



# Competition of a Different Flavor: How a Strategic Group Identity Shapes Competition and Cooperation

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## Abstract

Using an inductive study of 41 gourmet food trucks, we develop theory about how firms form a strategic group identity that shapes both competitive and cooperative behaviors among its members. Based on an analysis of group prototypes, we find that members cooperate to help each other meet the central tendencies of the group—the properties that typical group members have—and yet compete to strive for the ideal tendencies of the group—the attributes of members held in highest regard. These competitive and cooperative dynamics lead to three surprising consequences in light of previous research on strategic groups: (1) existing members of the strategic group help new firms enter the market; (2) resource scarcity leads to cooperation, not competition; and (3) when competition does emerge, it focuses on status within the group and not on price. To make sense of these empirical puzzles, we develop theory around the micro identity processes that allow a strategic group's identity to persist and to shape its member firms' behaviors, which alters how scholars understand the inner workings of strategic groups and their impact on both firms and markets.

**Keywords:** organizational identity, interorganizational relations, competition, prosocial behavior, gourmet food trucks

To lay people, business competition may evoke images of ruthless battles to capture resources at others' expense—images that some practitioners advance. Jack Welch, former CEO of General Electric, advised businesses to “go out and buy or bury your competition. . . . Steal their employees. Steal their R&D people. Steal their salespeople” (Hogan, 2009). Similarly, theories of competitive dynamics often categorize firms as “attackers” and “defenders” that

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unleash hostile moves on each other (Chen, 1996; Chen and Miller, 2012). But research has presented a more-balanced assessment of competition among firms. Perspectives such as agglomeration (Marshall, 1920), coopetition (Brandenburger and Nalebuff, 1996), and mutual forbearance (Edwards, 1955; Baum and Korn, 1996) have shown that competing firms also cooperate due to overlapping interests. In some cases, they might form a strategic group, a collection of firms in an industry that are acknowledged by and hold significance to industry participants (e.g., Reger and Huff, 1993; Hodgkinson and Johnson, 1994). This intermediate level of analysis between firms and industries allows researchers to focus on patterns of interfirm behavior, helping locate areas of both competition and cooperation. Dranove, Peteraf, and Shanley (1998) proposed that strategic groups exist to advance their members' interests, such as by facilitating tacit collusion, creating efficiencies through sharing best practices, and enabling joint marketing initiatives. Furthermore, strategic groups create barriers to protect existing members by limiting the entry of new firms (Caves and Porter, 1977; Hatten and Hatten, 1987).

Despite the favorable relationships among firms that strategic groups can foster, research has shown that when shared interests unravel, strategic group members may engage in heightened competition with each other. When firms seek similar resources, competition within a strategic group is thought to increase (McGee and Thomas, 1992; Bogner and Thomas, 1994), including around price (González-Moreno and Sáez-Martínez, 2008). Some scholars even suggest that because of these competing interests, rivalry is more common than collusion among strategic group members (e.g., McNamara, Deephouse, and Luce, 2003). Thus cooperation among members of a strategic group is neither universal nor unconditional, with scholars offering differing perspectives on when cooperation or competition characterizes a strategic group, based on variables such as firm size (Mas-Ruiz, Ruiz-Moreno, and Ladrón de Guevara Martínez, 2014), strategic distance (Smith et al., 1997), and resource scarcity (Hatten and Hatten, 1987).

As we engaged in an inductive study of a market of gourmet food trucks, we uncovered several empirical puzzles difficult to understand in light of extant theory. Though prior theory would predict that strategic groups work to exclude new entrants (Caves and Porter, 1977), members of the strategic group we observed actively and enthusiastically helped new entrants. We also witnessed that members of the strategic group frequently provided advice and marketing support to new entrants. Moreover, as opposed to the dynamics uncovered in previous research (e.g., Hatten and Hatten, 1987), when members of the strategic group faced resource scarcity, they cooperated rather than competed. Finally, despite theory predicting that members of strategic groups compete on price (e.g., Smith et al., 1997), we observed that when firms in this strategic group did compete, they focused on group status and not price.

In trying to resolve these puzzles, we recognized some challenges for research on strategic groups. From the onset, scholars have raised critical concerns about the concept of strategic groups, including difficulties in identifying group members (Barney and Hoskisson, 1990). Some researchers even challenged whether the very notion of a strategic group was an artifact of researchers' methodologies (Ketchen and Shook, 1996). Furthermore, scholarly focus on performance outcomes impeded theoretical development to understand

how strategic groups change firms' behaviors (McGee and Thomas, 1986; Anand, Joshi, and O'Leary-Kelly, 2013).

A cognitive revolution in strategy research has helped provide richer insights into strategic groups, laying the foundation to address some of these criticisms. Porac, Thomas, and Baden-Fuller (1989: 413; see also Reger and Huff, 1993) argued that a closer (and in particular, qualitative) scholarly investigation of strategic groups could unpack their "social psychological reality." By starting from a strategic group's social psychological reality, we sought to explain our empirical puzzles while elaborating theory on the competitive and cooperative dynamics of strategic groups. As we undertook this investigation, we observed that strategic group members referred to each other using words such as "community" and interacted as if they had a common identity. We therefore focused our analysis on a strategic group identity: "a set of mutual understandings, among members of a cognitive intraindustry group, regarding the central, enduring, and distinctive characteristics of the group" (Peteraf and Shanley, 1997: 166).

The strategic group identity is a critical component of the social psychological reality of strategic groups, yet our emergent findings suggested important opportunities to extend theory. For instance, for both theoretical and methodological reasons, prior research on strategic group identity has focused on what researchers call the central tendency prototype, which describes the properties of a typical strategic group member (Hogg and Terry, 2000; Bartel and Wiesenfeld, 2013). Theoretically, scholars anchored on the central characteristics of a strategic group because of consonance with classic organizational perspectives on identity (e.g., Albert and Whetten, 1985; Ashforth and Mael, 1989). Although the strategic group's central, enduring, and distinctive characteristics are key components of social identity theory, recent research views collective identities broadly as more fluid than initially positioned by organizational identity theorists (Gioia et al., 2013).

It is also possible that identities are shaped not only by the group's central characteristics but also by its positive outliers: members who exemplify ideal, rather than central, tendencies (e.g., Hogg and Terry, 2000; Bartel and Wiesenfeld, 2013). As our analysis unfolded, we found these ideal tendencies to be vital for understanding the empirical puzzles in our data. Furthermore, the methodological limitations of archival data with fairly broad and relatively stable firm attributes, such as firm size, have directed the theoretical development of strategic groups to narrower views of identity and group dynamics around the central tendencies. This has resulted in theory focused on explaining observable characteristics at the expense of understanding positive outliers—who might have an undue weight on how the group functions—and how they shape firms' and markets' behaviors. Drawing from our initial observations and opportunities to elaborate theory (Lee, Mitchell, and Sablinski, 1999), we study how a strategic group identity shapes the competitive and cooperative dynamics within the group, drawing from the intersection of social identity theory and strategic groups.

## SOCIAL IDENTITY AND STRATEGIC GROUPS

Social identity theory (Tajfel and Turner 1979; Turner, 1982, 1984; Hogg, 1992; Hogg and Terry, 2000) explains how groups form and maintain a group identity.

The basic tenet is that people classify themselves and others into groups and social categories. We define a group as a collection of individuals who perceive themselves as members of the same category, who share some emotional involvement in this common category, and who achieve a consensus about its boundaries and defining features (Tajfel and Turner, 1986). A social identity represents members' shared sense of who they are as a group and how they are different from other groups or broader collectives (cf. Hatch and Schultz, 2002). A strong group identity can foster interpersonal trust among group members, as well as members' high level of identification with the group, such that outcomes obtained by other group members, or by the group as a whole, come to be perceived as one's own.

Peteraf and Shanley (1997) adopted a social identity perspective to propose that like other groups, strategic groups have central, enduring, and distinctive characteristics. Because of these mutual beliefs, even firms that compete with each other might share a group identity and sometimes cooperate. They proposed that the extent to which managers identify with a strategic group shapes firms' behaviors due to mutual understandings of the central or modal characteristics of the group, such as traits (e.g., firm size or product quality), relationships (e.g., overlapping social networks or common institutional histories), or activities. Building on this, Porac and Thomas (2011: 660) emphasized that "the concept of 'identity' is beyond the boundaries of a single firm." There are diagnostic attributes—the members' central tendencies—required for group membership (Porac and Thomas, 1990; Porac et al., 1995), and a firm's identity emerges only in relation to other firms, making the process of categorization based on central attributes critical to defining other groups for relative comparisons (Anand, Joshi, and O'Leary-Kelly, 2013).

