

COMMENTARY**WILEY**

Disentangling the role of the institutional environment in the ownership competence framework: A comment on Foss et al. (2021)

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Abstract

Research Summary: We extend the ownership competence framework by discussing how the features of the institutional environment influence the exercise of ownership competence. Two amendments are proposed. First, we add a new dimension to the framework, institutional competence (“*where to own*”), which denotes that individuals and firms have heterogeneous abilities to assess how an institutional environment affects the potential uses of a resource. Second, we argue that institutional uncertainty moderates the three original dimensions of the framework, impairing the exercise of ownership competence of some entrepreneurs and firms more than of others. We use examples from the literature to illustrate our arguments. We also discuss the implications of our analysis.

Managerial Summary: The ownership competence framework is built on the idea that business owners have different abilities to deploy resources and create value. Starting from this contribution, we shed light on the specific role that the institutional environment plays in the exercise of ownership competence. We argue that the ownership competence framework must explicitly consider *where* ownership takes place in order to explain the actions of entrepreneurs and firms. We also claim that institutional uncertainty can influence value creation in more subtle ways than indicated in