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IDENTITY IN ENTREPRENEURSHIP

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DARWINIANS, COMMUNITARIANS, AND MISSIONARIES: THE ROLE OF FOUNDER IDENTITY IN ENTREPRENEURSHIP

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Drawing on social identity theory, we explore the identities, behaviors, and actions of 49 firm founders in the sports-related equipment industry. Our analysis suggests the existence of three pure types of founder identities and shows how these identities systematically shape key decisions in the creation of new firms, thereby “imprinting” the start-ups with the founders’ distinct self-concepts. We synthesize our findings in a typology that sheds light on the heterogeneous meanings that founders associate with new firm creation and that improves understanding as to why fundamental differences in firm creation processes and outcomes exist.

An identity is like a compass helping us steer a course of interaction in a sea of social meaning.

—Burke and Reitzes (1981: 91)

One of the most remarkable characteristics of entrepreneurship is that it provides individuals with the freedom to pursue their own goals, dreams, and desires in new firm creation. The present research builds on a small but growing literature that takes into account the fact that entrepreneurial activities are infused with meaning because they are an expression of an individual’s *identity*, or concept of self (Cardon, Wincent, Singh, & Drnovsek, 2009; Hoang & Gimeno, 2010; Kimberly, 1979; Murnieks & Mosakowski, 2007; Shepherd & Haynie, 2009). For instance, Cardon and colleagues (2009) invoked the identity concept to argue that individuals have preferences for particular roles in the entrepreneurial process because those roles are deeply meaningful to their identity.

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Yet, despite the pioneering insights that this nascent literature has provided into founder identity, an identity perspective could yield important additional insights for entrepreneurship research. This is largely because prior studies have drawn on role identity theory and, thus, on a perspective within identity research that emphasizes role-related views of the self while discounting key social aspects of self-concept, such as the basic social motivations that shape the behaviors and actions of individuals when they are engaging with others (Brewer & Gardner, 1996). However, these social aspects of a founder’s self-concept are likely to be of importance in entrepreneurship because firm creation is an inherently social activity, and organizations are themselves social constructions (Whetten & Mackey, 2002). For instance, by adopting a role identity lens, one is unlikely to capture the fundamental differences between the motivations of entrepreneurs who create firms out of economic self-interest and those of entrepreneurs who start their firms because of concern for others. An example of the latter is Muhammad Yunus, who created the Grameen Bank because he wanted to fight poverty by giving “microcredit” to the poor so that they could launch their own firms (Yunus, 2007).

Thus, in the present study we propose that the theory of *social identity*, which forms part of the literature on social cognition (Tajfel, 1972; Tajfel & Turner, 1979), can serve as a valuable lens through which to improve understanding of the heterogeneity in meanings that founders associate with their

entrepreneurial endeavors, as well as the effects of such heterogeneity on firm creation processes and outcomes. Social identity theory allows for rich assessment of an individual's sense of self, since social identity is critical to beliefs, feelings, values, and actions in all social contexts, including new firm creation (cf. Hogg & Terry, 2000). Social identity theory may also provide a particularly powerful means to increase understanding as to why there are stark differences among the creation processes and outcomes of different firms, because it provides a theoretical link that explains how social identification leads individuals to behave and act in ways that confirm their identities (Hogg & Terry, 2000; Tajfel & Turner, 1979).

Hence, by drawing on social identity theory, we seek to accomplish two main goals: first, we seek to establish a typology detailing the primary types of founders' social identities. The typology will clarify the critical social categorizations that individuals make as founders and, in particular, the meanings they associate with being founders. Second, we build on our typology to describe how founder social identity affects new firm creation, particularly the three initial strategic decisions that are widely considered to define the cores of firms and to have important "imprinting" effects on emerging organizations (Abell, 1980): the market segment(s) served, the customer needs addressed, and the resources and capabilities deployed to produce the firms' offering(s).¹

To accomplish these goals, we conducted an in-depth exploratory study of 49 firm founders, each of whom recently had created a business in the sports-related equipment industry. We analyzed data collected through interviews and secondary sources using an inductive methodological approach (Glaser & Strauss, 2006; Miles & Huberman, 1994; Strauss & Corbin, 1998).

On the basis of the distinct meanings that individuals in our sample attached to their self-concepts as firm founders, the founders we interviewed could usually be classified as belonging to one of three "pure" types of founder identity—darwinian, communitarian, and missionary—or to a group of founders with a "hybrid" identity combining elements of the pure types. For instance, founders with a darwinian identity are focused on

competition with other firms and are driven by their own economic self-interest, but founders with communitarian and missionary identities deviate in fundamental ways from that standard. Communitarians view their firms as social objects that support and are supported by a particular community because of mutually beneficial relationships. Missionaries see their firms as political objects that can advance a particular cause for the benefit of society at large. Our results also show that founders behave and act in ways that are consistent with their identities and thereby imprint their self-concepts on key dimensions of their emerging firms. These findings have a number of fundamental implications for thinking about firm creation processes (including the early stage of opportunity identification), firm creation outcomes, and firm founders as enterprising individuals.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

Ever since Simon's (1947) notion of bounded rationality—the idea that decision makers strive for rationality within the limits of their cognitive ability—scholars have recognized the importance of cognitive factors in explaining human action in organizations. In this article, we draw on social identity theory (Tajfel, 1972; Tajfel & Turner, 1979) as a platform from which to analyze and describe founders' self-conceptions and how they affect their new firms (Hogg & Terry, 2000).

Social Identity Theory: Linking a Person's Identity with Human Behavior and Actions

Questions such as "Who am I?" and "What is my role in society?" are of fundamental concern to humanity and have been deeply woven into philosophical discourse ever since Plato, Aristotle, and other ancient Greek philosophers examined the meaning of "self" and the origins of an individual's concept of self (Gioia, 1998). Since the late 19th century, the concern with identity has also been evident in the social sciences, where awareness of the elemental human need for self-definition and for finding one's own place in society (Mead, 1934; Tajfel, 1972) has led writers to define identity as "a general, if individualized, framework for understanding oneself that is formed and sustained via social interaction" (Gioia, 1998: 19).

Social identity theory, which originates in the discipline of psychology, deals with the structure and function of identity as it relates to an individual's social relationships and, in particular, to his or her membership in groups or social categories.

¹ Although founders make a number of strategic decisions during the early stages of new firm creation, we focus on this set of initial decisions because they strategically define a business (Abell, 1980). These decisions are antecedents to many subsequent ones (such as the choice of distribution channel) and tend to become permanent as they cannot be reversed easily.

Three elements in particular are essential to contemporary understanding of social identity theory:

First, key to the development of an individual's identity is personal and symbolic *interaction with others*, because such interaction allows the individual to make social comparisons and categorizations and to learn with which social groups he/she wants to be associated, given the emotional and value significance of group membership (Gioia, 1998; Tajfel & Turner, 1979). Their membership in a particular social category or group (their in-group) provides individuals with a frame of reference for self-evaluation and for the evaluation of others who do not belong to the group (their out-group). Thus, a person's social identity serves as a system of social orientation and plays an instrumental role in establishing self-worth (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987).

Second, the self-categorization of individuals can vary in terms of *level of inclusiveness*. At one end of the spectrum, the most restricted level of social self-categorization, is the category of self as a unique entity; that is, a person acts in terms of his individual goals and ambitions, rather than as a member of a social group (Brewer & Gardner, 1996). At the other end of the spectrum, individuals may conceive of themselves as part of the human species and so act in terms of social motivations associated with concern for impersonal others (Harb & Smith, 2008).

Third, social identity theory allows for making predictions about *behavioral choices and human actions* (Tajfel & Turner, 1979). Because a person's identity serves as a cognitive frame for interpreting experience and because identity increases sensitivity and receptivity to certain cues for behavior, individuals are more likely to define the situations into which they enter in ways that make a highly salient identity relevant and to strive for behaviors and actions that are consistent with that identity (Hogg, Terry, & White, 1995; Stets & Burke, 2000).

Prior Research on Founder Identity

Among management scholars, the identity concept is perhaps best known in its (metaphorical) application to the organizational level in the form of organizational identity (Albert & Whetten, 1985; for a review, see Hatch and Schultz [2004]) and corporate identity (Cornelissen, Haslam, & Balmer, 2007). Since social identity theory has acquired the status of a key perspective for describing and explaining individual behavior and action (Gioia, 1998), and given the importance of individuals in the creation of new firms, one might also expect identity theory to have met with widespread inter-

est among entrepreneurship scholars. However, only a few studies to date have provided insights on the notion of founder identity and the effects that it may have on an emerging organization.²

Extant research on *founder identity* exclusively draws on role identity theory,³ thus applying a theoretical perspective that encourages investigation of different role identities within the entrepreneurial process (Cardon et al., 2009), the transition from a previous employee role into an entrepreneurial role (Hoang & Gimeno, 2010), and the differences between entrepreneurial role identity and other role identities (Murnieks & Mosakowski, 2007). For instance, Cardon and colleagues (2009) built on the identity concept to examine the role of passion in entrepreneurship. Drawing on a taxonomy of entrepreneurial activities established by Gartner, Starr, and Bhat (1999), Cardon et al. suggested three entrepreneurial identities that underlie a passion for different kinds of activities in the process of creating a new business: an inventor role identity (passion for activities such as exploring new opportunities), a founder role identity (passion for activities related to opportunity exploitation), and a developer role identity (passion for activities related to growing a firm).