Yet firms and markets change, such as through new entrants or threats, and so categorization based on central attributes can also change, thereby altering the strategic group's identity. Indeed, recent research has found that group identities are not always enduring (Gioia et al., 2013). Ingram and Inman's (1996) study of Canadian and American hotels divided by the Niagara River found that though competition was most intense within geographic boundaries (i.e., among Canadian or American firms), the geographically proximate firms cooperated when the outgroup shifted from firms in the same geography to firms of the other nationality. The strong presence of a common outgroup (firms across the border) yielded cooperation among previously competing firms within the border, reconfiguring the group's identity. Such a dramatic shift raises the question of whether strategic groups are unstable, dismantling or reorganizing when outside (or inside) factors reshape their central features (see also Ingram and McEvily, 2007). Alternatively, a closer examination of strategic groups may uncover key mechanisms that allow them to hold together despite changes or threats.

Beyond examining the central tendencies of such groups, social identity scholars are starting to account for ideal tendencies: attributes beneficial to a group's goals that members should ideally embody, thereby describing an exceptional member (Hogg and Terry, 2000; Bartel and Wiesenfeld, 2013). Ideal tendencies provide a gold standard to which other group members aspire and influence the group in ways that dramatically differ from central tendencies (Turner, 1991; Hogg, Hardie, and Reynolds, 1995; Hogg, Terry, and White, 1995). Ideal group members might invoke respect and elevate the prestige of

the group, whereas central tendencies lead to classification as an average member. Scholars have not elaborated on the differing roles of central and ideal tendencies in strategic groups and instead have focused on relatively abstract and readily observable attributes based on central tendencies that predict firms' performance (Anand, Joshi, and O'Leary-Kelly, 2013). Our study focuses on both central and ideal tendencies in an effort to resolve critical puzzles around why strategic groups might welcome new members, cooperate in times of scarcity, and compete for status rather than price—thereby shifting how scholars theorize the cooperative and competitive dynamics of strategic groups.

## METHODS

Our study examines gourmet food trucks (GFTs) in a major city in the southern U.S. Food trucks are the fastest-growing sector in the restaurant industry, generating approximately \$850 million in revenue in 2015 (Alvarez, 2015). They have also become part of popular culture, making appearances on television shows such as *The Great Food Truck Race* and in movies such as *Chef*. This cultural exposure has called attention to the opportunities in operating food trucks, which have flooded the market in recent years with many new entrants. With many market players seeking similar scarce resources, operating a food truck can be a difficult way to make a living (Mitchell, 2013). As our research evolved, it became clear that GFTs formed a strategic group identity to help with these challenges. Our research focused on understanding the role of this strategic group identity in shaping the behaviors of market players and its impact on competition and cooperation.

GFTs provide a useful context for this study for two primary reasons. First, the market is diverse, with many different ethnic and occupational backgrounds represented among our informants. Whereas previous research has emphasized the importance of shared characteristics among group members (e.g., family or educational histories, similar career paths; Porac, Thomas, and Baden-Fuller, 1989) to form a strategic group identity, we wanted to study a market not tied to a single national or functional background. In fact, 46 percent of our informants had no prior experience in the food services industry. Some entered the industry because they lost their jobs in other industries such as education and information technology. Others considered themselves businesspeople searching for new opportunities. Second, with new players regularly entering and existing players sometimes exiting the market, the group composition constantly changed, which we reasoned would highlight important processes for maintaining a strategic group identity as membership evolved.

Within the broader space of food trucks, we focused on gourmet food trucks—those serving higher-quality food meant to approximate restaurant fare. Food trucks have historically had a poor reputation, and we reasoned that the formation of a strategic group identity would be especially important to this market. GFTs differ from traditional food trucks in several ways, something we make clearer in our description of their group prototypes. Though we refer to our population of study as GFTs, members frequently use the label “food trucks” to describe GFTs and “roach coaches” or “taco trucks” to describe non-gourmet food trucks, indicating their desire to infuse new meanings into the label.

## Data

Using online research and referrals from industry experts and GFTs, and canvassing food truck festivals and popular food truck parking spots, we created a list of 87 GFTs we identified in the market at the time of our study. We also identified 35 trucks that were no longer in operation. Starting from local media reports to identify key informants, we contacted five owners of GFTs because of their strong knowledge of the industry (Morse, 2007). Early in the data collection process, we learned that reaching GFT owners or their managers (hereafter, operators) proved difficult. Contacting them via e-mail or telephone yielded limited responses. We shifted our tactics to making field visits in which we purchased food and struck up conversations with the truck workers about our project. Given the difficulty of reaching this population, we agreed to interview informants whenever and wherever was most convenient for them, including during shifts, at bars and restaurants, and at personal residences.

After interviewing the first five key informants, we shifted to purposeful sampling, trying to account for different categories of GFTs: recently opened food trucks, food trucks in business for longer than six months, and food trucks with a brick-and-mortar location (i.e., a traditional restaurant). This helped us capture the breadth of GFTs in the market. We did not find the differences among these categories to yield substantial theoretical insight. In our sample, most owners maintained one food truck, but one informant owned two trucks and another owned three. Overall, each business had between 2 and 15 regular employees, but we focused on the business operators (owners or managers).

As our findings emerged, we turned to theoretical sampling. We identified areas in the market that had the greatest possibility of firm rivalry based on product similarity. This led us to Korean–Mexican fusion trucks and dessert trucks. We interviewed two of three operators of Korean–Mexican fusion trucks (the third truck ceased operations in the course of our study due to violations of city regulations). We also interviewed seven of the eight operators of dessert trucks in the market (despite repeated attempts, we could not secure an interview with the eighth). Next we sought to identify defunct GFTs to assess whether our emergent theory would apply to their exit or whether we could glean new insights. After interviewing three operators whose businesses had folded, we reached theoretical saturation, such that additional interviews failed to yield substantially new findings (Glaser and Strauss, 1967). In total, we interviewed 52 operators from 41 food trucks. The Online Appendix (<http://journals.sagepub.com/doi/suppl/10.1177/0001839217704849>) presents the interview protocol, as well as details about our sample in table A1. All interviews were professionally transcribed, and they averaged 67 minutes.

In addition to interviews, we made 42 site visits to food trucks both to enroll subjects and to increase our understanding of how food trucks operate. We also spent five hours at two food truck festivals and wrote fieldnotes from these observations.

## Analysis

We used grounded theory (Glaser and Strauss, 1967; Charmaz, 2006) to analyze our data, following three primary steps. First, using interviews and fieldnotes, we used open coding to capture informants' meanings of their work,

organization, and industry context (Strauss and Corbin, 1998). We generated codes from the raw data and continued to add and refine codes as we progressed through the data multiple times. These codes also helped determine aspects of the strategic group identity captured in prototypes.

