### ARTICLE IN PRESS

Technological Forecasting & Social Change xxx (xxxx) xxx-xxx



Contents lists available at ScienceDirect

Technological Forecasting & Social Change



journal homepage: www.elsevier.com/locate/techfore

## Work-family conflict, organizational ambidexterity and new venture legitimacy in emerging economies

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#### ARTICLE INFO

Keywords: Work-family conflict New venture legitimacy Organizational ambidexterity Effectuation Gausation Gender

#### ABSTRACT

For entrepreneurs, work and family are inextricably intertwined. Entrepreneurship literature provides inadequate accounts on the relationship between entrepreneurs' work-family conflict (WFC) and new venture legitimacy, and the underlying mechanism. We categorize WFC into work interference with family (WIF) and family interference with work (FIW), and develop a conceptual framework to explore the mediating effects of organizational ambidexterity, the simultaneous execution of effectuation and causation, between WFC and new venture legitimacy. Also, we explore gender difference in the relationship between FIW, organizational ambidexterity and new venture legitimacy. The research is conducted in an emerging economy. In alignment with our expectations, we find that: (1) effectuation and causation strategy mediate the positive relationship between WIF and new venture legitimacy, and the negative relationship between FIW and new venture legitimacy, and (2) female entrepreneurs are less likely to choose effectuation strategy when faced with high level of FIW. Interestingly, there are no differences between female and male entrepreneurs in the likelihood of choosing causation strategy when they are confronted with high level of FIW. Theoretical and practical implications for future research on WFC in entrepreneurship research field are discussed.

#### 1. Introduction

Work-family conflict (WFC) is a type of interrole conflict in which the roles, pressures, and demands from work and family domains are mutually incompatible (Frone et al., 1992; Frone et al., 1997; Greenhaus and Beutell, 1985; Witt and Carlson, 2006). In this research, we think that WFC may serve as a proxy for individual value, because WFC reflects that people choose to give priority to performing incompatible work or family responsibilities intentionally.

According to upper echelons theory (Hambrick and Mason, 1984), WFC, serving as a useful proxy for individual value (Greenhaus and Beutell, 1985), offers substantially power to predict business-level outcomes (Jennings and McDougald, 2007; Kelly et al., 2008). While prior research mainly focuses on the effects of WFC on individual-level outcomes such as individuals' emotions, behaviors and performance (e.g., Frone et al., 1997; Li et al., 2013; Roth and David, 2009; Wayne et al., 2004), less research focuses on the effects of WFC on businesslevel outcomes. Furthermore, according to Jennings and McDougald (2007), entrepreneurial process and outcomes are incomplete without considering WFC. Thus, in this research, we focus on a critical businesslevel outcome variable in entrepreneurship literature—new venture legitimacy, and explore the effect of entrepreneurs' WFC on new venture legitimacy. New venture legitimacy refers to stakeholders' judgment based on the desirability, acceptance and appropriation of a new venture's actions (Shepherd and Zacharakis, 2003; Suchman, 1995; Zimmerman and Zeitz, 2002). Prior research states that entrepreneurs' personal characteristics have effects on stakeholders' decision-making of the new venture. For example, Murnieks et al. (2016) indicate that entrepreneurs' passion is an important evaluation criteria of investment used by investors. Following this line of research, considering that WFC is a useful proxy of entrepreneur's value, we propose that WFC can have some effects on new venture legitimacy.

Previously, there is little research on the mechanism through which WFC affects business-level outcomes (e.g., new venture legitimacy) (Kelly et al., 2008). According to upper echelons theory, it is strategic decision processes and actions that convert entrepreneurs' values into business-level outcomes (Hambrick, 2007; Hambrick and Mason, 1984). Some previous research also shows that personal value is a potentially strong predictor of entrepreneurs' strategic decision-making (e.g., Connor and Becker, 2003; Swift, 2001; Wattegama and Ping,

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https://doi.org/10.1016/j.techfore.2017.10.003

Received 28 February 2017; Received in revised form 22 September 2017; Accepted 2 October 2017 0040-1625/ © 2017 Elsevier Inc. All rights reserved.

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2015). Ambidexterity is a strategic decision-making approach which new ventures use to cope with conflicting needs or pursue paradoxical pairs of strategies (Dai et al., 2017). Specifically, on the one hand, imminent pressures for short-term survival require new ventures to increase efficiency by quickly using the existing means and resources (Dai et al., 2017). On the other hand, the pressures for long-term sustainability and prosperity require new ventures to set long-term strategic goals and achieve them (Han and Celly, 2008). In other words, to reconcile the conflict between short-term survival and long-term prosperity, new ventures need to be ambidextrous (Dai et al., 2017). Thus, we examine the mediating role of organizational ambidexterity in the relationship between WFC and new venture legitimacy.

In this research, we categorize WFC into two directions: work interference with family (WIF) and family interference with work (FIW) (e.g., Greenhaus and Beutell, 1985; Frone et al., 1992; Frone et al., 1997; Frone, 2003; Boyar et al., 2003). We think that entrepreneurs must respond to the simultaneous role pressures or demands by giving priority to performing one role before an attribution of directional interference can be made intentionally (Greenhaus and Beutell, 1985). We suggest that WIF and FIW reflect entrepreneurs' different values. Personal value is a kind of principle for ordering alternatives according to entrepreneur's own preference (Connor and Becker, 2003; Hambrick and Mason, 1984). Specifically, WIF demonstrates that individuals choose to give more priority to the accomplishment of work-related responsibilities than *family*-related responsibilities intentionally, such as strategic decision-making; while FIW demonstrates that individuals choose to give more priority to the accomplishment of family-related responsibilities intentionally (Greenhaus and Beutell, 1985). Prior research points that FIW (WIF) has an effect on work-related (familyrelated) variables (Wayne et al., 2004), and some research demonstrates that WIF and FIW have different impacts on work variables simultaneously. Thus, this research attempts to explore the different effects of WIF and FIW on organizational ambidexterity and new venture legitimacy simultaneously.

