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LEGITIMATE DISTINCTIVENESS AND THE ENTREPRENEURIAL IDENTITY: INFLUENCE ON INVESTOR JUDGMENTS OF NEW VENTURE PLAUSIBILITY

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We theorize about how the entrepreneurial identity, which we define as the constellation of claims around the founder, new venture, and market opportunity as to "who we are" and "what we do," serves as a touchstone for investor judgments about new venture plausibility. We propose that entrepreneurial identities are judged favorably when they are legitimately distinctive, and that such judgments are influenced by market context and are mediated by identity narratives that provide institutional primes and equivocal cues in investor sensemaking.

Newness, the hallmark of entrepreneurship (e.g., Busenitz et al., 2003; Ireland, Hitt, & Sirmon, 2003; Lumpkin & Dess, 1996; Rindova, Barry, & Ketchen, 2009), is also its significant liability (Stinchcombe, 1965), attenuated only by the acquisition of legitimacy (Singh, Tucker, & House, 1986). Legitimacy reflects an endorsement of an organization by powerful institutional actors (Singh et al., 1986), such as investors, bankers, venture capitalists, and other resource providers, and has been recognized as "a critical ingredient for new venture success" (Starr & MacMillan, 1990: 83) because it is linked to the likelihood of firm survival and growth (e.g., Aldrich & Fiol, 1994; Delmar & Shane, 2004; Zimmerman & Zeitz, 2002). Although the achievement of legitimacy is desirable for all organizations, it is particularly important for young firms and entrepreneurial ventures.

Legitimacy is the perception that a venture is "desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995: 574). Legitimacy is often achieved through isomorphism—that is, conformity to institutionalized preferences (e.g., Deephouse, 1996)—such that entrepreneurial ventures align with established and sometimes necessary constraints (Rindova et al., 2009). Yet such conformity to established standards is antithetical to entrepreneurship, which tends to be more concerned with novelty, distinctiveness, and nonconformity. Thus, in entrepreneurship legitimacy coexists with its contradiction—distinctiveness—and involves a "trade-off between the emancipating aspects of entrepreneuring and the accommodation of constraints" needed to acquire resources (Rindova et al., 2009: 483).

In distributing resources, investors seek "good risks" and entrepreneurs seek to make their ventures seem so. The entrepreneurial challenge is to accomplish this under conditions of high uncertainty and ambiguity, often "before any actual products are produced or before reliable reputational information is available" (Elsbach & Kramer, 2003: 283). In this early stage entrepreneurial endeavors are often little more than a business plan or a claim to "what we *will do*" or "who we *will become*," told in identity stories (Lounsbury & Glynn, 2001) in which entrepreneurs construct "elaborate fictions of proposed possible future states of existence" (Gartner, 1993: 17). A firm's identity is a "theory of being" that articulates "'who' they are as a firm, 'what' they stand for, and 'why' they are successful"

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(Livengood & Reger, 2010: 51). Firms carve out an "identity domain" in the markets in which they compete in order to influence "stakeholders' perceptions about their ability to create value relative to competitors" (Rindova, Williamson, Petkova, & Sever, 2005: 1033). Identities become most prominent under conditions of high uncertainty and ambiguity, the same conditions that generally characterize entrepreneurship (e.g., Aldrich & Fiol, 1994; Aldrich & Ruef, 2006; Lounsbury & Glynn, 2001).

To date, however, there has been sparse inquiry into the role of identities in entrepreneurship (for exceptions see Lounsbury & Glynn, 2001; Martens, Jennings, & Jennings, 2007; Tripsas, 2009a) and even less into how they are understood and evaluated by potential resource providers. We address this gap by focusing on the construct of the entrepreneurial identity. We define the entrepreneurial identity as *the constellation of claims around the founders, organization, and market opportunity of an entrepreneurial entity that gives meaning to questions of "who we are" and "what we do."* We propose that entrepreneurial identities will more likely be judged as plausible by investors when they are legitimately distinctive—that is, they consist of *legitimating claims* that align the entrepreneurial endeavor with expectations arising from institutionalized conventions and consist of *distinctiveness claims* that distance it from such institutionalized conventions in ways that are meaningful.