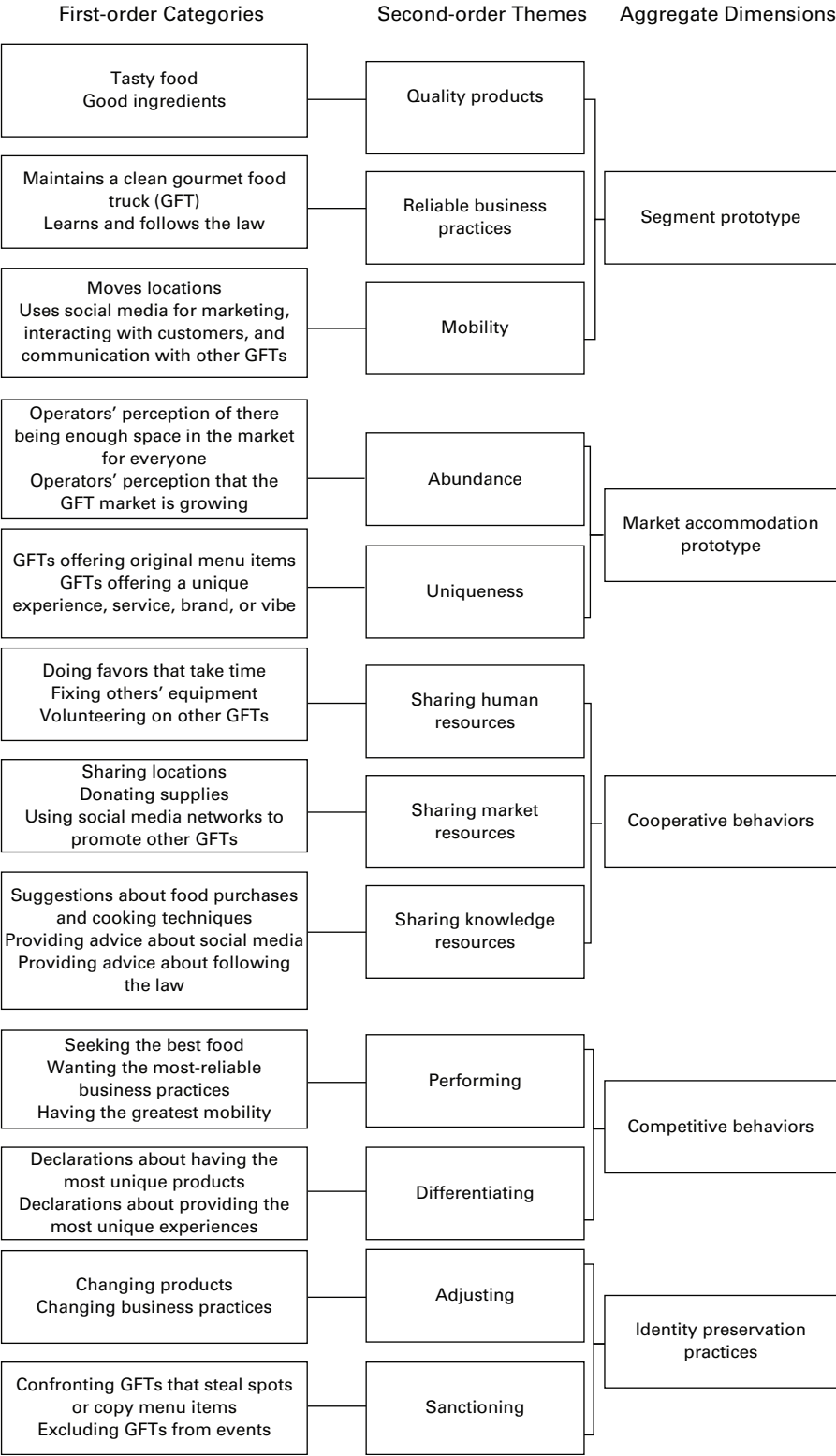
A prototype represents a translation of the features of a group identity into attributes, attitudes, and actions at the individual level (Bartel and Wiesenfeld, 2013), emphasizing intergroup differences and within-group similarity (Van Knippenberg and Hogg, 2003). Group members enact a group identity by behaving in accordance with the group's prototypes (Turner et al., 1987); the more a member identifies with the group, the higher the motivation to behave prototypically. Importantly, prototypes can describe central tendencies, i.e., characteristics that are most common across group members and that therefore describe the average group member (Turner et al., 1987; Turner et al., 1994), as well as ideal tendencies, i.e., characteristics that group members ideally should have and that therefore describe the ideal group member (Hogg, 1992; Hogg and Terry, 2000). As our analysis proceeded, it became clear that both classes of prototypes matter in explaining the behavior of strategic group members.

We revised our codes iteratively, moving among existing data, new data, and the literature (Locke, 2001). We also engaged in constant comparison by comparing data across participants while allowing the emerging analysis to benefit from our interpretations (Charmaz, 2006). We then moved to more-theoretical abstraction by creating second-order themes to identify relationships among first-order codes. Finally, we used this second-order coding to search for relationships within and between the codes to convert them to more-abstract categories. To do so, we engaged in an ongoing dialogue between our data and extant literature to ground constructs consistent with our data but abstracted from our context. This led to five aggregate theoretical dimensions that captured our emerging theory of strategic group identity: segment prototypes, market accommodation prototypes, cooperative behaviors, competitive behaviors, and identity preservation practices. Figure 1 outlines our data structure.

Our second step was to use the five aggregate theoretical dimensions to engage in brainstorming, captured in analytical memos (Lempert, 2007). Our objective was not only to induce a process model that captured our empirical observations but also to develop theory outside of our immediate context. We cycled among multiple representations of the aggregate theoretical dimensions until we settled on a model that serves as the basis of the findings section.

Third, as we developed provisional models, we tested our interpretations by re-reviewing the data and seeking out both confirming and disconfirming information (Miles and Huberman, 1994). After reaching provisional conclusions about the data, we checked with key informants about our developing ideas and solicited feedback (Lincoln and Guba, 1985). We used multiple data sources to corroborate key interpretations and created tables to provide additional empirical support to the quotes we include in the findings section (Pratt, 2008). We also used peer debriefings to discuss our emerging theory with colleagues not involved in the study (Lincoln and Guba, 1985). Finally, we consulted with an industry expert who wrote a trade book on food trucks in the market we studied.

Figure 1. Data structure.





## FINDINGS

We found that the strategic group identity of GFTs is characterized by prototypical characteristics of its members that can be grouped into two categories: segment and market accommodation. The results of our analysis show that the strategic group identity shapes both cooperative and competitive behaviors in the market. GFTs share human, market, and knowledge resources and redirect competition from being market-based to status-based. Group members use several identity preservation tactics to maintain the strategic group identity to allow for continued cooperation and the redirection of competition to status. Supporting data for our first-order categories and second-order themes are presented in table A2 in the Online Appendix. In describing the findings, we use pseudonyms to identify our interviewees and the food trucks they operate.

### Prototypes That Constitute the Strategic Group Identity

One of our earliest observations was that firms clearly saw themselves as a group. They regularly referred to each other as part of a “community.” Robert (The Snuggly Bunny’s House of Yummy) told us, “I’m going to be in this business all my life, so why not create a community and be part of a bigger picture. . . . No matter what, who I become, where I become, at least I can say I was part of the community and was able to support it, to be part of something bigger than me.” He did not describe the group in strategic terms but rather in more existential terms. To understand the identity of this group, we searched for prototypes that characterized the collective, finding two broad categories: segment and market accommodation. The segment prototype helps distinguish GFTs as their own market segment, different from other firms in the broader food-service industry, such as non-gourmet food trucks and traditional restaurants. It creates an identity that embraces the food quality of non-fast-food restaurants and the mobility of traditional food trucks. The market accommodation prototype captures the way that typical group members approach the market as accommodating or welcoming, because of abundant opportunities, with each firm offering something unique.

**Segment prototype.** The segment prototype incorporates the observable attributes that separate a GFT from other food service providers. It focuses on quality products such as tasty food and good ingredients, reliable business practices around cleanliness and legal matters, and mobility in terms of truck location and social media. These aspects of the prototype visibly differentiate GFTs from other food trucks—which do not produce as high-quality food, have a reputation for being dirty, and lack a strong social media presence—and from restaurants, which offer lower-quality food (in the case of fast-food joints) or limited mobility (for brick-and-mortar restaurants).

Elizabeth (Pandora’s Box) identified some key aspects of the segment prototype: “The new food trucks are cleaner and they taste good . . . a lot of chefs making new, tasty food.” Her use of the term “chef” exemplifies the importance of a higher-quality, more-sophisticated food type. GFTs also rely on higher-quality ingredients than traditional food trucks. Hannah (It Takes Two to Mango) boasted, “We use local sustainable natural ingredients. . . . We’re not just getting our stuff at [a restaurant supply store] and cooking it up for you. . . .

It is a difference between going to Jack in the Box and eating off our truck." GFTs also emphasize reliable business practices, notably having a clean truck and following the law. Jacqueline (Scoobie Mobile) noted that unclean trucks do not meet the requirements of group membership: "Trucks that are dirty, or they're not clean . . . that would be when you get kind of the cold shoulder . . . you're not cleaning your truck properly, that sheds a bad light on us as trucks."

The final aspect of the segment prototype is mobility. GFTs frequently move locations and use social media to communicate because they have no permanent presence. This aspect of the prototype is particularly important to distinguish a GFT from a quality restaurant. Jacqueline described GFTs as "just like any gourmet restaurant, but just on wheels." Nam (!Run, Run Run!) pointed out that with "a restaurant you have that location. . . . Food trucks you could drive anywhere." The constant movement of GFTs necessitates a high reliance on social media to stay connected to customers and other trucks. James (You Are My Gyro) explained, "If there was no Facebook, no Twitter . . . there would be no food truck."

**Market accommodation prototype.** This second prototype addresses the attitudes that GFTs embrace about the market in which they compete. It emphasizes that group members share a resource space that can accommodate everyone, including having enough customers, and within which every group member has its own place, which means offering a unique type of food or experience.