Extant research on the *effects of the founder's identity* on an emerging organization suggests that these effects should be relatively strong (Barney et al., 1998; Whetten & Mackey, 2002), both because organizational decisions are often made by a single person (the founder) and because emerging firms are typically small entities that are yet to be shaped. For instance, in their conceptual study Whetten and Mackey suggested a link between founder identity and organization type (such as "church vs.

² Of course, the overarching notion that the characteristics of leaders affect their organizations is not new to the literature. In particular, the upper echelons perspective introduced by Hambrick and Mason in 1984 spawned a rich body of work that has shown how the cognitive characteristics and personalities of leaders are reflected in their organizations (e.g., Cannella & Holcomb, 2005; Hambrick & Brandon, 1988; Miller, Kets de Vries, & Toulouse, 1982; for an overview, see Finkelstein, Hambrick, and Cannella [2009]).

³ Social identity theory and (role) identity theory are two distinct theoretical perspectives concerned with self-concept and the nature of an individual's normative behavior (Hogg et al., 1995; Stets & Burke, 2000). Whereas social identity theory originates in psychology and treats self-definition as deriving principally from social attributes and relationships (Tajfel & Turner, 1979), identity theory has its roots in sociology and casts behavioral roles and role identities as the basis of an individual's self-concept (Hogg et al., 1995).

business organizational purpose” and “local market vs. global market”). They argued that “we can draw a rough parallel between founders’ selections of organizational forms and the inherent characteristics of individuals, in that we can treat these both as category-based identity claims embedded in socially authorized conventions about what are appropriate and meaningful identities” (2002: 398). Even so, empirical evidence that could substantiate these notions and provide systematic insights on how the founder’s identity shapes an emerging firm is scant. In the only study found on this issue, Kimberly (1979) investigated the effects of an individual’s identity on the creation of a new medical school and described how that individual’s identity was central to shaping the institution he established; for example, his identity shaped the school’s curriculum (i.e., the product).

Taken together, these studies support the idea that examining founder identity can help improve understanding of the characteristics of enterprising individuals and how they affect new organizations. Apart from the observation that extant research is mostly conceptual, not empirical, our literature review revealed at least two areas in which understanding of founder identity and its effects on new firms can be significantly improved.

First, we have seen that existing studies rely on role identity theory and thus on a theoretical perspective that encourages research on the roles with which people identify in the entrepreneurial process. However, by focusing on role-related founder behavior, current conceptualizations of founder identity discount the social aspects of the self and, as a result, the extent to which founders define themselves in terms of their relationships in the social world (Hogg et al., 1995; Tajfel & Turner, 1979). Since firm creation is an inherently social activity, and organizations are themselves social constructions (Whetten & Mackey, 2002), founders’ conceptions of their social selves, as manifested in their social motivations, bases of self-evaluation, and views of relevant reference groups, are arguably central to their decision making and their behavior and actions relative to others (Brewer & Gardner, 1996). By applying a social identity lens, one should be able to capture the fundamental aspects of an individual’s identity that are relevant to new firm creation yet are outside the normal scope of role identity theory. Take the case of a person’s social motivations: Although role identity theory does not systematically address this aspect of identity, social identity theory distinguishes among different levels of inclusiveness in people’s social motivations (Brewer & Gardner, 1996; Harb & Smith, 2008). Thus, social identity theory provides the

basis for capturing fundamental heterogeneity in founders’ social motivations for entrepreneurship; for instance, by applying a social identity lens, one can capture the important difference between the self-concepts of people who start their firms because of economic self-interest and those who start their firms because of concern for others.

Second, extant studies have not yet provided systematic insights into the effects of founder identity on new firm creation, although identity research has shown that individuals strive for “identity relevance” in their behaviors and actions (Hogg et al., 1995; Stets & Burke, 2000). Since knowledge of heterogeneity in people’s social identities could provide insights into why there is heterogeneity in their behaviors and actions, social identity theory may help explain why entrepreneurs facing similar contexts may act differently. For instance, it seems that founders who start their firms primarily because of concern for others may select competitive strategies and market strategies that differ from those of founders who pursue only their economic self-interest.

Against the backdrop of these observations, the present study explores two main research questions:

- (1) What are the primary types of founder identities from a social identity perspective?
- (2) To what extent does a founder’s social identity influence key dimensions of new firm creation?

METHODS

To answer our research questions, we chose an exploratory, qualitative research design, which is recommended for investigating phenomena that are subtle and/or poorly understood (Strauss & Corbin, 1998; Yin, 2003).

Study Setting

Since the present study explores the role of founder identity in new firm creation, we followed prior research on new firm creation and included firms in our sample that were independently held and eight years old or less (cf. McDougall, Covin, Robinson, & Herron, 1994). We chose to study firms involved in the production of sports equipment because many young firms exist in this field, so we could collect rich, detailed, and accurate data directly from the firms’ founders. For a number of reasons, new sports equipment firms emerge relatively frequently. There is a relatively high amount of innovation fueled by oftentimes low research and development costs. Moreover, founders of new sports

equipment firms often face low capital expenditures when setting up their production processes and thus benefit from relatively low entry barriers. Examples of new sports equipment firms represented in our sample include new ski, snowboard, snow scooter, bicycle, roller, and scooter firms.

All firms in our sample are located in the West European Alpine region (Switzerland, Germany, and France). We chose to study firms in this geographical area because there is a high concentration of sports equipment manufacturers, drawn by the area's institutional and natural resources. For instance, the area is home to many headquarters of international sports associations (such as the International Olympic Committee in Lausanne, Switzerland) and due to its idyllic landscape (mountains, lakes) provides attractive venues for a large number of national as well as international sports competitions. Furthermore, the area boasts a temperate climate and thus offers favorable conditions to amateurs as well as professional athletes practicing their sports.

Sampling Approach

Given our interest in first identifying the existing scope (maximum variation) of founder identities and then illuminating the link between a founder's identity and actions in the course of creating a new firm, we relied on theoretical sampling. This approach increased the probability that we would collect different and varied data on founder identities and actions and would have the opportunity to determine their range of variability (Glaser & Strauss, 2006; Miles & Huberman, 1994). Theoretical sampling involves data gathering that is "driven by concepts derived from the evolving theory and based on the concept of "making comparisons," whose purpose is to go to places, people, or events that will maximize opportunities to discover variations among concepts and to densify categories in terms of their properties and dimensions" (Strauss & Corbin, 1998: 201). We continued to collect data until we reached what Strauss and Corbin (1998) referred to as theoretical saturation—that is, the point at which no new insights emerged from additional interviews regarding a particular type of founder identity, the different types of founder identities seemed well developed in terms of their properties and dimensions and demonstrated variation, and the relationships between founder identity types and their behaviors and actions in new firm creation seemed well established and validated.

Data Sources

Multiple sources of data are critical to qualitative research because they facilitate triangulation and validation of theoretical constructs. Data from several sources informed this research.

Interviews. In total, 56 interviews were conducted with the founders of 49 firms. If firms had been founded by more than one individual, we conducted additional interviews with the cofounders in as many cases as possible to understand their identities and to obtain additional insights on the firm creation process. We do not count interviews with nonfounders in our interview statistics, but we did use information provided by a number of nonfounders to augment founder-reported data. Firms were identified through the use of three complementary strategies, as detailed below.

Introduction from the Academy of Sports Science and Technology. We began our study by conducting five interviews with founders introduced to us by the Academy of Sports Science & Technology in Lausanne, an organization that has links to many entrepreneurs in the sports-related equipment industry.

Identification through conferences, sport-related magazines, and websites. We searched through a variety of public sources (such as the lists of firms presenting at the International Society for Sports Engineering (ISEA) Conference and the International Sports Trade Fair (ISPO)), the advertiser indexes of several sports-related magazines (e.g., *TransWorld Snowboarding*, *Ski Magazine*, *Skiing Magazine*, *Bicycling Magazine*), and several sport-related websites (e.g., www.snowboarding.com). We also searched the online directory of Swiss firms (www.zefix.ch) with keywords such as "sport" and "equipment" and the names of specific sports.

Snowball sampling. We also identified firm founders through the technique of snowball sampling, in which interviewees are asked to recommend additional interviewees (Denzin & Lincoln, 2000). For instance, to increase variation in our data, we triggered recommendations by asking "Whom do you know who sees things differently?" (Miles & Huberman, 1994: 29).

All interviewees were asked a series of open-ended questions, which were augmented by follow-up questions that allowed deep probing of the interviewees' answers as well as questions that served to clarify answers (Spradley, 1979). Questions addressed the following broad issues: (1) founders' experiences in founding their firms, including how they came upon their initial product offerings and how they engaged in a variety of

firm-organizing activities; (2) the founders' experiences in running the firms, including specific decisions made in the areas of hiring initial employees, manufacturing, sales and marketing, intellectual property, and sourcing raw materials; (3) the founders' relationships with a variety of stakeholders; (4) the founders' views of competing firms; and (5) the founders' backgrounds. To encourage candor, interviewees were guaranteed anonymity. As part of the study design, we did not inquire about identity directly, as doing so may have led subjects to rationalize their behaviors, motivations, and actions (Spradley, 1979). At the conclusion of the interviews, we asked interviewees to comment on issues that they had not yet brought up.