A legitimately distinctive entrepreneurial identity is paradoxical because it embeds both conformity and deviance, containing identity elements that are contradictory or oppositional. Such hybrid (e.g., Albert & Whetten, 1985) or multiple identities incorporate competing tensions (e.g., Pratt & Foreman, 2000), presenting a challenge for entrepreneurs to manage and for investors to interpret and assess (e.g., Zuckerman, 1999). Our investigation of this paradox is guided by three objectives: (1) to examine the composition of the entrepreneurial identity in terms of the duality and contradictions of legitimate distinctiveness; (2) to examine how the entrepreneurial identity is interpreted, understood, and evaluated in the sensemaking of potential investors; and (3) to examine these effects on investors' subjective judgments about the proposal's plausibility. We seek to make several contributions, as follows. We respond to calls for a deeper understanding of the dynamic tensions inherent in entrepreneurship (Rindova et al., 2009: 483), greater specification of identity in entrepreneurship (Cardon, Wincent, Singh, & Drnovsek, 2009), and an opening of the "black box" linking entrepreneurial claims to investors' perceptions (e.g., Grégoire, Koning, & Oviatt, 2008). Beyond these specific calls, we respond more generally to the need for more expansive and contextually embedded treatments of entrepreneurship (e.g., Rindova et al., 2009). To do so we synthesize cognate elements from the literature on entrepreneurship, on identity, and on institutions to theorize about both the composition and the effects of the entrepreneurial identity. Below we describe the ways in which our work contributes to these bodies of literature.

In the entrepreneurship literature an understanding of identity can reveal strategies of resolution for the entrepreneurial paradox (Rindova et al., 2009), illuminating possibilities for how new entrepreneurial entities can bend to constraints while retaining their novelty. In particular, we show how entrepreneurial identities sit at the intersection between claim-making or sensegiving by entrepreneurs and interpretations or sensemaking by investors. Thus, our focus on investors' subjective judgments complements the many studies of objective criteria used by investors in their funding decisions (Grégoire et al., 2008).

In the identity literature scarce attention has been paid to entrepreneurship as a site of identity creation and interpretation. This is ironic because entrepreneurship may offer one of the most visible instances of identity, particularly as it exists apart from material or "real" products or services, operational systems, or organizational systems (e.g., Glynn, 2008). In the institutional literature entrepreneurship has been treated primarily in terms of "institutional entrepreneurship"—that is, the construction of large-scale change in existing institutions or the introduction of new institutions, where active individuals or groups overcome taken-for-granted constraints to introduce innovation (Battilana, Leca, & Boxenbaum, 2009). Our framework offers an alternative view of institutions and entrepreneurship: that of entrepreneurs seeking to incorporate institutionalized beliefs in ways that introduce novelty but still evidence some conformity (e.g., Barley & Tolbert, 1997; Powell & Colyvas, 2008).

We begin with an overview of theories of entrepreneurship, identity, and institutions and, from this, develop our model. We advance testable propositions on how the focal market context for entrepreneurship provides a frame of reference for constructing a legitimately distinctive entrepreneurial identity and, in turn, how this affects investor sensemaking and investors' subjective judgments of the plausibility of new ventures. We conclude with a discussion of implications for research and practice, including empirical strategies for advancing our understanding of the entrepreneurial identity, particularly in terms of the tensions inherent in legitimate distinctiveness.

ENTREPRENEURSHIP, IDENTITY, AND LEGITIMATE DISTINCTIVENESS

Identity defines and gives meaning to an entity (e.g., Corley et al., 2006); under conditions of uncertainty or ambiguity, identity takes on heightened importance, functioning as a critical organizational resource (Glynn, 2000) and a device for sensemaking (Weber & Glynn, 2006; Weick, 1995). Identity is thus important in entrepreneurship, especially in early stages when endeavors may consist of little more than business concepts or plans, crafted by nascent entrepreneurs trying to seize novel market opportunities. In these contexts subjective judgments of what is "claimed" take on greater relevance, since objective assessments of organizational structures, systems, products, services, or competitive strategy are not yet known or fully predictable.