First, prototypical trucks consider the market to have enough resources for all firms. Sarah (Snuffy's Lunchbox) told us, "I do think there is some competition out there, but I also think . . . there's plenty of room for everybody." This allows GFTs to feel unthreatened by each other. Charles (Brat Pack Shack) said, "We feel like there's enough people in this town and money in this town that everybody can be successful, and we want to help people be successful." Daniel (Wok-It-to-Me) echoed this idea: "As far as competition goes, I am [a] firm believer in there is enough room for everybody. Even though competition is there. I am focused on continuing to do what I do and working on growing the community."

The second part of the market accommodation prototype is the idea that each truck offers something unique. As Elizabeth (Pandora's Box) noted, "We get along . . . and help each other out because everyone has something different, something unique." By perceiving that they all offer unique products or experiences, GFTs endorse beliefs that help avoid head-to-head competition. Adrien (Hot Stuff) put it this way: "Other people have hotdogs, yes, but they might have different kind of griddles. I do it my way. So I don't see it as being the same foods, and nobody has what I have." As Adrien recognized, each GFT offers—or perceives it offers—something meaningfully different.

### Cooperation and Similarity

We found that a strategic group identity fosters cooperation among members over human, market, and knowledge resources, which in turn strengthens the distinction of the group. These cooperative behaviors occur because firms embrace their similarities and try to maintain each firm's adherence to the

central tendencies of the prototypes, meaning they expect all group members to be high-quality, reliable, mobile providers of food selling unique products in a market full of opportunities.

**Sharing human resources.** GFTs share human resources by doing time-intensive favors, fixing others' equipment, and volunteering to work on other GFTs to help members live up to the group's central tendencies. Serving customers high-quality food is a critical part of a GFT's identity, but what happens when an operator miscalculates demand and runs out of ingredients during a highly visible event? That happened to David's pizza truck (Highfalutin Box of Yum), which ran out of cheese. Another GFT operator traveled to pick up the critical supply for him. Without this cooperation, David said he would have needed to stop selling food at the event:

[The other operator] saved my ass at [major event] on Sunday. Bought me two bags of cheese. . . . I've looked at everything, and I was like, "I don't think I have enough cheese." And I was right; I didn't. If he wouldn't [have] brought me those two bags, I would [have] made 430 less dollars than I did on Sunday. . . . I sent out a tweet at 5:00 a.m. saying, "Anybody want [to] sell me a f\*\*\*ing case of mozzarella-provolone blend? Help. Mayday." . . . We are not bros. We don't hang out like the way I do with some of the other folks, but he still did that for me in a f\*\*\*ing heartbeat. I call that—I say that designates community. That's strong.

David later added that the other GFT operator refused to be reimbursed for the purchase. By characterizing his relationship with this person as not particularly close ("not bros"), David pointed to the strategic group identity (i.e., "community") to explain the cooperation.

Sharing resources also occurred when GFTs experienced equipment malfunctions. These frequent mechanical breakdowns were part of what informants call "food truck life"—the notion that something always goes wrong. To help manage food truck life, GFTs lend expertise and labor to fix problems that prevent trucks from reliably operating. Juan (Saucy Sal's) recounted that when another GFT had an equipment meltdown, he responded, "'Don't worry. Calm down. I'll meet up with you, and I've got some parts in my truck. I'm sure we can fix it.' . . . Somebody's got a gas leak, you're like, 'Don't worry, hold on, I'll be over there.'"

The final way GFTs share human resources is by directly working for others. This helps with busy shifts without increasing labor costs. William (Rolling Taco) said, "I offer my help in my days off. . . . I am not looking for you to pay me, but I want to help you." He explained that it is critical for GFTs to help each other because otherwise it undermines the group, taking away some of its distinction, especially from traditional food trucks: "I really worry about some other trucks . . . like the image of the community, the image of the truck. Because I don't want the image to be, like as I told you, what roach coaches used to be before."

**Sharing market resources.** GFTs share market resources, such as locations and supplies to service customers, and social capital to expand a customer base. One of the scarcest resources in this market is parking spaces.

Hoa (Pink Elephant) noted how she found parking spots when she entered the market: "After we started going around and talking to more food truck owners and just saying, 'Hey where do you guys park and how did you get in there?' They were more than willing to let us know, 'Hey so-and-so work[s] here, contact them, here's their phone number, here's their e-mail address.'" Similarly, Matthew (The Orange Platypus) said about the parking spots he secured as he entered the market, "Pretty much every spot that I have is from someone else . . . sharing their contacts. . . . I do the same thing." By sharing scarce resources, GFTs enact and embody the market accommodation prototype. They treat the market as having room for all.

When GFTs lack a necessary supply, they can also turn to other GFTs to get a donation. William (Rolling Taco) described how he provides all sorts of supplies—both food items and non-food items—when a nearby GFT is in a pinch: "They come say, 'Do you have some gloves?' I give them gloves. They don't have pho cups, they don't have boats. They don't have ketchup, they don't have whatever . . . come and grab it." By preventing firms from running out of supplies, the collective helps maintain trucks' quality and reliability.

GFTs also lend social capital to others to expand trucks' customer bases. Social capital could come in the form of advertising another GFT via Twitter or Facebook, which often happens with established trucks helping new entrants. It might also involve someone serving as a guest chef on another GFT, which brings the guest chef's customers to another truck—something we observed firsthand. Those trucks with the most social capital usually help newer trucks enter the market, endorsing the belief in a welcoming market even for new firms trying to break in. Ahmad (Bee's Knees Cuisine) explained it this way:

Because the older trucks are really popular. They're known. They have a lot of followers on Twitter and what not. They ask you to fill in for them so they send out a Tweet "not going to be at my normal spot today. Please go check out Bee's Knees Cuisine." . . . His 5,000 followers, whoever sees it will see it. . . . You get the exposure and you get their followers to hear about your truck that they've probably never heard of, and they might come try you. You'll gain another guest.

**Sharing knowledge resources.** The final type of cooperation focuses on providing advice to enhance the group's quality, reliability, and mobility to distinguish GFTs from the broader food industry. This advice, as David (Highfalutin Box of Yum) pointed out, helps ensure that other GFTs meet the central tendencies of the segment prototype. He explained that if a GFT doesn't adhere to the prototype, such as by causing a customer to have "a bad experience," it harms the collective: "I can help mitigate that by introducing myself to new guys and new gals, new folks in the food truck community, and giving them some . . . advice." Ahmad (Bee's Knees Cuisine) talked about how other operators provide advice about food to help improve the group and make it more distinct from non-gourmet food trucks: "Sliding Home, The Mobile Smörgåsbord, Scoobie Mobile, all those guys are great, and they're successful for a reason: because they have great food. You talk to them, they give you advice."<sup>1</sup>

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<sup>1</sup> The operator from The Mobile Smörgåsbord (a pseudonym) was not interviewed for our study despite our attempts to reach him.

Providing advice also focused on the critical aspects of social media. David (Highfalutin Box of Yum) said, "I tell people to . . . get on Twitter, get an application that helps you manage Twitter. . . . And make it entertaining and make it funny, put pictures on it whenever and wherever you can, get on Instagram. . . . There are pictures of me on Instagram hanging upside-down from my truck trying to get my propane undone. . . . Tweet pictures of your food." By helping other GFTs navigate social media, David helps enhance the effectiveness of other GFTs' mobility, making the group more distinct from restaurants that are not mobile.

A final example comes from James (You Are My Gyro), who described how GFTs provide advice around meeting regulations. Failing to comply with regulations could threaten the reliability of GFTs' business practices, collapsing the group's identity with traditional food trucks. James reflected, "If you have any questions about getting your permits or licenses, locations that are good, [other GFTs] will let us know."

GFTs cooperate to help each other live up to the central tendencies of the group's prototype, which in turn makes the group more distinct. "Roach coaches" lack the quality and reliability of GFTs, and restaurants lack the mobility. Sharing resources both embodies and reinforces the sense of abundance and uniqueness of products among group members. GFTs enact a market that lacks traditional competition by generously sharing with each other.

The strategic group identity allows GFTs to embrace their similarity, so members see each other as part of the same group, with similar aspirations. This goes for existing members and potential new members, as long as they work to meet the central prototypes. Elizabeth (Pandora's Box) said, "It feels good to be part of a group. It's human nature I think. We all like to be part of something. I think that's why I feel food trucks get along and help each other. We feel like we're a group, and it's a nice feeling to have a group of people that you have something in common with." As she pointed out, the commonalities of GFT operators stimulate helping each other. Taking this one step further, David (Highfalutin Box of Yum) described helping other GFTs because of their shared group identity, formed in part by similar aspirations: "I don't really want to see any of these folks fail because I know they're following their dreams just like I am. I know how much work it took just to get open, just like it did for me. And I know how much work it takes to stay open, just like I do every day. So if I can share some of that with some of these folks, who are like in theory kindred spirits, right, I want to do it for them."