Interviews, which were generally conducted by telephone and recorded to facilitate data analysis, ranged in length from 45 minutes to 2.5 hours (70 minutes was the average). Because our interviewees spoke French and German as their mother tongues, interviews were conducted in these languages, transcribed, and then translated into English (the language common to the authors).

Website and archival data. Whenever possible, we analyzed public materials related to the firms whose founders we interviewed (e.g., websites, magazine articles); these materials helped us gain general background information prior to an interview, better understand (and visualize) the range of product offerings of the firms, acquire information on the firm's history, and augment and validate the (basic) data supplied by the founders.

Data Coding and Analysis

Our review of social identity theory indicated that the meanings embedded in a particular identity emerge through social contacts and comparisons. Since individuals "construct themselves" to have a set of core characteristics that define their self-concepts, their identity orientations are reflected in the types of identity statements they make. Having identified the identities, identity researchers assess the link between these identities and an individual's behaviors and actions.

In keeping with the social identity literature and guidelines for coding and analyzing qualitative data (Miles & Huberman, 1994; Strauss & Corbin, 1998), we identified identity meanings by analyzing our transcribed interviews. Studying the interviews line by line, each of us first coded all responses that provided information on the identity meanings that the interviewees associated with being a founder (Miles & Huberman, 1994; Strauss & Corbin, 1998). We then compared how we classi-

fied each sentence or group of sentences (interrater agreement: .91) and discussed any differences in our coding until we reached agreement. For each interviewee, we transferred the identity-related information to a common file to make that information more readily accessible.

After all identity-related content was transferred to the common file, we focused our analysis on those identity meanings that provided information on an individual's social identity, and we categorized these identity meanings according to the three main dimensions that researchers use to define social identity: an individual's (1) basic social motivation, (2) basis of self-evaluation, and (3) frame of reference (cf. Brewer & Gardner, 1996). For each of these three dimensions, we examined the meanings that pertained to it and iteratively fleshed out distinct thematic groupings of these meanings (i.e., "themes" [Strauss & Corbin, 1998]). This coding process led to three distinct themes for each of the three social identity dimensions. For instance, for the dimension "basic social motivation," the meanings could be grouped into the three themes "self-interest," "support and be supported by a community," and "advancing a cause."⁴

As a result, the revised common file provided coded information on the founders and their social identity dimensions, enabling us to determine each founder's social identity. Specifically, for each of the three dimensions of social identity, we analyzed whether a founder's meanings pertained to one particular theme or to multiple themes in that dimension.⁵ We captured the result for each dimension of social identity in a score using the format (x_1 ; x_2 ; x_3), where x_y indicated the relative share of content pertaining to a particular theme in that dimension. For instance, if the meanings that the founder associated with new firm creation all pertained to the first theme, his/her score was (1.0; 0; 0) for that dimension; if half of a founder's meanings pertained to the first theme, half to the second, and none to the third, his/her score was (0.5; 0.5; 0). Once the scores for each founder were obtained, we performed another iteration of our content analysis to verify the scores.

To derive the founders' social identities, we examined the scores of all three social identity di-

⁴ The themes identified for the social identity dimensions "basis of self-evaluation" and "frame of reference" can be seen in Table 1.

⁵ For example, in the identity dimension "social motivation," the meanings individuals associate with new firm creation may pertain to the theme "self-interest," to another theme within this dimension, or to multiple themes within this dimension.

mensions and found two principal groups: (1) individuals whose meanings pertained to one theme⁶ in each of the three dimensions (the pure types) and (2) individuals whose meanings were spread out across different themes in at least one social identity dimension (the hybrid types). Among the pure types, we then searched for regularities in the arrangement of scores and found three distinct groups of founders. Individuals in a given group shared the same arrangement of scores for each of the three social identity dimensions. Using the distinct meanings these three groups of founders associated with new firm creation, we labeled their social identities as the “darwinian,” the “communitarian,” and the “missionary” identities (see below).

Having derived the social identities of the founders, we assessed whether their identities led the founders to make decisions related to the creation of their new firms that corresponded to the meanings of their social identities. In a final step, the dimensions, the founder identities, and their correspondence to the focal set of firm-related decisions were validated with a professor of psychology who was not otherwise involved in the study.

FINDINGS

An identity provides an individual with a cognitive frame of reference with which to interpret both social situations and (potential) behaviors and actions. We begin our analysis by describing the variance of meanings that individuals associate with being a firm founder and, drawing on this assessment, discuss the three pure identity types and the hybrid types (which combine elements of the pure types) that we identified. We then analyze the link between founder identity and a founder’s decisions in terms of (1) market segment(s) served, (2) customer needs addressed, and (3) resources/capabilities deployed, as these decisions are considered to strategically define a new firm (Abell, 1980).

Founder Identities and Meanings

Following the data analysis procedure outlined above, we explored three primary dimensions of meaning that are fundamental in defining an individual’s self-concept as a firm founder (cf. Table 1): basic social motivation as a founder, basis of self-

evaluation in the founder role, and frame of reference as a founder (Brewer & Gardner, 1996):

Individual’s basic social motivation as a founder. As Table 1 indicates, considerable variance exists along this dimension. For some individuals, being a founder means (1) that they can make money and build their own financial wealth; for other founders it means (2) that they can advance the community with their innovative equipment and benefit from the support of the community in return, or (3) that they can pursue their political vision and advance a particular cause (such as a social or an environmental mission).

Individual’s basis of self-evaluation as a founder. We observe high variance on this dimension as well, because some founders evaluate themselves in terms of (1) their ability to act professionally and apply solid business competencies, whereas others see (2) their authenticity (e.g., in terms of bringing a truly useful product to fellow community members) or (3) their socially responsible behavior as critical for their self-evaluation.

Individual’s frame of reference (i.e., relevant others) as a founder. Individuals also possess starkly different frames of reference as firm founders, as some view (1) the competition as the relevant comparison group in the “social space,” whereas others view (2) a particular community (i.e., the sports community), or (3) society as a whole as the relevant reference in the “social space.” Specifically, we note an important difference between the second and third group, as a community orientation is based on interpersonal relationships, but a societal orientation is associated with impersonal collectives.

Our interviews revealed that most founders in the sample could be classified as having one of three pure identities, each of which differs systematically from the others along the three dimensions of identity meanings just described. As noted in the Methods section, we labeled these three pure identities the “darwinian identity” (left column of Table 1), the “communitarian identity” (middle column), and the “missionary identity” (right column). Several founders possess a hybrid identity that combines elements of the primary types. Table 2 shows the distribution of these identities in our data set.

In the following, we use data from founders that have one of the three primary, pure identities to illustrate our conceptual findings cleanly. The hybrid identities are discussed as an extension to our analysis. Furthermore, because some of the firms in our sample were created by a team of founders, we comment on the role of founding teams in this extended analysis as well.

⁶ Individuals with at least 80 percent of their meanings associated with a single theme in a given dimension were coded as having one theme in that dimension.

TABLE 1
Identity Dimensions

| Identity Dimensions | | Variance in Meanings | |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Basic social motivation</i> (as firm founder) | <i>Self-interest</i> firm creation enables the individual to pursue his self-interest (making money, creating personal wealth, building a business that will be inherited by the next generation) | <i>Support and be supported by a community</i> firm creation is indiscernible from the individual's involvement in a community (firm both supports and is supported by the community because of mutually beneficial relationships) | <i>Advancing a cause</i> Firm creation supports the political vision of the individual and the ambition to advance a particular cause (social, environmental, etc.) |
| <i>Basis of self-evaluation</i> (as firm founder) | <i>Professionalism</i> Business-related competences as the basis for self evaluation: being professional is perceived as critical | <i>Authenticity</i> Authenticity as the basis for self-evaluation: bringing something truly useful to the community is perceived as critical (based on intimate knowledge of and care for the needs of fellow community members) | <i>Responsible behavior</i> Responsibility as the basis for self evaluation: contributing to a better world is perceived as critical (truly responsible people do act) |
| <i>Frame of reference/ relevant others</i> (as firm founder) | <i>Competitors</i> -Competing firms as the primary frame of reference -Being distinct from other firms seen as core to the entrepreneurial process | <i>Community benefiting from product</i> -Social group as the primary frame of reference -Offering products (services) that support the community seen as core to the entrepreneurial process | <i>Society</i> -Society as the primary frame of reference -Demonstrating that alternative social practices are feasible and leading by example seen as core to the entrepreneurial process |

Darwinian identity. The first main type of founder identity observed in our sample, the darwinian identity, is one that we would expect when thinking about new firm creation, because it is associated with traditional business-oriented meanings. Individuals who fall into this category focus their attention mainly on establishing strong and profitable firms. Although they generally feel some attraction to the sport domain in which their firms operate and also practice the sport at times, they devote most of their attention to activities aimed at ensuring the firm's success. As the comments shown below illustrate, these founders started their firms with the primary motive of making profits and accumulating personal wealth.

