the potential problems of the age category in which they are located. All three age categories have a number of features that makes them more or less ‘fitting in’ or ‘standing out’, which in turn has a positive or negative influence on institutional and innovative legitimacy. In general, the goal of all newcomers is to obtain legitimacy as much and as quickly as possible. Based on this research, the newcomers can anticipate on potential problems with regard to their age and try to avoid or compensate them

Secondly, all the age categories of newcomers can also learn some general things from this research, which will contribute indirectly to legitimacy. To begin with the importance of perseverance, this is very important according to the newcomers of this research and their stories. The first years as a newcomer can be difficult, recognition and appreciation may be missing and complicate obtaining legitimacy. Secondly, newcomers must dare to take risks when they are in the early stages of their business. In the beginning it may be contrary to prevailing traditions, but in the course of time this will change with it. To conclude with a third practical learning point, you always need to offer something unique as a newcomer. Newcomers, no matter what age, should offer something with their business what others cannot offer yet.

In the end, it seems that newcomers should balance between ‘fitting in’ and ‘standing out’ for the optimum obtaining of legitimacy. To be more precise, in this way they obtain both institutional legitimacy and innovative legitimacy. ‘Standing out’ seems to be problematic as regard to obtaining legitimacy on the short-term, but at long last it can actually contribute to legitimacy.

### **5.3 Discussion**

As with any research, a number of elements concerning the research can be brought up for discussion. The interpretations of the results of the study will be discussed, including the reliability and validity. In addition, the limitations of the study will follow and after all the recommendations for further research will end this final chapter.

## Limitations

In order to guarantee the validity of the study it was necessary to take some measures. But to what extent have these measures been able to ensure the quality of the study? At first, the operationalisation of the topics ‘institutional legitimacy’ and ‘innovative legitimacy’ contributes to the construct validity. This also applies to the semi-structured interview guide (Appendix 2), which is checked by my supervisor and two outsiders. It proved to be something good to do, because the questions were initially less clear than I thought myself. Probably because all the concepts and theories were already too obvious for me. The interviews with all twelve newcomers are conducted and based on the same interview guide, but sometimes it appeared that not all the questions were applicable to everyone. As a result, information about some newcomers is lacking. For example, questions about sharing values and norms within the staff of the company were not applicable to the newcomers who run their business with only their partner or best friend. The same applies to the questions about technology, innovations and technological requirements, these were also not applicable to all. This could have been avoided by selecting newcomers from the same sector for instance. Secondly, it has been tried to select newcomers within each age category as random as possible. It turned out to be very difficult, because the newcomers had to meet a number of requirements in order to take part in the study. Subsequently, they must also be willing to take part in the research and there had to be planned an interview within a certain time frame. The result? An imbalance between men and women in two of the three categories. In the late-career newcomers category there are no women represented at all, thereby is the external validity adversely affected.

From the beginning of the research has been recognized that a researcher is never able to completely separate facts and values. Therefore, objectivity is excluded. This applies not only to the researcher, but it has been found this also obvious applies to the newcomers. For instance, the key concepts of the research were introduced during the interviews to clarify the context. As a result a few newcomers themselves began to use terms like ‘legitimacy’ and ‘fit in’. This is not in itself a problem, but you cannot immediately consider the words of the newcomer to be the truth. The interview questions based on an operationalisation scheme and the analysis of published media content, ensured a proper way to determine the legitimacy of the newcomers. In my opinion, the newcomers have almost all truthfully answered the questions and I could hardly find any socially desirable behaviour. I have to admit this was totally against my expectations. I use the words ‘almost all’ and ‘hardly’, because I am aware of the fact I possibly look over some social desirable answers. Besides, I have built up

experience during the process of conducting the interviews. Of course this has influenced the way I asked follow-up questions, it became smoother and focused during the process. This has possibly led to obtaining more useful information during the twelfth interview than during the first interview.

Not only is the objectivity of the research with regard to statements made a point of discussion, but also the interpretation of the results. The twelve transcripts of the interviews are together approximately 82.000 words, which I all read, selected, coded, and divided in twelve themes per age category. The focus was on words which were related to legitimacy, the age of the newcomers and words suggesting a 'fit in' or 'stand out'. The used language by the newcomers was very important in this process. I have to admit it is not possible to go through this process fully consistent, but I tried to do it as much as possible. The reliability is guaranteed as much as possible by capturing all the action taken, including the translations of the quotes by newcomers.

### **Recommendations**

The interview questions of this study were divided into questions focused institutional legitimacy and innovative legitimacy, also referred to 'fit in' and 'stand out' (Bourdieu, 2000; De Clercq & Voronov, 2009). As described in the literature, newcomers can obtain different types of legitimacy (Suchman, 1995; Zimmerman & Zeitz, 2002). Therefore, a recommendation is to broaden the research by including other types of legitimacy such as socio-political and cognitive legitimacy (Aldrich & Fiol, 1994) or internal and external legitimacy (Rao et al., 2008). These theories will probably come up with other age-related characteristics which have an influence on the legitimacy of newcomers. For example, actions of newcomers concerning scientific and market legitimacy are not directly included in the conducted research. These types of legitimacy can be included in a subsequent research by including internal legitimacy.

A second recommendation would be to do research in the direction of the differences of female and male newcomers. The only female newcomer of the mid-career category did mention she had problems with getting financing in the beginning, because she was just that 'nice lady' with a 'nice idea'. Moreover, the fact it was difficult to find female newcomers in the late-career category also gives certain signals. Therefore it would be interesting to conduct further research to these findings.

Third, I would recommend to focus on one specific sector of newcomers. All the twelve newcomers included in this study are innovative in one way or another.

Notwithstanding, the newcomers are derived from various industries, such as the food industry, health care industry, manufacturing industry, mobile apps industry, and funeral industry. I noticed there are differences between the industries regarding requirements that are imposed from the social field to be seen as legitimate. The way in which can be derived whether the newcomer is seen as legitimate or not can also vary by industry. For instance, the health care industry has to do a lot with subsidies contrary to the food industry. As well as the newcomer in the funeral industry has to deal much more with laws and rules than the newcomers in the mobile app industry.

Finally, newcomers obtain legitimacy in their social field. Therefore, there is also chosen for analysis of media publications about the newcomers. This study was unable to encompass the entire opinion of the social field in the analysis. To create a more complete picture with even more perspectives on legitimacy, I would therefore recommend to expand the study by interviewing staff and customers.

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