Cooperative behaviors also foster similarity as GFTs help each other operate like typical members. Cooperation around parking or creating quality, tasty food involves sharing a common "recipe" for how to operate a GFT, helping raise group members to the central tendencies, and gradually elevating those standards. Li (Spice) explained, "If we could share that practice of how we were able to raise our standards to other food trucks . . . the whole standard is gonna go up."

## Competition and Status

Although GFTs cooperated extensively, we also found that they competed—but not in the traditional sense. Daniel (Wok-It-to-Me) recognized that "my competition is there, but you can also help each other grow." The competition

in this market is for status that comes from gaining respect as ideal group members. In contrast to cooperation, which helps make the group distinct from adjacent categories, competition elevates the prestige of the group; standards rise, and exemplary members represent the group. As Gerard (Animal Crossing) put it, "We are all together but individually." The GFTs cooperate together to make the group distinct and work individually to be the drivers of its prestige.

As we collected and analyzed data, it became clear that Daniel and Gerard were describing a type of friendly competition that helped gain prestige for the collective, which was motivated by gaining respect from other members. GFTs tried to beat out other trucks by having the best food, most-reliable business practices, or greatest mobility (performing) and by having a unique product (differentiating). Competition allowed exemplary trucks to provide an idealized representation of the group for members and nonmembers to respect. Other trucks, in turn, tried to improve and emulate these exemplars, even if they realized they would fall short of exemplary status. Jeffrey (Scoobie Mobile) reflected, "Competition makes everyone get better, so you're constantly trying to be the best." Competition "makes you want to try harder to create more attractive dishes . . . tastier dishes," Cho (Ginger) added.

Performing allows GFTs to compete to best embody the segment prototype, especially around having the highest-quality food. Jeffrey (Scoobie Mobile) observed, "You want to try to be the best food truck. So I would say that Sliding Home busts our competition, because he makes everything from scratch." As Jeffrey indicates, Sliding Home's ability to outperform other GFTs provides a good standard for other members to look up to, which can help elevate the average member.

GFTs also competed over who had the most-reliable business practices, including cleanliness. Charles (Brat Pack Shack) declared, "I'll put my truck up against anybody as far as the inside of my truck. It gets cleaned every day. My truck is cleaner than anybody's in town. I know that for a fact because I've been on people's trucks." Helen (Dear De-lites) also touted her sanitation practices: "I am very much a stickler for [the] health code. . . . I wash my hands so often on the truck that literally . . . I had to wear gloves . . . for three days because they were cracked and bleeding because I was washing them so often." GFTs such as Sliding Home and Spice were singled out as being the cleanest among this group, with Hung (Pho Sho!) noting, "They are so successful because their truck is clean. If people look at their truck, it's always clean, the inside, the outside, keep it clean all day."

Competition also revolves around being the most mobile, such as having the best social media platform. James and John (You Are My Gyro) talked about the competition for more followers after some egging on by another food truck, The Mobile Smörgåsbord:

**John:** If I wasn't on Facebook, I got shit the whole day. He was like, "Why aren't you on Facebook? What are you doing?"

**James:** Just get on there.

**John:** He's like, "I have more friends than you liking my page." It was like a competition kind of thing going back and forth.

Michael of Sliding Home was again identified as an exemplar by other GFTs for having positioned his truck as the very best because of his “huge [social media] following” (George, Cold Fusion).

Operators also described competition around differentiating themselves to embody the market accommodation prototype, especially uniqueness. Juan (Saucy Sal’s) noted, “We’re just so different. Nobody fit our profile. . . . There wasn’t another one like us who could do the same thing.” Comparing his truck with others selling hamburgers, Michael (Sliding Home) emphasized the uniqueness of his approach: “I’m gonna grind my own meat. Because there is no one else in town that is going to grind 6,000 burgers a week. They’re just not going to do it. They’re gonna find someone at that point to do it.”

Firms that can successfully portray themselves as best representing the ideal group member earn the respect of other trucks and can help elevate the prestige of the group. Adrien (Hot Stuff) said, “Sliding Home, The Mobile Smörgåsbord, all great trucks. I mean they’ve laid the foundation for what I’m doing today. They did it right, and if you can follow in their lead and kind of pay attention to what they’re doing, there’s no reason not to be successful. Just pumping out good product every day, fresh food, good food, that at the end speaks for itself.”

Trucks that earn respect as ideal members have increased status in the group. George (Cold Fusion) explained that he has earned the respect of other members, which he uses to help them succeed: “That’s really my favorite part . . . having a food truck that has a little bit of clout. . . . The people really come to me, and I can give them advice and help them out and see them succeed. . . . When they come and meet us, it makes you feel good and strokes what little ego you have. It makes you feel good.” George takes pride in having a GFT with status that allows him to play a broader role in the functioning of the group, such as for sanctioning, which we describe below. From the other side of the status continuum, operators noted the benefit from trucks like George’s. John (You Are My Gyro) described the help he gets from a high-status truck, which he gladly accepts because of the respect he has for its operator: “He is way up here and we’re down here, so just for him to come to our truck or tell us what he is doing is a good thing for us.”

As much as George (Cold Fusion) enjoys his status, he respects other GFTs that he considers to be even more-ideal members. In this sense, group status operates like a hierarchy. George sees Michael (Sliding Home) as an even better exemplar of the collective:

Sliding Home is definitely at the top. [Michael] just has so much culinary experience, great businessman, handles personnel really well. He’s just a really nice guy, really friendly. You can call him for any questions about help with anything. He’s always right there, or he’ll call you right back. He was definitely put up on a pedestal . . . but since then, getting to know him as a person, I’ve gotten a lot more respect for him.

Respect allows the GFTs to transcend traditional market structures of entry, replacing them with a status hierarchy (Bales, 1970), as new firms seek out ideal members and get their advice about entering the market. When he started his GFT, Matthew (The Orange Platypus) “went and talked to people and said, ‘The Orange Platypus [is] coming out.’ They all wanted to be very, like, almost family.” By meeting with elders, new GFTs also learn about the prototypical traits that they need for group membership. Juan (Saucy Sal’s)

noted, "We would really strongly look for all the new trucks that hadn't been around to come talk to . . . and we'd give them a layout and the ground work of how we all work; that we are a group of people that we want to help each other out."

### Identity Preservation Practices

Threats to the collective arise when members deviate too far from the central tendencies of the strategic group. To maintain their strategic group identity—and the nature and mix of cooperation and competition—GFTs use identity preservation practices that help a specific member reestablish prototypicality, thereby minimizing the number of deviant trucks that could undermine the entire group's distinction and prestige. First, by adjusting, GFTs voluntarily make changes to become more prototypical. Second, sanctioning involves other GFTs, usually of a higher status, pressuring a deviant GFT to become more prototypical.

**Adjusting.** Adjusting can involve straightforward changes such as altering a menu item to make it tastier or coming into compliance with the law, both of which reflect the segment prototype. When one GFT in our sample received unfavorable media coverage over illegal sanitation practices, other GFTs made concerted efforts to increase their own attention to proper food practices. George (Cold Fusion) recalled, "We banded together. . . . We all know the rules . . . and [were] more vigilant than we normally are. . . . All the temperatures are correct. Everything is right."

GFTs also use adjusting to comply with the market accommodation prototype, such as when two GFTs sell similar products in close proximity and uniqueness is compromised. William (Rolling Taco) told us a story about his Korean taco, one of his signature items at his largely traditional, gourmet Mexican taco truck. One day William was parked next to a Korean–Mexican GFT. He offered to suspend selling his Korean taco for this shift:

One time I stopped at an event. . . . I did not know the other truck was Korean. . . . I know the guy. He is like my friend. I did not know he is going to be there. I had my Korean meat. I marinade everything and I was like I went and say, "You know what, I am not going to sell my Korean Taco, because you are here." I mean we worked together. We don't work against each other, right, we are a community. . . . I told them I am not going to sell it.

William's offer to suspend selling his Korean taco served to increase the uniqueness of each truck.

Exiting a certain parking spot was another example of adjusting. Maria (Heavenly Bites) described how she became "very uncomfortable" when she agreed to a parking spot and then realized another GFT with a similar menu parked at the same location: "She was there first, and I don't want her to think that I am taking away her business, so I just stopped going." Maria thus followed Hoa's (Pink Elephant) approach: "We're mobile, we can go anywhere. If we feel that there's competition in one place, it's up to us to find another spot."