Generally speaking, identity is a claim-making activity (e.g., Ashforth & Mael, 1989; Glynn, 2000; Porac, Wade, & Pollock, 1999) about the core attributes that constitute an entity; these attributes can describe the nature of the market, the organization, and the individual (cf. Dutton, Dukerich, & Harquail, 1994). The entrepreneurial identity embeds all three levels of analysis—the founder (individual level), the proposed new venture (organizational level), and the focal institutional sector (market level; Amit, Glosten, & Muller, 1990). When Virgin Atlantic was formed, for instance, its entrepreneurial identity was defined not only by its unique competitive stance in airline travel but also in terms of its adventurous founder, Sir Richard Branson. We theorize that the entrepreneurial identity is an integrating mechanism, connecting all three levels—founders, ventures, and markets—within "webs of meaning" that investors use to assess value (Rindova et al., 2009).

We build on the multilevel framework of Klein, Dansereau, and Hall (1994), which specifies three distinct assumptions—homogeneity, heterogeneity, and independence—about the variability among members of a category. Homogeneity assumes that category members are similar, with low variability among them; in this case all entrepreneurial identities would be treated as generally similar. Heterogeneity assumes that category members are dissimilar, with high variability among them; in this case entrepreneurial identities would be treated as distinctive and individuated. Independence assumes that there is simply no relationship (either similar or dissimilar) to others in the same or different categories; in other words, an entity is acategorical.

This last assumption—independence—is particularly problematic for investors in understanding or assessing new ventures. Research examining the subjective judgments of resource providers suggests that entities with independent identities are the hardest to judge, the least understood, and the most likely to be discounted in investment decisions. For instance, Elsbach and Kramer (2003: 298) found that in Hollywood pitches expert judges quickly dismissed the work of screenwriters who did not fit the creative prototypes they expected. Similarly, Zuckerman showed that securities analysts penalized heavily independent entities that "[stood] outside the field of comparison" (Zuckerman, 1999: 1401). Because they defy categorization, independent entrepreneurial identities are more likely to be eliminated in early rounds of investor consideration and not enter into the "deal evaluation" process (Tyebjee & Bruno, 1984). For these reasons we turn our attention away from independence and focus instead on entrepreneurial identities that exhibit homogeneity and heterogeneity.

The assumption of homogeneity underlies institutionalization and is reflected in the classic question posted by DiMaggio and Powell (1983): "Why are organizations so similar?" Institutionalists answer by pointing to the underlying mechanism of isomorphism, or conformity to taken-for-granted practices in the institutional environment, which operates through cognitive, normative, and regulatory forces (Scott, 1995). More generally, homogeneity assumes that higher-level properties (such as the collective identity of the category) blanket all entities within that category, rendering them similar. An assumption of homogeneity would model all entrepreneurs as having the same individual identity and all new ventures within a given market space as having the same organizational identity; thus, conformity is high but novelty is low, thereby enabling legitimacy but discounting distinctiveness. Distinctiveness, however, is foregrounded when heterogeneity is assumed.

Heterogeneity emphasizes that entrepreneurial identities exhibit differences or variations and are individuated within a particular category. For instance, individual entrepreneurs can be sorted by the level of their engagement in an enterprise—for example, as inventor, founder, or developer (Cardon et al., 2009)—or by their experience as entrepreneurs—for example, as nascent or serial entrepreneurs. Similarly, identity typologies can also differentiate new ventures—for example, as de novo or parent company ventures (Zimmerman & Zeitz, 2002). Thus, underlying heterogeneity is an assessment of the *degree* or *gradient* of identity attributes relative to the exemplars (or prototypes) that represent the focal category. Although category similarity may be claimed, it can be qualified to be distinctively different within the category, setting apart, for instance, the serial entrepreneur from the nascent one or the de novo new venture from the spin-off. In some ways claiming individual differences within a category is parallel to the concept of "optimal distinctiveness" in individuals' identities (Brewer, 1991, 1993): members' identities are different enough from others in the category to individuate them but not so different that they are not seen as members of the same category.