I was thinking of a way to make money; it was a very strong motivation. If I hadn't had money troubles, I would certainly not have started out on this adventure. I would have kept the models to myself. (E.R., scooter firm founder)

It is the goal when one creates a firm; it is to increase its value and, if one earns a little less at the beginning, one can expect a bonus on the partial or total sale of the firm. (J.M.M., sport equipment firm cofounder)

In keeping with this strong interest in profit, darwinian founders value a professional, "business

school" approach to creating and running a firm and pay close attention to managing their firms according to solid business principles. Not surprisingly, darwinians oftentimes express the idea that they could have started the business in another domain, emphasizing their generic approach to firm creation.

Getting into this with the competencies we had was a very calculated risk. Because having business competency and technical proficiency . . . is already something remarkable, it's an enormous advantage to our project. . . . That's the difference between our brand and other emerging brands: these others are often created only by skiers. I don't want to be mean, but they have no idea about the business aspect. What I see with our skiers, you can't ask them to prepare a business plan or do market research. It's clearly not their job, not their competency. So what's attractive to stores and so on is that they see, "Oh, there's a very organized business part to this project. We're not going to order skis that will not be delivered" and that kind of thing. (S.R., ski firm founder)

I could have done that in many other domains of activity. . . . I think one can choose many different domains of activity and understand what is it all about, understand the ins and the outs and then find the relevance of a given offer, of a proposition, but

TABLE 2
Sample Characteristics

| Characteristic | Darwinians | Communitarians | Missionaries | Hybrid |
|---------------------------------------|------------|----------------|--------------|--------|
| Number of firms in sample | 19 | 13 | 6 | 11 |
| Average firm age ^a | 5 | 5 | 5 | 4 |
| Average age of founder ^a | 43 | 35 | 38 | 40 |
| Highest education level | | | | |
| High school | 1 | 1 | 1 | 1 |
| University | 12 | 6 | 4 | 5 |
| Other | 5 | 5 | 2 | 5 |
| Industry (including multiple answers) | | | | |
| Ski/snowboard/snowscooter | 3 | 9 | 1 | 9 |
| Bicycle/scooter/roller | 6 | 2 | 0 | 0 |
| Measurement in sports | 2 | 0 | 0 | 0 |
| Other | 9 | 2 | 6 | 2 |
| Firm founded by individual/team | 10/9 | 8/5 | 5/1 | 6/5 |

^a At time of the interview.

you must believe in yourself without lying to yourself, without bluffing yourself. (N.R., ski clothing firm founder)

Tomorrow, that could be something else. I'm not attached to the product. What pleases me for now is the project. (P.F., sport equipment firm founder)

Darwinians view competing firms as the primary external point of reference in their social space. Being new and generally small producers, they try to achieve competitive advantage by differentiating their firms from the competition. Competing firms are seen as rivals, yet darwinians also tend to value the competitive exchange as a process that allows the best firms to prevail.

[Our objective] is to make industry—leading products in terms of design, materials/manufacturing and graphic—and compete against the mainstream brands with a product that is fairly priced and offers similar or better technology. . . . Competition is a healthy thing—it makes all of us strive to create a better product at a cheaper cost. . . . I would also like to say that, on the flip side of this topic, I definitely do not believe in supporting a local industry if it can't create a competitive, high-quality product. (T.W., ski firm founder)

I think it's really a battle. Between people who are truly in the same segment, I think we all try to be the most innovative and the strongest. (M.C., bike firm founder)

And I really worked on positioning the brand in the market and in finding my *raison d'être* in this extremely competitive and narrow market. (N.R., ski clothes firm founder)

Communitarian identity. The second main type of founder identity observed in our sample is the communitarian identity. Founders with this type of identity were typically strongly engaged in a sport

domain and often started getting into entrepreneurship as they gradually realized that the sports equipment they had designed for themselves was of interest to fellow community members.

For 3–4 years, I tinkered in my grandmother's garage, making boards for my buddies, for buddies' buddies, like that. . . . I also worked on another board for myself, precisely the swallowtail, this powder board. And I started to sell them, as I had my friends, and I knew a lot of people in the ski-snowboard field, and also in windsurfing (. . .). Everyone knows each other, and my friends kept saying, "K, why don't you do this, more of this?." . . . I was in a field where I had friends all over the place, in Chamonix, in Tignes, and when I showed up at a resort for some event, because I was still doing monoskiing, "Oh, K, there you are, have you got your boards? I've got a friend who's been harassing me for a week, he wants one, I'll introduce you." . . . People were coming up to me, saying, "are you crazy? Your boards are great, I tried this, I had the best time."

[Interviewer: they encouraged you?]

They encouraged me, yes, because for me, starting a business was like attaching a ball and chain to my foot. (K.K., snowboard firm founder)

These founders are enthused by their ability to contribute to the community with their innovative products and value the support they receive from fellow community members in their entrepreneurial endeavors. They see their activities as founders as an important catalyst for the development of the community and for achieving recognition by their peers.

At some point one seeks for recognition. We all have a need for recognition. Being not good enough to go on the podiums, I realized that I could give good

advice, that I could improve the equipment. It came like that. (S.C., ski firm founder)

I was playing on my name a bit as well, to tell you the truth; I rely on the fact that I have a history . . . I'm an active rider, out on the slopes, with some background, so I can rely on that, it's a little added plus, that's also what allows me to . . .

[Interviewer: so you told yourself, well, with my reputation, I should sell a little, enough to recover my investment, at least.]

Yes, precisely, that's it exactly. . . . There was lots of demand behind me, lots of people I know. When you've been on the slopes for a while, you see lots of people, and many of them would say, yeah, come out with the skis and we'll get them, and that's what happened—actually, that's how it works . . . I think if all that hadn't been there, I might not have done it. (S.P., ski firm founder)

In line with their strong identification with the community, communitarians believe that authenticity is the core asset that they can bring to their venture. In particular, they argue that because of their status as sports enthusiasts they have unique, firsthand insights into the needs of fellow community members and thus can design “authentic” products that not only meet real needs but also allow for strong identification between the firm (the founder) and community members. In particular, they frequently mention that they are able to produce higher quality and care for their customers, but that business-oriented founders do not identify with their offerings and provide customers with standardized, off-the-shelf products.

There needs to be authenticity, you need to be a sportsman. (T.V., bike firm founder)

Snowboarding is something created by people who are passionate about it, not businessmen, that things are not just business, there's also those who are in it for the passion of practicing the sport. What we do in terms of quality, no big brand is capable of doing. We want to get clients by identification . . . in big industry, there isn't much identification. (S.P., ski firm founder)

In front of our customers, we have a better credibility than their commercial stuff because we know our products and market better than they do. (J.B., ski firm founder)

Fellow community members—“similar others”—serve as a communitarian founder's primary frame of reference in the social space. In this vein, communitarians have a strong sense of “we-ness” when it comes to their relationships with a community's members and make a clear distinction between people who are in the group and outsiders. The relationship that these founders have with their

community is highly emotional because it revolves around shared passion for a sport.

Kitesurfers—these are guys who come from fun-boards, passionate guys like in snowboarding, guys who make their own boards in their garages, like in snowboarding 15 years ago, and we end up with a multitude of brands, and there's a lot of sharing, no competition, what I like is the mood, the environment. I like that because it brings me back to 15 years ago, in ideology and environment, and I enjoy it. (SP, snowboard and kitesurf firm founder)

I have invented the practice, so of course the people know me. So far, I have organized 80% of the competitions, but now there is a Swiss federation and there is a federation in France, they are all friends of mine and they all have taken up the torch. It is them who organize, but I am always around with my snowscoots to help the riders—but I do not ride anymore. In the beginning I was riding and, of course, I won the first competition.

[Interviewer: Hum, it is too easy when one has invented the practice!]

[laughs] Yes sure. This was at Avoriaz and there were 70 persons, and there were only 20 snowscoots, they were struggling to get one. These are unforgettable memories.

What I like most is to arrive at a world championship in snowscoot, and to be able to tell to myself that there are 150 guys from 12 different countries, that the parking lot is full of cars with snowscoot on the top and that the guys speak only of that. (F.P., snowscooter firm founder)

Missionary identity. The third pure type of founder identity observed in our sample is the missionary identity. Missionary founders believe that firms can be powerful agents of change in society and engage in new firm creation to establish a platform from which they can pursue their political visions and advance particular causes, generally of a social or environmental nature.