We also found examples of trucks trying too hard to excel at a prototype such as uniqueness, prompting an adjustment. Sarah (Snuffy's Lunchbox)



described how some very unusual menu items weren't selling, prompting her to adjust the menu: "We had been playing around with a lot of other menu concepts like peanut butter and jelly sushi. . . . We were playing around with the idea of putting like a hot dog and a banana in a hot dog bun and putting peanut butter on top. . . . It was too much of a struggle." Likewise, it is possible for GFTs to be too mobile. By constantly shifting where they park, it becomes hard to locate them, as David (Highfalutin Box of Yum) learned: "I have people who will be like, 'Hey, where you at tonight?' I'm like . . . 'We're at some place different.'"

**Sanctioning.** Whereas adjusting involves voluntary actions to reestablish prototypicality, sanctioning involves other firms pressuring a GFT to embody the prototype. In its strongest form, sanctioning can allow a higher-status member to withdraw the benefits of membership from a lower-status truck, as happened with two dessert trucks, Dear De-lites and Pie in the Sky. Helen (Dear De-lites) regularly helped other trucks, including other dessert trucks, such as by providing electricity during a mechanical failure and offering boxes to package cupcakes (a product Dear De-lites also sold) when another truck ran out. But this cooperation did not extend to Pie in the Sky. As Helen explained, Dear De-lites introduced an alcohol-infused cupcake, "drunken cupcakes," and was copied by Pie in the Sky's "chipper cupcakes." This pattern repeated itself for Dear De-lites' marshie pop, a chocolate-covered marshmallow on a stick. Helen stated that Pie in the Sky soon "started selling what they called their 's'mores on a stick.'" Pie in the Sky's refusal to match key aspects of the prototype, particularly the market accommodation one, cost it group membership. Helen derogatorily described Pie in the Sky's truck to us as "this weird little box truck" and said she wouldn't help Pie in the Sky "if they were on fire."

Using sanctioning to minimize copying helps maintain the market accommodation prototype. As soon as the perception of copying emerges, it becomes harder to consider GFTs as non-threatening to each other. Steven (Cauldron of Delights) noted, "If you go out to a couple of trucks and you try something and you like it, and all of a sudden your truck has this. . . . There's no book of rules, but it's like one of those that when you do that, it's like a slap on the face." Michael (Sliding Home) described the group's response to a GFT that was accused of copying a menu item:

So there is one guy in particular that we all disliked for being a copycat. He takes stuff directly off people's menus and puts it on his truck. And one of us called him out and said something to him. It hasn't been a problem ever since. . . . It's like, "Hey man, we know you're doing a burger from him, we know you're doing a crab sandwich from him, and we know you're doing this from him. Go ahead and just be a little bit original. Do something on your own." . . . One bad thing happens, and . . . there is a text or a phone call.

Undermining the market accommodation prototype by paying for parking spots also resulted in sanctioning. George (Cold Fusion) said that the group "make[s] sure that nobody pays parking anywhere . . . but some people don't like to be part of groups." These GFTs violate the market accommodation prototype by emphasizing a more market-oriented approach. In this case, a social

confrontation would sanction the GFT deviating too far from the prototype. Juan of Saucy Sal's explained what sometimes happens:

From time to time, you had food trucks that would encroach on someone else's turf. . . . We make the relationship, we set it up. . . . Then all of a sudden you hear about another truck trying to call . . . the owners and say, "Hey, man, I've got better food. Why don't you let me go there instead?" Of course, you hear about it, and then that truck would be chastised for it, like, "Look, man, you do it like every one of us have done it. Go and look for new spaces." If there's something that's shareable, we're going to share it, but don't go behind a person and try to talk to the person. If there's somebody there and you know that they're there, talk to that person. Maybe they want to give up a night and you can go there . . . it was just talking to that person and letting him know, "Hey, man, a lot of us know what you're doing. It's not cool. Please stop it. If you need help looking for spaces, maybe we can help you, but don't do that." Sometimes they didn't know [what] they were doing [was] wrong.

As Juan noted, stealing a location undercuts the market accommodation prototype. As a result, rogue firms get socially sanctioned by other members of the group for violating the prototype. But even in the context of discussing sanctioning a deviating truck, Juan pointed out a more cooperative solution in which the two GFTs could instead agree to share the spot, or other GFTs could help the firm in need of a parking spot find a space of its own.

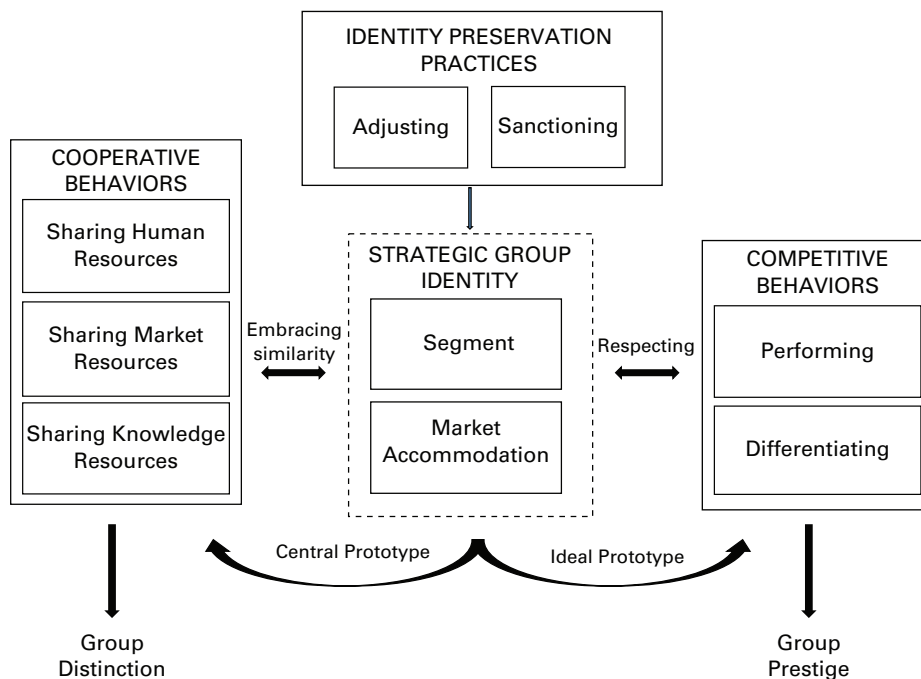
Exemplary trucks take responsibility for upholding the strategic group identity to make sure the group maintains a strong reputation among its stakeholders. Juan (Saucy Sal's) recalled a time when a truck operated in downtown, which was against the law: "I'm like, 'Don't do this because it takes one person seeing you that's not one of us, a restaurant, and they're going to call the health department, and they're going to make a big, big case. So get out of downtown.' They didn't listen so five of us came down to their truck, and it's like, 'Look, man, get out of downtown. . . . It's not just detrimental[al] to yourself; it's to the rest of all of us here trying to get back downtown.'" George (Cold Fusion) told a story of a GFT that violated the reliable business practices prototype by not following regulations. This led the collective to not grant membership benefits to this new GFT and to exclude it from events:

They didn't make an effort to come out and meet all of us. They just came down, opened up the doors. . . . They didn't have their permits. They got a lot of tickets, and made us look kind of bad . . . if [an event is] put together by food trucks, they're usually not invited because they got a lot of tickets. . . . They did a lot of stuff that's just against the rules here, and it puts a target on everybody's back. They didn't care. They just said, "Whatever. Screw these other guys." . . . They just didn't show a lot of respect for the food truck community.

When we interviewed this violating GFT, the owner recognized the impact of not being granted membership: "We are not getting invited to [events] . . . when there was something big going on."

### How Strategic Group Identities Shape Cooperation and Competition

Our findings explain how a strategic group identity shapes the nature and mix of cooperation and competition in the group; figure 2 shows the process

**Figure 2. Process model of how strategic group identity shapes cooperation and competition.**

model. They demonstrate how a strategic group identity allows existing members to welcome new firms; fosters highly cooperative behaviors among members and potential members, including around scarce resources; and directs competitive behaviors among members to focus on status.

