Integration of Bricolage and Institutional Entrepreneurship for Internet Finance:
Alibaba’s Yu’e Bao

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ABSTRACT
This article describes how current research on the institutional entrepreneurship process tends to ‘design principles.’ There is lack of research on mechanism and strategy of the institutional bricolage, especially for Internet finance. Based on analysis of Yu’e Bao, the authors found that institutional entrepreneurs often use bricolage to form new institutions in organizational, material and discursive dimensions: organizational dimension which uses the attaching and bridging bricolage to achieve relational networks; material dimension which uses the simplifying and extending bricolage to acquire technical and economic basis; discursive dimension which uses the beautifying and analogy bricolage to theorize and institutionalize new practices. This article tries to explain and distinguish these three intertwined dimensions by using the case study. From the bricolage perspective, entrepreneurship behavior and institutional entrepreneurship behavior can be bridged. The emerging institutional entrepreneurship theory has been integrated with the bricolage theory for Internet finance.

KEYWORDS
Bricolage, Institutional Entrepreneurship, Internet Finance, Yu’e Bao

INTRODUCTION
Refocusing on both action and agency that the traditional institution studies have ignored, the institutional entrepreneurship study probes into why and how actors form new institutions or change existing institutions (Maguire et al., 2004), namely, based on interpreting “where institutions come from” (Yin & Zhang, 2009; Xiang et al., 2011; Fang & Sun, 2012; Li et al., 2015). The institutional entrepreneurship process is an important aspect in the institutional entrepreneurship field. Currently, the study on the institutional entrepreneurship process is inclined to ‘design principles’ (Cleaver,
which excessively emphasizes on the institutional entrepreneurs’ strong agency and design capacity for new institutions. But, those capable actors don’t have the incentive to change the institutions because they usually are beneficiaries of the existing institutions. Meanwhile, actors with the incentive don’t have enough ability to design and change institutions due to lack of resources and power (Levy & Scully, 2007). Therefore, how do institutional entrepreneurs lack of resources and power to change institutions? The existing studies indicate that they often adopt the bricolage approach either consciously or unconsciously using the existing social and cultural arrangements, to avoid fierce resistance and severe punishment from directly challenging the existing institutions (Mair & Marti, 2009). Consequently, they are approved and supported, and finally come up with the new institution form. Some articles have shed lights on this phenomenon (Campbell, 1997; Cleaver, 2001; Westenholz et al., 2006; Sehring, 2009; Mair & Marti, 2009; Domenico et al., 2010; Christiansen & Louonsbury, 2013). However, there is a lack of in-depth studies on how institutional entrepreneurs use bricolage strategies to change institutions.

China is considered as a dual social environment in terms of the strong government and the strong market. On one hand, the government has the dominant power to initiate many top-down institutional changes. On the other hand, market forces also play an important role so that more and more bottom-up institutional changes occur with market-oriented reforms. However, government regulators often ignore these bottom-up changes in the market. Thus, what encourages regulators to accept the institutional changes that they promote? Both the theory gap and realistic problems lead us to conduct an in-depth study on institutional entrepreneurship strategies. Alibaba’s Yu’e Bao is selected to examine how institutional entrepreneurs use bricolage strategies to carry out institutional entrepreneurship.

The paper is organized as follows: First, we mainly review the literature of institutional entrepreneurship, especially focusing on institutional entrepreneurship through bricolage approaches. Second, we explain our methodology and introduce the case. Third, we analyze the case and outline bricolage strategies in terms of material, discourse, and organizational dimensions in Yu’e Bao. Finally, we summarize and discuss theoretical and practical implications as well as point out limitations of this study and future research directions.

LITERATURE REVIEW

Institutional Entrepreneurship

Institutional entrepreneurship represents such activities as particular institutional arrangements and resources leverage to create new institutions or transform existing ones (DiMaggio, 1988; Fligstein, 1997; Rao et al., 2000; Maguire et al., 2004). The institutional entrepreneurship study mainly explores why and how actors form new institutions or transform the existing institutions (Maguire et al., 2004) for explaining the relationship between institutions and behavior. It focuses on how the actor’s microeconomic activities affect their macroscopic institutional situation (Lee & Hung, 2014). Pacheco et al. (2010) claim that there are three types of institutional entrepreneurship: practices evolution, standards evolution, and policies evolution. The institutional entrepreneurship process in Yu’e Bao belongs to practices evolution.

In Oliver’s view (2001), a major contribution of the new institutionalism is to find a new institutional analysis level: organizational field. Institutional entrepreneurship adheres to the holism methodology which uses fields as the basic analysis unit. Levy and Scully (2007) believe that there are three interlaced material, discursive, and organizational dimensions of field structure. The organizational dimensions refer to the relative status of the actors in the field and the relationship network necessary for the interaction between them; the material dimensions denote the technical support and exchange of economic benefits that can be used for establishing and maintaining the relationship of actors. that technological and economic foundation can be used for establishing and
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