The entrepreneurial identity can be constructed to contain different combinations of legitimacy and distinctiveness by varying the assumptions made about homogeneity and heterogeneity. Homogeneity can be a touchstone for legitimacy, through an identity claim of prototypicality, while heterogeneity can anchor variations (or differences) from the prototype. Table 1 illustrates how these assumptions can shape the entrepreneurial identity at the individual and firm levels, showing how shared sameness with or distinctive differences from category prototypes can be claimed in identities that describe "who we are" (as individual entrepreneurs) or "what we do" (as a new venture in a given market context). Thus, the entrepreneurial identity can juxtapose claims of homogeneity (with other members of the category) with claims of heterogeneity (of differentiation from other members of the category) to construe its legitimate distinctiveness.

Although an entrepreneurial identity can contain elements of legitimacy and distinctiveness, this does not necessarily make it legitimately distinctive. Rather than standing in contradiction, the identity elements need to cohere into a meaningful whole, and do so in ways that investors see as plausible. Coherence, as a prominent factor in investors' decisions to fund a new venture (Lockett, Wright, Sapienza, & Pruthi, 2002; Manigart et al., 2000; Manigart, Wright, Robbie, Desbrieres, & Waele, 1997), has been described in terms of how all the aspects of the endeavor—that is, the people, the nature of the opportunity, and the market characteristics—come together to tell a story that "fits" together (Sahlman, 1996). When such stories combine understandings of "what this is all about" with meanings that resonate favorably with investors, entrepreneurs are more likely to obtain needed resources (Lounsbury & Glynn, 2001; Martens et al., 2007). We call attention to how identity narratives or stories (Ibarra & Barbulescu, 2010; Linde, 1993) function to integrate different identity elements in order to guide external audiences' sensemaking efforts and subjective judgments of new venture plausibility.

ENTREPRENEURIAL IDENTITY CLAIMS AND INVESTORS' SUBJECTIVE JUDGMENTS

Our model focuses on the construction of the entrepreneurial identity and its effects on the interpretations and assessments of interested investors. Our central argument is that to the extent that the entrepreneurial identity is constructed as legitimately distinctive, investors are more likely to perceive and interpret the entrepreneurial proposal as plausible; the underlying nature of such judgments will differ by market context and will be enabled by the formulation of a meaningful, coherent, and resonant identity narrative. We speculate that investor perceptions of plausibility will, in turn,

TABLE 1
Structure and Content of Entrepreneurial Identity Claims[a,b]

Level of Analysis	Homogeneity	Heterogeneity
Claims at different levels prime expectations of legitimacy and cue equivocality as a trigger for sensemaking	**Shared sameness** with other entities in the category reflected in conformity to core categorical conventions	**Comparative differences** from other entities in the category reflected in typological positioning within broader categorical conventions
Founder(s)—"who we are": claims of individual-level identities	Individuals share identity attributes with the "typical" members of the claimed identity categories	Individuals have distinctive identities that are comparatively different from others in the same identity category
Claims can pertain to various role (entrepreneur, executive), professional (teacher, doctor, consultant), educational (MBAs, Ph.D.s), ethnic (Hispanic), and other categories that help to define the individual components of the entrepreneurial identity	*Example: The category of "entrepreneur" suggests a creative, opportunistic, and risk-taking individual (e.g., Kirzner, 1997; Knight, 1921; Mises, 1963; Schumpeter, 1934)*	*Example: Within the category of "entrepreneur," entities can be contrasted as nascent versus experienced or serial versus one time, or with role identities such as inventor, founder, or developer (Cardon, Wincent, Singh, & Drnovsek, 2009), etc.*
New venture—"what we do": claims of venture-level identities	New ventures share identity attributes with the "typical" prototype for the identity category	New ventures have distinctive identities that are comparatively different from others in the same identity category
Claims can pertain to various structural (new venture, nonprofit), symbolic (name, logos), process, (JIT, TQM, online retail), product and service (online retailer, SaaS provider), and other categories that help to define the organizational components of the entrepreneurial identity	*Example: Isomorphic alignment with aspects of strategy (Deephouse, 1996), symbol (Lounsbury & Glynn, 2001; Zott & Huy, 2007), or practice in a given market space*	*Example: Variation of new venture identities within markets, as through membership in niche markets, such as specialty coffee (Rindova & Fombrun, 2001), or new business models to meet existing demand*