I am not an artist, but I have discovered that one can express himself through a firm with its employees, its networks, its projects and its logos. . . . By making T-shirts in India, you are able to build schools. I have already built nine schools; because you use 7,000 litres of water each day, you build recycling facilities, and also we pursue social projects, ecological ones; it is something that is coherent. . . . Money is just an engine for an entrepreneur, it is not a goal. The goal is not to earn money, it is to have revenues to pursue your projects, possibly to live well, but one should not confuse ends and means. (R.C., sport clothing firm founder)

Well, the goal is not to grow the firm and become rich. Rather, we want to reach a point where we are completely satisfied with the high level of sustain-

ability inherent in our products, from “cradle to cradle.” Especially, we want to show to others that better business processes are possible. . . . In addition, we want to devote resources towards supporting the [name] foundation with the money we earn; its goal is to support social and ecological projects. My cofounder is already the president of this foundation! (M.Z., sport clothing firm founder)

Missionaries live by the principle that their actions can positively affect the well-being of others and seek to act in a responsible, transparent, and empathetic manner to make the world “a better place.” They view their firms as entities that engage in activities that make “sense” and in this respect self-evaluate their behaviors and actions through their contribution to the social world and/or “planet earth.” To advance their cause, missionaries not only offer products but also see their whole firm and the way in which business is conducted as a role model for society.

A firm that succeeds is a firm that makes products that make sense. When making a product, three questions must be answered: (1) Why do we do it? If it is for money, it is useless. (2) How do we do it? So, under which conditions? (3) And where do we do it? Traceability. For me, a firm that succeeds is a firm that makes sense. Then, incidentally, it should not lose money. (R.C., sport clothing firm founder)

I do not want to sell only an innovation, an innovative product. I want to build a firm that is a social model. . . . This is a role model for an ethical business—here and internationally. (B.B., sport shoe firm founder)

Success means to me that I want to reach a large number of people, make them realize what sustainable consumption in terms of clothing means. (M.S. sport clothing firm founder)

Missionaries advocate new social practices that they perceive as having universal scope. They believe that the purpose of their firm is to show that alternative practices are feasible and to demonstrate to society how the status quo can be changed (e.g., the way society consumes its resources, the

way society engages with the planet). In this sense, the “relevant other” for missionaries is not a particular group of individuals or firms but society at large.

We absolutely need to save our planet, this topic needs to be of primary concern to all of us! . . . I have difficulties in defining a target group, it is everyone—everyone is wearing clothes and everyone should do so in a sustainable fashion. . . . In ten years, there should only be sustainable clothing! (M.Z., Sport clothing firm founder)

Businessmen, they only see the short term. What will decide the evolution of the society will be the long term. We must reintroduce politics. We must think in terms of civilization; we are only passing; we are nothing; we must see things as a trend; all the remaining is cosmetic. A coherent firm must understand that money is just the oil for the engine. (R.C., sport clothing firm founder)

The Influence of a Founder’s Identity on New Firm Creation

To reiterate the social identity theory argument, when an identity is salient, it predicts the behaviors that an individual will adopt. Thus, in the context of the present study, we would expect that, for example, a founder with a communitarian identity would act in ways that match the particular meanings he or she associates with being a firm founder (Table 1). In keeping with this fundamental prediction from social identity theory, our findings suggest that founders with different identities differ systematically across the set of key entrepreneurial decisions that are explored in the present study. Our findings are summarized in Tables 3 and 4 and are explained in greater detail below.

Founder Identity and Core Strategic Decisions in New Firm Creation

Market segment(s) served. Our interviews indicate that darwinian founders work at identifying

TABLE 3
Quantitative Description of Founder Actions

| Variable | Darwinian Identity | Communitarian Identity | Missionary Identity | Hybrid Identity |
|--------------------------------------|--------------------|------------------------|---------------------|-----------------|
| Firm count | 19 | 13 | 6 | 11 |
| Market study prior to launch | 11 | 0 | 4 | 7 |
| Diversification within sports | 12 | 4 | 3 | 4 |
| Diversification outside sports | 8 | 0 | 1 | 0 |
| Salaried employment (beyond founder) | 15 | 3 | 6 | 6 |
| Marketing expenditures | 13 | 0 | 6 | 6 |
| Patented innovation | 9 | 1 | 1 | 6 |

the most profitable markets in their sport domains. These founders typically produce equipment either for the average customer in the mass market or for a rapidly growing market segment. Although they may start off in an inferior market segment, they do not stick with it but keep on exploring other segments.

Apart from the bicycle market, there seems to be very professional market for HID search lights, which means military or so-called law enforcement: police, fire-fighters, those. (D.K., diving light firm founder)

At the beginning we were thinking especially of professional, high-level sports. . . . We targeted the equipment manufacturers and I think we were right on this. This market is probably there; it exists. . . . However, there is another market that we think today has a real demand: it is what we call the confirmed amateurs, which is made of sportsmen of good level, open to new technologies, and ready to buy equipment, including quite expensive ones. (R.P., sport equipment firm founder)

In particular, darwinians believe it is a personal strength that they are not deeply involved in the sport for which they are selling equipment. For instance, they claim that the immersion of communitarians in their sport and their close association with their clientele make it harder to adopt an objective view of the market and to identify additional, potentially more lucrative target markets that provide opportunities for diversification and growth (Penrose, 1959). As a case in point, quantitative evidence obtained from our sample indicates that darwinian founders pursue diversification opportunities much more often than do communitarian founders (see Table 3).

Yes, but I truly love the product and I know it. But the fact that I am not a keen biker allowed me to really listen to many people, rather than drawing from my own life. (B.V., bicycle firm founder)

[People who are very involved in the sport and who create a business] are called "nerds." They are so specialized in their area, in their sport, so active in a particular sport, they are blind to what sport the general public needs. And that's where many fail. [They] can't accept that you make your money with the general public. (P.F., training equipment firm founder)

When you listen to those people, you would think the entire world consists of core customers. . . . You have to go away from that and go to a lower-level mentality, to the normal general consumer, so to speak. That is a very important process. I don't have any problems with that because I have always been a consumer. (A.F., mountain bike firm founder)

The communitarian founders usually produce for people who are like themselves, that is, users who practice the sport in question regularly (Franke & Shah, 2003; von Hippel, 1988). Unlike darwinian founders, who typically conduct market studies prior to launch (Table 3), they often do not realize that a market exists until they have already designed and made a prototype of their product for themselves. Feedback from friends and other community members who try out the prototype and then ask for it typically leads to the realization that there is market demand and that a firm can be created to satisfy that demand (Shah & Tripsas, 2007). Although some of these customers may be sport professionals, most are intense amateurs who are passionate about the sport.

Our customers are people who know us: professionals or passionate amateurs who are looking for an original product. (J.B., ski firm founder)

[My customer] is either someone who skis very regularly despite work, or it's someone who's not a pro in the etymological sense of the word, but who is someone who's going to spend all winter in the snow. (S.P., ski firm founder)

Missionaries choose their market to be congruent with their political vision; that is, they define it in a way that promises to advance their cause in the most powerful manner. For instance, as some of the missionaries in our sample seek to change a general consumption pattern in society, they address the mass market and build a distribution system that allows them to reach the average consumer.

Our market is basically everyone who wears sports clothing, as everyone should wear sustainable clothes! Hence, our products have a style that appeals to the general public. . . . At the moment we sell our goods through our webshop, through agents in Germany, Austria, and Switzerland, and through distribution partners in other countries. (M.Z., sport clothing firm founder)

What I seek to accomplish is to reach as many people as possible and let them know the problems of modern consumption and offer them an alternative when it comes to their clothing. And we also plan on doing the same with snowboards. (M.S., sport clothing firm founder)

Customer needs addressed. The three types of founders also diverge markedly in terms of the customer needs that their firms address (Table 4). Darwinians typically design a product that meets customer needs already known to be important for a wider audience, such as ease of use or safety (Riggs & von Hippel, 1994). Addressing this kind of need is consistent with darwinians' motivation to establish a profitable firm and to produce a com-

TABLE 4
Founder Identity Types and Core Strategic Decisions in New Firm Creation

| Decisions | Darwinians | Communitarians | Missionaries |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market segment(s) served | <div>-Produce for the average consumer or for quickly growing segments (the criteria of likelihood and value drive the choice of market served)</div> <div>-Tend to serve additional segments over time/extend applications to new segments to achieve firm growth</div> | <div>-“Our customers are like us” (the criterion of similarity drives the choice of market served)</div> <div>-Stick to initial segment addressed because it is the only place perceived as legitimate</div> | <div>-Produce for those consumers where they expect the greatest social impact; ultimately society is their audience</div> <div>-May serve additional segments, if this allows the firm to leverage its socio-political mission</div> |
| Customer needs addressed | <div>-Tend to address known dimensions of merit (e.g., safety, ease-of-use)</div> <div>-Derived from market analysis</div> | <div>-Tend to address novel kinds of customer needs</div> <div>-Derived from own needs</div> | <div>-Tend to address new social practices (e.g., new modes of consumption or production)</div> <div>-Derived from what the founder would like the world to become</div> |
| Capabilities and resources deployed | <div>-Focus on cost-effective and mass-production methods (which are necessary to reach profitability)</div> <div>-International sourcing of production capabilities (if needed)</div> <div>-Value intellectual property rights protection/help in achieving business goals</div> | <div>-Tend to use highly individualized and artisanal production methods (products often considered works of art)</div> <div>-Reliance on personal capabilities</div> <div>-Reluctance to use intellectual property rights protection within community/would run counter to sharing values</div> | <div>-Focus on socially responsible production methods</div> <div>-Sourcing from suppliers that match strict criteria (according to mission)</div> <div>-Demonstration of firm capabilities to diffuse the exemplary model</div> |

mercially appealing product. Thus, although their products typically do not incorporate novel functionalities, they may still represent an improvement over what has been offered in the marketplace.