At the heart of a strategic group identity are the prototypes that describe and define group members' characteristics. They distinguish the strategic group from adjacent categories via a segment prototype—in our data, separating GFTs from traditional food trucks and restaurants—and they foster attitudes among members about the market, which in our data meant encouraging unique food trucks and an open market. The segment prototype content will vary but serves a similar function across strategic groups: to carve out a distinct identity among a larger set of firms based on the type of products or services sold and how they are delivered. The market accommodation prototype also creates distinction for the group but specifically around attitudes about a welcoming market, allowing firms and their members to endorse beliefs of a market that accommodates not only existing members but also new members.<sup>2</sup> Importantly, the market accommodation prototype is shaped by enacting the

<sup>2</sup> Some scholars might consider the market accommodation prototype to be an example of a macro culture (Abrahamson and Fombrun, 1994). Like a macro culture, a social identity can include a set of beliefs held in common with other members of a group. We opted to consider market accommodation as part of the group prototype for several reasons. First, prototype theory allows for examining differences between a central (i.e., typical) and ideal espousal of these beliefs, which turned out to be important for our emergent theory. Second, treating these beliefs and attitudes as prototypes contained within the broader strategic group identity enabled a more-unified picture of the enduring group beliefs that helped provide distinction and prestige.

strategic group identity. As group members cooperate with each other, they should become more apt to endorse the market accommodation prototype because they observe themselves and others interacting with firms in ways that accommodate each other. This suggests that the market accommodation prototype can emerge in a variety of strategic groups in which cooperation exists.

The second part of our model recursively links the strategic group identity to cooperative and competitive behaviors. When enacting the central tendencies of the prototype—behaving like a typical member—members cooperate with each other and with potential new members. The strategic group identity becomes more distinct as firms share human, market, and knowledge resources, working together to meet the standards of the average member; in our data, this was exemplified around quality products, reliable business products, and mobility.

The link between the group's identity and cooperative behaviors is facilitated by embracing similarity, which changes the interpretation of a competing firm to one of a group member and allows the GFTs to share a common recipe for how to operate. This subtly shapes the group to be even more similar; in our data, new entrants learned from existing firms the core characteristics of GFTs.

Furthermore, when group members cooperate, they are not only helping a specific member or potential member but also are making the core attributes of the collective clearer, because firms falling short of the typical standards are helped by other firms to work toward prototypicality. In this sense, the prototypes foster cooperative behaviors, and those behaviors shape the prototypes; hence the double arrow in figure 2 between cooperative behaviors and strategic group identity.

When trying to enact the ideal prototypes—the exemplary embodiment of group characteristics—firms compete with each other. Performing allows firms to compete to best represent the segment prototype and garner respect from other firms—in our data, this was especially true for quality products—and in turn, this competition allows some group members to rise in status. Differentiating allows firms to compete to be seen as unique, and this competition makes some firms stand out even more. As exemplars rise to the top of the group and garner respect, they can also lend prestige to the group itself by serving as ideal members.

The relationship between prototypes and competitive behaviors is also recursive. As exemplar firms establish themselves as unique, this signals to others that the market is composed of unique firms, reflected by the double arrow between competitive behaviors and strategic group identity. And as exemplar firms perform better—in our data, along the segment prototype—they provide a reference for other firms in the group to emulate them to raise the entire group's prestige.

The third part of our model theorizes identity preservation practices—adjusting and sanctioning—as means of ensuring that the strategic group identity is upheld in the wake of threats, thereby maintaining the nature and mix of competitive and cooperative behaviors necessary to create a distinct and prestigious strategic group identity. Adjusting allows any firm to re-conform to the group's central tendencies, such as by responding to resource scarcity—in our data, such as around parking spots—in ways that uphold the strategic group identity. Sanctioning, which is usually initiated by higher-status firms that have

gained respect by embodying the group's ideal tendencies, is targeted at firms that have fallen short of the group's central tendencies and tries to compel deviating firms to enhance their prototypicality.

## DISCUSSION

In this research, we induced a process model that explains how a strategic group identity shapes the cooperative and competitive behaviors of its members and potential members. Cooperating with other firms enhances members' ability to meet the group's central tendencies and makes the group distinct from other sets of firms. Competing to become an ideal strategic group member increases the overall prestige of the strategic group and provides an exemplar for other members to emulate. We also explained the maintenance of strategic group identities through identity preservation practices. Our findings and proposed theoretical model make several important contributions to research on strategic groups and the dynamics of competition and cooperation in markets.

First, existing research has found that seeking the same resources can increase competition within a strategic group (McGee and Thomas, 1992; Bogner and Thomas, 1994) and that one purpose of strategic groups is to limit new firms' entry (Caves and Porter, 1977), especially when entry barriers are low in a contestable market. Yet strategic group members in our study cooperated extensively even under conditions of resource scarcity, and they often helped new entrants. By examining both the central and ideal tendencies of the group's identity, we found it possible to resolve our findings' departure from extant perspectives.

Scholars have criticized some approaches to strategic groups research for treating the group as an objective object (Anand, Joshi, and O'Leary-Kelly, 2013) that does not have a social psychological reality (Porac, Thomas, and Baden-Fuller, 1989). Our grounded investigation of strategic group members provided an empirical foundation to theorize why strategic group members do not always act in ways that scholars expect. We spent time with key individuals who take actions on behalf of firms (e.g., Ingram and Roberts, 2000), and in doing so, we learned how they develop a social identity with other group members. Embracing similarity and seeking respect from one's peers are basic social psychological processes (Brewer, 1991) but ones that strategic groups scholars are prone to overlook when treating firms as abstract entities divorced from the individuals who operate them. By examining ideal and central prototypes, we also show how these aspects of a strategic group's identity help its members manage tensions between competition and cooperation.

Recent work has proposed that a need for common resources can provide a social psychological basis for cooperative behaviors (Barnett, 2006; Ingram and Yue, 2008) and does not always result in market competition (Zou and Ingram, 2013; see also Barnett, 2006). Our findings add to this important research by showing how similar firms use a strategic group identity to cooperate to become alike in certain ways—moving toward the group's central tendencies—while also seeking to set themselves apart, such as by competing to become ideal members who exemplify characteristics that separate them from others. Thus a strategic group identity is at the center of managing critical

tensions between cooperation and competition by enabling similarity around central prototypes and respect around ideal tendencies.

Recognizing that strategic group members want to stand out from each other and rise in status among their peers also helps us rethink how firms try to obtain status in markets as a primary avenue of competition. Because some firms take on exaggerated forms of the group's identity characteristics—differentiating themselves from others along those same characteristics—they alter the inner workings of the strategic group, changing competition to focus on status. Vying for status, although it becomes a competitive process, makes the entire group more prestigious, and so these positive outliers are not sanctioned by other members for excelling in the market (and seeking to dominate it via firm distinction), because the group benefits from their success (Hogg and Terry, 2000).

We also explained how firms obtain status within a strategic group. They not only cooperate (Willer, 2009) but also compete to be the most prototypical by exemplifying ideal tendencies. We find that firms do this even at the expense of their immediate self-interest, such as by directly helping competitors, improving weaker firms, and aiding new firms in entering the market. This builds on recent research that has found that individuals gain status by appearing to be the most competent, generous, and committed to the group (Anderson and Kilduff, 2009). Status for firms, we find, also comes from being the most prototypical, which could undermine a firm's immediate interests but advance its long-term placement in the status hierarchy.

Our second research contribution builds on work by Zuckerman, who proposed a two-step model for obtaining status in markets (e.g., Phillips and Zuckerman, 2001; Zuckerman et al., 2003). He argued that a firm must meet the central tendencies of the strategic group to be granted membership, and only then does it seek status, such as through differentiation. Importantly, he considered both stages to be competitive: "This two-stage process of choice . . . induces two stages of competition among candidates" (Zuckerman et al., 2003: 1026). Our findings show that meeting the central tendencies of the group is a highly cooperative process, as existing firms and new entrants work together to become more prototypical. Furthermore, we found that differentiation takes a specific form—best embodying the ideal prototype—as opposed to deploying a unique strategy. Also, we show that obtaining higher status allows firms to play a greater role in granting or denying strategic group membership (e.g., Bartel and Dutton, 2001); high-status firms can lead in sanctioning members who deviate from the group's central tendencies.

By theorizing respect gained from prototypicality, we build on research that has recast markets as not just forums for economic exchange but also status hierarchies (Bales, 1970). Our research shows how prototypicality becomes an important currency for positioning firms in the market and provides a diagnostic framework for understanding a firm's competitive positioning. Status also helps regulate market entry, with an eye on preserving the group's identity and not limiting new entrants. This offers scholars a new understanding of why some firms can enter markets despite barriers to entry: existing firms may help new firms acquire critical resources, especially knowledge and customer connections, to help them enter the market.

Our third contribution builds on strategic group identity research (e.g., Peteraf and Shanley, 1997; Anand, Joshi, and O'Leary-Kelly, 2013). Our

findings show that both cooperation and competition enhance the strategic group's identity but in different ways and for different reasons. Cooperation fosters a strategic group's distinction from other groups by helping each member move to the group's central tendencies. Ironically, it might undercut any particular firm's distinction within the group, such as by diffusing common resources like information. Competition fosters a strategic group's prestige by providing an exemplar for others inside and outside of the group to respect, which reflects positively not just on the individual firm but also on the group.