Furthermore, gender roles are closely associated with WFC (Cinamon and Rich, 2002; Greenhaus and Beutell, 1985), and an integrated picture of WFC needs to take gender roles into account. According to the social role theory, female entrepreneurs are expected to give more priority to family responsibilities, while male entrepreneurs are expected to be good breadwinners, and give more priority to work responsibilities (Eagly, 1987; Jennings and McDougald, 2007). Under such expectations, WFC for female and male entrepreneurs may have different effects on new venture legitimacy. For example, when family interference with work (FIW) occurs, people may expect that it is more difficult for female entrepreneurs to escape from the trouble than male entrepreneurs for their different role expectation (Jennings and McDougald, 2007). This situation that female entrepreneurs face may influence the evaluation of stakeholders for the new venture. Besides, we suggest that stakeholders are much more concerned about FIW which is likely to be incongruent with role expectation for entrepreneurs (Jennings and McDougald, 2007). Therefore, we specifically investigate the role of gender playing in the relationship between FIW, organizational ambidexterity, and new venture legitimacy.

Emerging economies offer an appropriate context for this research. First, new ventures operating in emerging economies are faced with severe resource constraints (Gaur et al., 2014; Hambrick and Crozier, 1985; Lingelbach et al., 2015), which forces entrepreneurs to work longer hours to acquire or integrate limited resources. Second, emerging economies are experiencing rapid growth and high competitiveness (Hoskisson et al., 2000; Tan and Peng, 2003; Wright et al., 2008), which forces entrepreneurs to devote more time and energy to deal with challenges. More time devoting to deal with challenges increases entrepreneurs' WFC. Third, emerging economies are experiencing a gradual institutional transition (Gaur et al., 2014; Gubbi et al., 2010; Yiu et al., 2007), which forces new ventures to carefully apply strategies to adapt to institutional changes (Keister, 2004; Yiu et al., 2007) and

stakeholders to carefully adjust standards to evaluate new ventures' actions. Therefore, new ventures in emerging economies are confronted with new venture legitimacy acquisition and maintenance.

#### 2. Theoretical background and hypotheses development

#### 2.1. Organizational ambidexterity (effectuation and causation)

Duncan (1976) is the first one to use the term—*organizational ambidexterity*. Organizational ambidexterity refers to an organizational capacity to align its business demands and adapt to changes in the environment simultaneously (Gibson and Birkinshaw, 2004; Raisch and Birkinshaw, 2008). A venture which can cope with these two conflicting needs or can pursue paradoxical pairs of strategies is *ambidextrous* (Han and Celly, 2008; Hsu et al., 2013; Raisch et al., 2009; Raisch and Birkinshaw, 2008).

According to Sarasvathy (2001a, 2001b), effectuation and causation refer to two important conflicting venturing strategies and can guide ventures' strategic decision-making and goal setting in the entrepreneurial process. A new venture strategy can emphasize effectuation or causation, or both. In this research, we think that new ventures performing both effectuation and causation are ambidextrous. The two strategies reflect two different strategic decision-making logics-control and prediction (Chandler et al., 2011; Sarasvathy, 2001a, 2001b). Specifically, effectuation is an emergent strategy emphasizing the control over the environment and characterized by experimenting with existing set of means to select or create business opportunities, limiting potential losses to an affordable level, leveraging the contingencies and attracting more committed partners (Chandler et al., 2011; Sarasvathy, 2001a, 2001b). Effectuation helps new ventures remain flexible and better adapt to the changing environment by leveraging contingencies-unanticipated events or new information (Cai et al., 2016; Chandler et al., 2011; Smolka et al., 2016). Ventures that adapt to the changing environment faster or more flexibly are better equipped to understand the dynamic needs of customers (Cai et al., 2016; Smolka et al., 2016), and develop products or service that accord with the expectation of customers. As customers are important stakeholders of new ventures, getting the acceptance of customers indicates the new venture legitimacy acquisition (Shepherd and Zacharakis, 2003).

On the contrary, causation is *a plan strategy* based on the logic of prediction and characterized by analyzing markets, setting a goal, making plans and then performing these plans to achieve expected returns (Sarasvathy, 2001a, 2001b). Causation includes activities such as competitive analysis and business plan development (Chandler et al., 2011; Harms and Schiele, 2012; Sarasvathy, 2001a, 2001b; Xie et al., 2012). Formal business planning made by doing comprehensive competitive analysis can provide necessary information including business purpose, market and customer demand, specifications for allocating resources, and expected returns for stakeholders (Smolka et al., 2016). These necessary information provided by business plan may help new ventures build or improve the legitimacy (Smolka et al., 2016; Stone and Brush, 1996; Zahra et al., 2002).

Furthermore, simultaneous execution of effectuation and causation strategy enables new ventures to pursue the long-term strategic goals and adapt to the changes in the environment concurrently. Although organizational ambidexterity is difficult to achieve because effectuation and causation compete for limited resources (Gedajlovic et al., 2012). How to achieve ambidexterity is still a growing research topic. Prior research mainly investigates three streams of antecedent factors to achieve ambidexterity is affected by *structural antecedents*. This line of research suggests that establishing autonomous and structural separated subunits with different people, structure and processes can achieve ambidexterity (O'Reilly and Tushman, 2013; Raisch and Birkinshaw, 2008; Tushman and O'Reilly, 1996). The second stream focuses on *contextual antecedents*. This line of research suggests that

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