Kids today don’t need to buy an 80–100 euros pair of Nikes in order to walk, but they will buy them because they want to because Nike has the ability to make products that create the desire. This is a strength that I believed in from the beginning . . . if they desire this product, well, then they’ll buy it.

[Interviewer: and what made this bike different from the ones already on the market?]

It was a little bit about its look, the design, the assembly. Yes, it was pretty. (M.C., bicycle firm founder)

There is no innovation in the technology. The innovation has to do with applying it to sports. I invented nothing, I took existing tools, existing needs, and applied these tools to these needs. (P.F., sport equipment firm founder)

Communitarians usually create products that address novel kinds of customer needs in their sport domains. They often start by creating a product for their own use because their own customer needs are not satisfied by current market offerings. Hence, their newly developed products often embody an entirely new dimension of functionality that some-

times even opens up new practice areas in the sport. The customer needs addressed with the new product reflect those needs that the founder experienced himself and that led to the development of the new product (Franke & von Hippel, 2003).

Yes it is me, I have invented that. . . . I studied at the Hotel School in Glion and after having received our diploma, we had two or three months without doing anything and with friends we were living in a small chalet in the mountains. There was no snow and we were snowboarding on the grass. We were putting water on the slope and, of course, it was not convenient and we got bored. So I suggested something I had had in mind for three years; well, to create a BMX bike for snow. We made it during the night, we cut a snowboard and used a part of a scooter we had. We tinkered all night and in the morning there was a snowscoot in front of the chalet! (F.P., snowscooter firm founder)

Missionaries offer products that are intended to change the consumption patterns of customers to a more environmentally friendly and/or socially responsible pattern. Thus, by buying the product of a missionary founder, consumers not only fulfill their basic needs but also show their responsibility toward fellow citizens because consumers “vote” with their consumption.

The more you buy and seek to use your so-called buying power, the more the objects make your existence heavy. The more you have, the less you are. Look around you. People ask one another, "Does that shirt suit me well?" instead of asking "Are you feeling well? No?" It is incredible! And what I do is that I sell clothes that make sense. (R.C., sport clothing firm founder)

We want to educate consumers, show them what it means to buy clothes in a more responsible and sustainable manner. Here, the topic of sustainability should be of concern to everyone—just like it is already with other everyday topics such as clean driving or responsible food supply. (M.S., sport clothing firm founder)

Capabilities and resources deployed to produce goods. Darwinians, communitarians, and missionaries also differ markedly with regard to the capabilities and resources deployed to produce their goods (Table 4). Corresponding to their strong interest in firm profit, darwinians focus on cost-effective, mass production methods, often outsourcing production to factories in low-wage nations. They tend to protect their production processes and designs so they can shield themselves from competing firms.

But we knew that if we increased the volume, we'd buy cheaper. . . . And we are only now four years in, finding solutions that will allow us to lower the prices, but that's normal—that's entirely normal. The first four years are pretty much brand development and product development. Then there's a given moment when you begin to really turn a profit. (S.R., ski firm founder)

Thus, we have the whole production department centralized in Taiwan, where many parts are manufactured nowadays because of market requirements; therefore, our bikes are put together there and also distributed from there. (M.C., bike firm founder)

I just think we are very exciting because we are backed by lots and lots of patents, which makes it so much more thrilling. . . . And if you spend 180,000 euros on patents alone, like we have done, then you are talking about a serious business. (F.B., mountain bike firm founder)

In contrast, communitarians tend to use highly individualized, artisanal production methods. They typically consider their products works of art and pay a great deal of attention to each unit produced. Moreover, as communitarians value the exchange with fellow enthusiasts, they believe that preventing others from using their ideas (production processes, designs, etc.) may inhibit progress in the field.

What happens in a major brand is, the guy is making powder boards; they're going to make a mold, and

there's a guy paid minimum wage to make a mold, and—boom—in a week, the whole stock is in. What I think people like, with me, is the artisan side of it, the manual, personal aspect. I make each board myself; I know what goes into every board. I apply myself to that because my biggest nightmare is getting a return. I really don't want someone coming to me saying, "Shit, I bought this board last week, and there's something wrong with it. This came unglued." That's horrible for me. (K.K., snowboard firm founder)

I'm more into a sharing logic. Everything I do, all you have to do is go to my site to see I've got total transparency: how I lay my fibers, where I lay them, my suppliers—it's all told. (S.P., ski firm founder)

With this type of product you cannot be the only one to make it, otherwise it is not a sport anymore. If you want you can try to protect your product, but you should not prevent the others from doing similar products. (F.P., snowscooter firm founder)

Following the ideal of creating a socially/environmentally responsible firm, missionary founders take great care in building production capabilities and resources that can serve as exemplars for "better" practices and thus have the potential to inspire a more widespread adoption in their industry and beyond. Applying a holistic understanding of what it means to be a responsible producer, they spend much effort on finding suppliers that share their world view and principles, and invest in building long-term relationships.

We take extreme care in establishing production processes that meet or exceed the strictest environmental criteria, we want to be the role model. . . . Unfortunately, there are firms that simply pretend that they are concerned about the environment, the so-called "greenwashers" . . . they do the bare minimum in order to advertise with that. (M.Z., sport clothing firm founder)

It starts from an idea that we want to have clean suppliers. And to have suppliers that are clean, you have to have long-term relationships because we ask them to make a certain number of investments and so you cannot do what they call cherry-picking. . . . What we are doing is that we are looking for some people who are in the same spirit as us. . . . It has to be long-term negotiations. When they say, "Not now, I cannot," you believe them; you are not trying to economize on the last penny. . . . We do group sessions with the suppliers . . . and we work on themes like sustainable development. We have lessons that are organized every two or three years to talk about family planning, condoms, working conditions—all that is necessary for sustainable development. (D.A., manager, supplies and product development)

It is important to note that in the darwinian and communitarian cases, the choice of the firm's suppliers was largely unaffected by the founder's identity. Although communitarian founders focused on artisanal production methods, some of them purchased their materials from the same sources as their darwinian counterparts, and they also applied a primarily cost-benefit logic when making purchasing decisions. This observation gives rise to a more fundamental one, as our findings indicate that identity will affect only those strategic decisions that are identity-relevant along the dimensions of the meanings that the individual associates with being a founder. In other words, if a particular strategic decision is unrelated to these meanings, founders will base decisions on some standard criteria they are aware of—such as the aforementioned cost-benefit logic in the case of communitarians.

Extension to the Analysis: Hybrid Identities and the Role of Founding Teams

To provide a clean illustration of our findings, the analysis has thus far focused on the three pure types of identities found in our sample. Beyond these pure types, our sample also contains 11 individuals with what we call a hybrid founder identity, one that combines elements of the pure types (Table 1). Most of these hybrid founder identities in our sample are characterized by a combination of meanings from the communitarian identity and the darwinian identity, and our analysis suggests two main ways in which this combining seems to occur. First, the founder has a background that combines business experience with community experience. For example, one such founder had worked at a large ski firm before starting his own firm while also enjoying his membership and his status in the sports community. Second, it seems that external pressures drive the founder to make concessions to appeal to investors, who typically demand high levels of financial performance. In terms of their core strategic decisions, our analysis indicates that founders with hybrid identities evolve in many different and—from an identity perspective—hard-to-predict directions. For instance, in the case of founders who combine elements of the communitarian and the darwinian identities, we found that they sometimes base their strategic decisions on meanings associated with one of the identities, or that a particular strategic decision combines the meanings of both identities.

Our sample also contains firms that were established by a team of founders, rather than an individual. These cases provide some insight into the role of multiple founder identities in new firm cre-

ation (cf. Drnovsek, Cardon, & Murnieks, 2009). Specifically, by distinguishing cases of homogeneous and heterogeneous founder teams, our data analysis suggests that individuals who share the same type of identity will behave and act in a highly consistent manner when setting up their firms. For instance, in the communitarian cases, we saw that the prospective founders typically met each other while performing the sport and thought it would be interesting to start a firm because of shared aspirations to pursue their passion for the sport and contribute to the community. Our data also contain a few cases in which the founders have different types of identities and differing notions about what goals the firm should pursue, which activities it should undertake, and so on. These different views were often the subject of intense negotiation between the founders, so divergent identities can be a major source of conflict within a founding team. Oddly enough, founding teams in our sample usually were not aware that the root of their conflict lay in their divergent social identities but believed the conflicts to be simple differences in opinion. For instance, in one of the ski firms we examined, the founding team was comprised of a communitarian and a darwinian who had repeated disagreements about the way in which the skis should be manufactured and marketed. Ultimately, the darwinian founder left the business and went to work in the soft drink industry, and the communitarian founder launched a new ski firm. Commenting on his former darwinian colleague, the communitarian noted:

I think it stemmed from a lot of discontent on the manufacturing and administrative side of the business. Not to put words in his mouth, but he became increasingly more frustrated with production, output, and administrative response from our supplier. He decided he had grown weary and frustrated with manufacturing and wanted to leave the partnership. I do not know what he will do. But I will continue to build skis here. (S.D., ski firm founder)

DISCUSSION AND CONCLUSION

We began this study by noting that classical entrepreneurship theory portrays the prospect of monetary gain as the primary motivation for creating a new firm. Our findings critically extend this conception, as founders in our sample could frequently be classified as belonging to one of three pure social identity types, with each of these types associating distinct meanings with their entrepreneurial activities: darwinians, who have a type of identity that we would expect to dominate in industry settings, given the norm for what it means to

be a successful firm founder in a competitive market system; communitarians, who deviate in fundamental ways from the darwinian norm by viewing their firms as social objects; and missionaries, who also deviate from the darwinian model by seeing their firms as political objects.⁷

Beyond documenting the existence of these pure types of founder identities and describing their features, our study provides evidence of how these identities are reflected in distinct entrepreneurial behaviors, actions, and outcomes. In particular, our analysis provides detailed examples that indicate stark differences along several core strategic dimensions of new firm creation, thereby illustrating how founders seek to behave and act in ways that are consistent with their self-concepts.