The dynamics we theorized about central and ideal prototypes can explain how strategic groups evolve over time. Central tendencies push firms toward conformity as members embrace the core attributes of a typical member, and ideal tendencies push for intragroup status, allowing some members to rise to the top. Thus the strategic group identity fosters both conformity, which allows the group to accommodate new members while maintaining its core identity, and distinction, which improves the group as exemplary members emerge and become respected and emulated. This push for conformity alongside the tolerance of non-conformity in the form of excellence can offer strategic groups both a means to grow (from new members) and a means to improve (from exemplary members) while protecting the very identity that holds the group together.

An important caveat is that despite having a strategic group identity, a group can sometimes be threatened. We found that identity preservation practices help maintain the group's identity in the wake of such challenges. These practices are important because if expectations of behaviors among group members are not met, it could lead to more-competitive intragroup behavior and even the dissolution of the strategic group (Cool and Dierickx, 1993). One such practice, adjusting, is the initiative that members take when deviating too far from the group's central tendencies. As this practice shows, a strategic group identity can spark the self-regulation of a firm and help maintain cooperative behaviors even in conditions of resource scarcity. And when a deviating firm does not adjust on its own, other members can compel that firm back to the group's central tendencies through sanctioning.

Though deviation generally involves falling short of the group's central tendencies, it is also possible to overshoot them; in our data, this happened around mobility and uniqueness. Identity preservation practices, specifically adjusting, help guide a firm back toward the central tendencies in this case as well. This suggests that the ideal tendencies some firms strive for are not necessarily the most-extreme manifestation of a prototype. As we illustrated with our data, sometimes embodying a tendency to such an extreme can damage a firm or even its strategic group. In their theory of group prototypes, Hogg and Terry (2000: 127) referred to these entities as high flyers and noted that they are often rejected when the group cares about solidarity and distinctiveness but embraced when a group is focused on prestige. In our data, we did not find any evidence of rejection, because either firms quickly adjusted and made necessary changes or other firms used sanctioning to compel them back toward the group's central tendencies.

### Future Research Directions

Future research can build on our work to explain the role of a strategic group identity in shaping competitive-cooperative dynamics in a variety of markets.

As some of the mechanisms we theorized require social interaction among firms' leaders, markets involving larger firms in which a lower proportion of managers might have contact with each other may not follow the pattern we found. But recent research has found that competitive intensity is actually higher in strategic groups with smaller firms due to limits around market power, efficiency, differentiation, and multimarket contact (Mas-Ruiz and Ruiz-Moreno, 2011), suggesting that our theory development may understate the cooperative effects for larger firms. Only additional research will be able to address the generalizability of our findings based on firm size. We expect that our findings are most likely generalizable to contexts that involve close human contact, such as settings with strong professional associations (e.g., accounting, consulting, or engineering) that can engender a strategic group identity and markets involving a key operator such as entrepreneurial firms, farmers' markets (McGrath, Sherry, and Heisley, 1993) or bike couriers (Kidder, 2011).

Another important consideration is that the firms we studied were located in the same city, which might have made it easier to create the identity dynamics we found. In many cases, however, the GFTs we studied operated in different parts of the city and didn't interact face to face regularly. Instead, they frequently used social media, especially Twitter, to stay connected. Such communication mechanisms are not dependent on geographic co-location and suggest that as social media grows, strategic group identities may form in other markets without co-location. Trade associations can also connect members of geographically separate firms and serve as a key mechanism to foster a strategic group identity (Esparza, Walker, and Rossman, 2014). Furthermore, many strategic groups are bounded by geography (e.g., Porac, Thomas, and Baden-Fuller, 1989; Ingram and Roberts, 2000), suggesting that our findings would likely apply to a variety of other such groups.

Additional research can also elaborate on how social identities shape the broader relational architecture of markets. Instead of examining patterns of strategic interest overlap—a common mechanism to explain cooperation in strategy research (e.g., Brandenburger and Nalebuff, 1996)—our findings point to opportunities to study the nature and content of a strategic group's identity and underlying prototypes and the degree to which a particular firm embodies them. More-prototypical firms have more status to shape the collective, something that might not completely overlap with traditional measures of market power.

Our research also shows that establishing a strategic group identity creates important benefits that protect the group. The GFTs we studied exhibited the classic problem of a reputation commons (King, Lenox, and Barnett, 2002): in an industry in which mistakes can result in illness, and one that faces heavy media scrutiny, one firm's missteps can potentially spoil the reputation of other market players. Researchers have found that collectively improving the performance of all firms helps buffer against such reputational problems. This might explain one motivation for extensive cooperation, but one that presupposes a strategic group identity that members feel is worth protecting. Such defensive mechanisms frequently occur not only in nascent industries but also in well-established ones (e.g., King and Lenox, 2000). Future research can examine how the formation of a strategic group identity—as opposed to more-formal regulatory mechanisms—provides a means to preserve the reputation of a collective, both by fostering self-enforcement (through adjusting) and by



encouraging the collective to organize a response against a firm that misbehaves (through sanctioning).

A related opportunity for future research is to examine the different stages of market development during which a strategic group identity, as well as its prototypical components, might be most important. As Navis and Glynn (2010) found, shared interests in creating a new market category might generate cooperative behavior, but such cooperation is fragile. Over time, the market might become saturated with new players that threaten the strategic group identity (Peteraf and Shanley, 1997). Building on Ingram and Yue (2008), who argued that managerial perceptions and social categorization can transform adversarial relationships into cooperative ones (see also Ingram and Roberts, 2000; Dhingra, 2009), our findings show how forming a strategic group identity provides a potential buffer to such acrimonious relationships and a potential pathway to more-harmonious ones. Several studies have suggested that as a market matures, it is likely to move to price-based competition. Peteraf and Shanley (1997) proposed that new entrants threaten the strategic group, and Navis and Glynn (2010) proposed that cooperation breaks down after a group identity is obtained. Our research proposes a potentially more-enduring collective because of the role of identity-preservation practices and the recursive relationship between the strategic group identity and cooperation/competition. By identifying the regulatory mechanisms that help safeguard a group's identity, we propose how strategic groups can be resilient to such threats. Processes that redirect competition away from the market and toward status offer a potential sanctuary for natural competitive pressures to be guided to more-helpful avenues for the collective—avenues that strengthen and do not undermine the group.

Though future research can provide more-definitive answers, we did not observe any systematic erosion of the strategic group identity over the course of our research. The market already had 87 players (and 35 defunct firms), and informants routinely referenced scarce resources such as parking spots, yet we regularly heard from new entrants that they were welcomed into the collective. Future research can provide a clearer picture about the longevity of the identity dynamics we found, but our findings suggest that the collective may assimilate new members and simultaneously shield the market from non-prototypical members that embrace more cutthroat versions of competition. This is consistent with our findings of a welcoming market for newcomers, who are absorbed as prototypical members that help continue sparking cooperative behaviors around knowledge, market, and human resources. Yet our findings may be tempered by research that has suggested that as groups grow, it becomes harder to identify prototypical members and develop the trust needed for cooperation (Leonardelli and Loyd, 2016).

A final opportunity for future research is to focus on some of the micro-mechanisms that shape the status-based competition we found. The competition for prototypicality may reflect ongoing self-evaluation. More specifically, the relevance of performance (the degree of its importance to a person's self-definition) and psychological closeness (the degree of shared characteristics) predict the extent to which individuals compete or cooperate (Tesser, 1988). Operators exhibit closeness by having their firms share prototypical characteristics. The relevant performance metric is ingroup status that comes from prototypicality. Accordingly, sharing market resources such as parking spaces

elevates the group's performance, but competing to have the best food elevates a particular firm's status (Bartel and Wiesenfeld, 2013). A related point is that we observed extensive cooperation around many resources and status-based competition still characterized as "friendly." Redirecting competition away from traditional market areas might foster more cooperation, but the rise of even friendly status-based competition is worth exploring more in light of prior research that has found such competition to also be zero-sum (Anderson et al., 2006; Bendersky and Hays, 2012).

Strategic groups, as an intermediate level of analysis between firms and markets, offer a useful window into firms' and markets' behavior. By engaging in an in-depth qualitative field study of one such strategic group, we were able to examine not just extensive cooperation but also competition of a different flavor—one based on status. Our findings and emergent theorizing suggest that an industry may be shaped as much by a strategic group identity as it is by traditional market forces.

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