Although our findings offer a number of important insights into the field of entrepreneurship, one of the main contributions of the present study is a novel typology that provides a multidimensional conceptualization of firm founders (cf. Table 2), as well as a powerful explanation for why founders with different types of identities make vastly different decisions in new firm creation (cf. Table 4). To clarify the implications that the proposed typology may have for theory development in entrepreneurship and related research, it is important to assess whether the relevance of the three pure founder identity types is likely to extend beyond the current empirical context and how the proposed typology relates to existing typologies in entrepreneurship.

First, in terms of the typology's empirical relevance, we cannot necessarily expect all three founder identities to be of equal importance in all industries. The results of this study suggest that founders with darwinian identities are more common than founders with communitarian or missionary identities. Specifically, we estimate that in most industries, founders with missionary identities are the rarest, because of the inherent tension between pursuing a political mission and ensuring firm survival. As an illustration for our typology

that reaches beyond the area of sports, consider banking, one of the most traditional economic sectors in which all three types coexist. Banks founded by darwinians represent most banks in modern economies, yet it seems reasonable to speculate that many countries contain a nonnegligible number of communitarian banks whose founders want to build better and sustainable local communities by, for example, offering employment opportunities for local residents, keeping local capital in the communities, providing a local investment option for shareholders, and funding community projects—in addition to providing quality banking services.⁸ As in the sports-related equipment industry, it seems likely that missionary founders represent the rarest type of founder in the banking industry. Consider the example of the Alternative Bank of Switzerland, founded by several individuals who were active in ecological and social movements. Being aware of the responsibility banks have in the functioning of modern economies and questioning the predominant economic logic encountered in banking, the founders established a new type of bank that follows universal principles of social respect, pursues ecological responsibility and transparency in its operations, and plays an active role in the ecological and social transformation of the national economy (König & Wespe, 2006).

As for founders with hybrid identities, it seems that such individuals may be fairly common in most industry settings and that they may become even more prevalent in coming years, given the increasing demands placed on traditional business firms to internalize social and environmental responsibility. In a globalized world, nations and groups of nations are faced with declining capacities to establish market frameworks that guide economic behavior (Scherer & Palazzo, 2007). In this vein, as Sachs suggested, "Each company needs to be part of the solution and needs to stretch its activities beyond normal market activities. This does not mean to turn the company upside down or into a charitable institution, but rather to identify the unique contribution the company may make as part of a broader effort to solve a major social challenge" (2008: 321). These solutions may manifest themselves in a variety of business initiatives, including corporate social entrepreneurship programs (Hemingway, 2005).

⁷ The missionary founder identity identified in our research may remind readers of the "missionary organization" described by Mintzberg (1989). Looking at the approaches that these organizations pursue to fulfill their missions, Mintzberg identified three different forms: "reformers," "converters," and "cloister missionaries." Future inquiry into the approaches that the missionary founders identified in our research use to pursue their missions may uncover similar forms. We thus might be able to establish a link between findings based on the application of social identity theory in entrepreneurship and Mintzberg's observations.

⁸ In this vein, the frequently used term "community bank" does not necessarily refer to an institution with a communitarian approach to banking; community banks often follow purely darwinian business principles.

Second, in terms of its relationship to other typologies, the conceptual framework that appears to be most closely related to the one developed in the present study is the “growth vs. lifestyle ventures” typology (e.g., Morris, Schindehutte, & Allen, 2005). In this typology, “growth ventures” are characterized by a founder’s strong aspirations for wealth creation, whereas the founders of “lifestyle ventures” aim at generating sufficient personal income to pursue other goals in their lives that they deem more important. Beyond observing that this typology neither draws on a distinct theoretical base nor specifies how the aspirations of founders manifest themselves in their strategic decisions, one may, *prima facie*, be tempted to perceive some resemblance between the darwinian firms and the growth-oriented ventures on one hand, and between the communitarian firms and the lifestyle ventures on the other. This perception may be fueled by the fact that we studied founders in the sports-related equipment industry, a domain that has some natural association with lifestyle. However, from a social identity perspective, lifestyle, along with other goals, can be a goal in the “utility function” of any type of entrepreneur; in fact, our data indicate that lifestyle considerations play a role with a number of founders of all types. For instance, some darwinians choose to live in small alpine villages so they can enjoy a desired lifestyle (spending time on the slopes, in nature, etc.) and run their firms at the same time. In the aforementioned example of the banking industry, although all three types of founder identities seem to coexist, given the nature of banking, one would not be tempted to think of lifestyle as important to any of the three. Hence, although they appear to be related, the growth versus lifestyle typology and the social identity typology lead to examination of entrepreneurship from different vantage points and, as a consequence, the two typologies offer distinct contributions to the literature.

Furthermore, our typology of founder identities and the associated insights on what it means to be an entrepreneur can be related to the domain of political philosophy, a domain characterized by a long and profound discourse on what it means to be a “human agent, a person, or a self” (Taylor, 1989: 3). In fact, scholars of political philosophy often distinguish among three fundamental conceptions of human nature (Beitz, 1979; Taylor, 1989) that show intriguing parallels with the three founder identity types identified in the present study: the atomistic self, the communitarian self, and the cosmopolitan self.

First, following Hobbes (1651/1962), one way of conceiving of human nature is to see *a person as a*

wolf to another person. In this view, the individual is an “atomistic self” who is self-sufficient, outside society, independent, and focused on the pursuit of private interest, and for whom social relationships are driven primarily by rivalry (Rawls, 1971).

A second way of conceiving of human nature is to see *a person as a situated self*—that is, a communitarian self. In this view, “Man is by nature a member of a community [and a] social animal . . . because he is not self-sufficient outside a polis” (Taylor, 1985: 190; see also Sandel, 1981). Individuals are shaped by the values of their community, want to nurture their relationships with their community, and believe that they have obligations toward it (Kymlicka, 1989; MacIntyre, 1995; Walzer, 1983).

Finally, a third way of conceiving of human nature is to see *a person as a citizen of the world*, a concept framed by Diogenes of Sinope (Laërtius, 1925), and thus as a “cosmopolitan self” who is a member of a single, universal human community in which all are subject to the same moral standards (Kant, 1795/2003). In this view, the task of world citizens is to “make all human beings more like our fellow city dwellers” (Hierocles, quoted in Nussbaum, 1997: 9; also see Levinas, 1990; Pogge, 1992).

Implications for Entrepreneurship Research

The results presented in this article can inform theory development in entrepreneurship in several ways. Most generally, our findings suggest that social identity theory has the potential to serve as a valuable platform from which to expand general understanding of entrepreneurship. This approach establishes a common frame of reference for explaining the different meanings that founders associate with the creation of a new firm—notably, meanings that reach well beyond the classical view that founders are driven primarily by the prospects of personal monetary gain (e.g., Schumpeter, 1942). Furthermore, as individuals strive for behaviors and actions that are consistent with their identity, the social identity approach helps to explain why founders choose to pursue particular behaviors and actions in new firm creation, thereby providing novel insights into stark differences among different firms’ creation processes and outcomes.

The link between founder identity on the one hand and behaviors and actions on the other seems to be particularly tight in the case of communitarian and missionary identities, given that behaviors and actions common to these types of identities form a relatively small subset of all potential actions that may be pursued when creating a new firm. The meanings internalized by darwinians are

somewhat more abstract, suggesting a larger scope of potential actions; however, for a variety of reasons, darwinian founders also restrict themselves to a subset of potential actions when setting up a firm. For instance, their pursuit of only “professional” approaches and their strong profit and growth orientations lead them to discard some market segments, some types of production processes, and more radical innovations. Therefore, a founder’s social identity establishes an important restrictive corridor, because only some behaviors and actions are considered appropriate in entrepreneurship and not others—a circumstance that could also be a fundamental source of conflict when a team of founders is composed of individuals with different identities.

In this regard, it seems unfortunate that scholars’ understanding of many topics in entrepreneurship, such as the choice of a firm’s target market or its resource deployment strategies, relies largely on the assumption that founders make decisions in a calculating manner (e.g., by applying cost-benefit analyses or analyzing market attractiveness using a range of indicators). The findings presented in this study suggest a more nuanced view of entrepreneurial decision making in that the sampled founders frequently applied criteria related to how well decisions matched their identities. Therefore, future studies may revisit some of the earlier findings on decision making in entrepreneurship from this perspective.

The findings of this study also enrich understanding of the early stage of entrepreneurial opportunity identification. Specifically, we have seen that individuals who have a particular identity identify and exploit opportunities along major dimensions (such as target market and the resources utilized to cater to that market) that are systematically different from those identified by individuals with other types of identities. Furthermore, we have observed fundamental differences in the type of value creation potential that individuals associate with their opportunities, as darwinians look for opportunities that will lead to personal monetary gain, but communitarians strive for opportunities that will allow them to support and be supported by their community. Missionaries look for opportunities that have the potential to advance their cause. Hence, it seems that, because identity serves as a cognitive frame for interpreting experience and because identity increases sensitivity to certain cues for behavior, founders perceive as opportunities only those situations that are consistent with their self-concepts as they strive for identity-relevant actions in creating their new firms. Thus, an

individual’s identity can be considered a key factor in opportunity identification that is separate from other factors discussed in the literature, such as prior knowledge, different access to information, and different cognitive abilities (Shane, 2003; Shane & Venkataraman, 2000). Furthermore, our findings suggest that the identity-based affinity to a particular opportunity may explain why some founders do not take alternative, perhaps financially more attractive opportunities into account when they create new firms (Gruber, MacMillan, & Thompson, 2008).

Along these lines, the results of this study also offer intriguing insights on the different conceptions of firm performance that founders with different types of identities associate with new firm creation. Darwinians view the financial performance of their firms as their primary measure of success; communitarians are mainly interested in supporting and in being supported by a particular community, and they derive strong personal satisfaction from being a useful and respected community member. For their part, missionaries are primarily interested in seeing that their political vision is followed, supported, and implemented by as many people as possible, so that the world can become a “better place” according to their mission. Hence, empirical studies as well as theories building on the conventional assumption that founders engage in new firm creation to achieve strong financial performance outcomes could, to some extent, be misleading.

This study also has interesting implications for research on entrepreneurial teams (Wright & Vanaelst, 2009), because most research on this topic examines demographic characteristics, such as the educational background of team members, to assess heterogeneity within founding teams (e.g., Franke, Gruber, Harhoff, & Henkel, 2008). Our results indicate that heterogeneity in founders’ identity seems to be an important team dimension that to date has largely gone unnoticed in this area of research. Looking at our data, we found it particularly intriguing to observe that such heterogeneity can be a fundamental source of team conflict, although a team of founders may themselves simply view their ongoing conflict as recurring differences of opinion. Likewise, it seems that homogeneity on the identity dimension can be a fundamental source of positive energy and enthusiasm in entrepreneurial teams.

Overall, this discussion indicates that the identity concept can lead to valuable insights on a variety of topics that are core to the field of entrepreneurship. Hence, from a methodological perspective, researchers may want to develop

scales with which to measure the identities of firm founders to make the identity concept accessible for large-scale empirical studies.

Implications for Related Literature

The results of our study also have implications for the related literature on organizations and strategic management. First, our results add to research on upper echelons (Finkelstein et al., 2009) by showing how an agent's social identity is reflected in firm-level outcomes and, more generally, by illustrating how the social identity approach can help to explain organizational features. Specifically, because this approach emphasizes the importance of the social dimension in a person's concept of self, it can enrich current conceptualizations of human agents in upper echelons research by highlighting the social meanings that humans attach to their work-related activities.

Second, our findings provide novel insights for the literature on organizational imprinting (Baron, Hannan, & Burton, 1999; Boeker, 1988). This literature has focused on how a founder's pre-entry knowledge imprints an emerging organization. Although the importance of pre-entry knowledge endowments has been the subject of considerable theoretical and empirical research, we are unaware of any study that highlights the fundamental influence that the founder's identity can have on a new firm.

Finally, our findings offer novel insights into the ways in which firm heterogeneity arises in a particular industry (Zott, 2003) by highlighting the role of founder social identity as an important source of firm-level differences in a particular industry. These insights can also inform understanding of the origins of competitive advantage, the persistence of financially underperforming firms (Gimeno, Folta, Cooper, & Woo, 1997), and the different types of individual-level utility functions in business settings (Podolny & Scott Morton, 2002).

Limitations and Opportunities for Future Research

In studying firm founders in the sports-related equipment industry using a sampling strategy designed to maximize heterogeneity, this research identified three pure types of founder identities, as well as hybrid forms. However, in spite of cross-checks in other industry settings that provided evidence in support of our results, more research is needed to ascertain whether the findings of this study can be more broadly generalized.

In addition, the patterns that emerged in this research must be interpreted within the limitations of a cross-sectional, exploratory research design, particularly its inability to determine directions of causality. The development of one's social identity is typically a long-term process that begins with social observations made in childhood (Turner, 1968). In support of this notion, the limited data we collected on the founders' biographies suggest that the differences in their identities had emerged early in their lives. For instance, as an expression of their identity, darwinian founders often chose to obtain an education in management or economics before embarking on their entrepreneurial careers, but communitarians and missionaries often studied in technology fields prior to launching their firms. However, the founders we interviewed, like most people, tended to reinforce and question their identities over the course of their careers because experiences in the social sphere and the types of social contracts in which they engage are fundamental to their sense of self (Brewer & Gardner, 1996). Hence, the founders' behaviors and actions we observed were likely to have resulted from their identities, but their actions are also likely to have influenced their identities via feedback received from the social environment. Yet, since the three pure types of founder identities are associated with distinct meanings that represent individual self-concept and are based on very different worldviews, it seems unlikely that their firms' actions and the founders' subsequent observations of the associated outcomes would lead to the formation of these distinct identities. However, since we cannot fully rule out such a pattern in the present research, in-depth biographical or longitudinal research projects would be useful in clarifying the causal relationships and feedback loops among the aforementioned concepts. For instance, future research could study how a founder's identity initially develops, how social identity influences the specific kinds of knowledge to which one is exposed, and how such exposure may reinforce or challenge one's self-concept.

In this study, we looked at social identity on the individual level, and at how it affects the firms founders create, but our research raises interesting questions about the critical link between individual-level identity and firm-level identity (Barney et al., 1998; Whetten & Godfrey, 1998). Preliminary insights gathered from our data suggest two main mechanisms through which the founder's identity shapes a firm's identity as the founder strives for identity-relevant actions on the firm level: (1) the

founder's hiring practices (which lay the foundation for the firm's organizational identity) and (2) the founder's activities in establishing the firm's outward presentation (which lay the foundation for the firm's corporate identity). For instance, our data suggest that communitarian founders typically hire other communitarians to ensure that their organization acts in ways congruent with the meanings of their own identity. However, there are also cases in which darwinians deliberately deviate from their own identity by establishing a different type of identity—particularly a communitarian one—for their firms. In other words, it seems that a communitarian (missionary) identity on the individual level is typically reflected in the same type of identity on the firm level, but not every communitarian (missionary) firm identity is associated with the same type of individual identity.

Another research opportunity would arise from viewing our findings in conjunction with Cardon and colleagues (2009), a study focused on entrepreneurs' identity claims in terms of their preferred roles within the entrepreneurial process (such as launching the firm). Since our study made founder social identity the focal study subject, when both studies are viewed in combination, it seems that the process-oriented role identities described by Cardon and colleagues may function within each of the three types of founders' social identities identified in our study. Hence, future research could attempt to integrate both identity concepts to further refine researchers' understanding of the effects of founder identity on emerging firms.

The findings of the present research may also be relevant to research on family businesses. For instance, researchers may want to explore the identities of founders and their successors in such businesses, since divergence in the identities of members of two generations may be an important source of conflict and may explain why family firms are run differently after their founders pass the firms on to the next generation.

Finally, the results of the present study can serve as a promising point of departure for an investigation of the mid to long-term financial performance of new ventures founded by individuals with different types of identities. In this vein, one may speculate that, although firms established by communitarians are not founded with the objective of creating financial wealth, at least some of these firms may become growth businesses as their communities grow. Similarly, missionary firms may experience significant growth once their missions are more widely acknowledged in society.

Conclusions

Social identity theory has acquired the status of a key concept in describing and explaining individual behavior and action (Gioia, 1998), yet knowledge of the role of founder identity in entrepreneurial processes and outcomes is in its very early stages. Beyond providing a compelling explanation for why founders who operate in a particular industry setting establish different types of firms and pursue particular actions, and not others, the strength of the social identity approach lies in its ability to clarify the different meanings that founders associate with new firm creation. Hence, by helping scholars to better understand "what it means to be an entrepreneur," the application of social identity theory to entrepreneurship provides the opportunity to obtain fundamental insights into founders and their entrepreneurial endeavors.

It has been more than 2,400 years since the Greek statesman and orator Pericles provided what can be considered the first statement of social identity: "What does it mean to be Athenian?" (Gioia, 1998). Because the identity concept captures an essential aspect of what it means to be human, the notion initially invoked by Pericles is as topical today as it was in ancient Greece, and it seems to be a key source of new insights into the functioning of (new) firms.

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