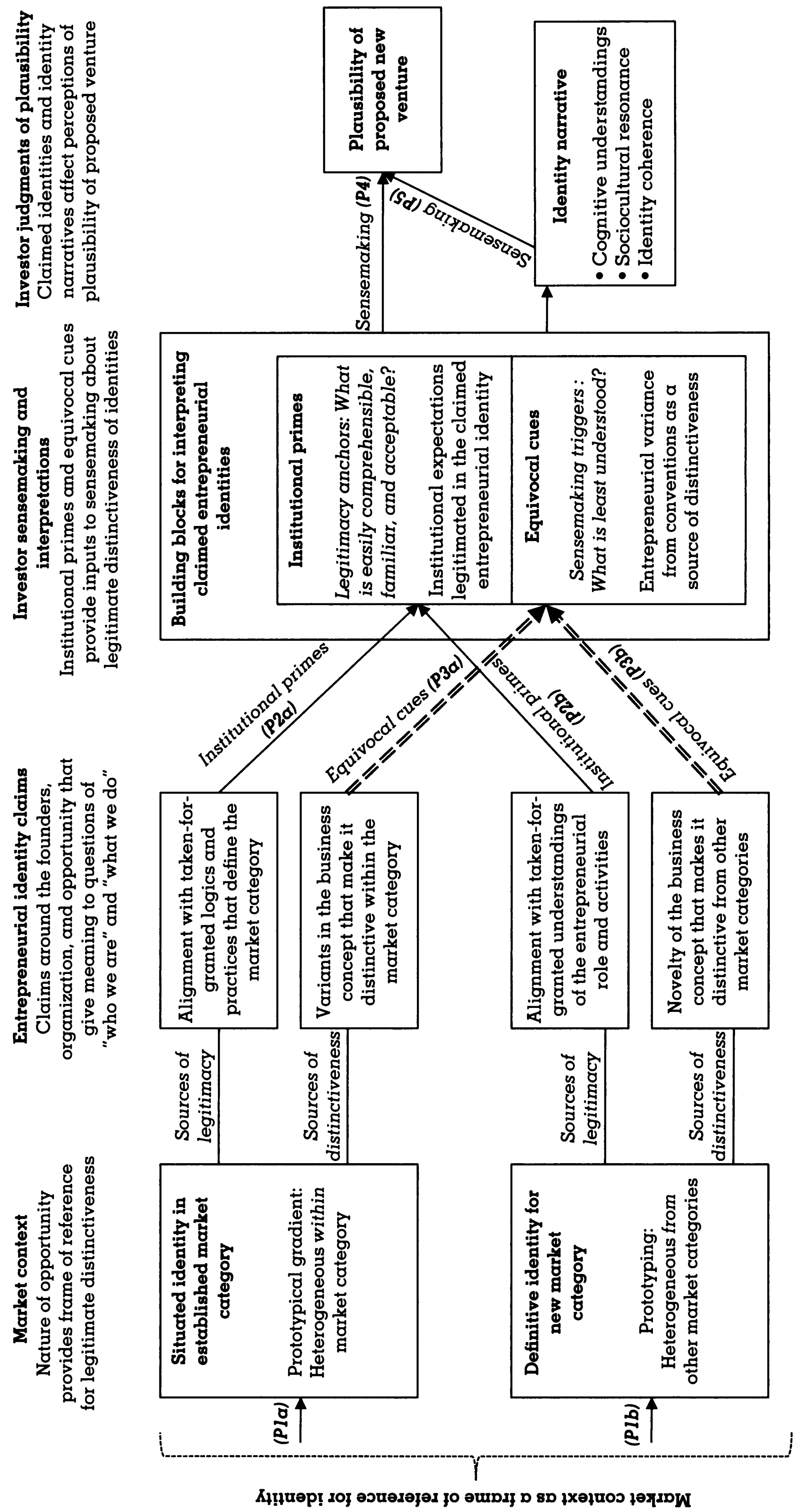
[a] Adapted from Klein, Dansereau, and Hall (1994: 205, Table 1).
[b] Examples are illustrative and not exhaustive.

positively affect investment decisions. Figure 1 provides our conceptual framework.

Market Context As a Frame of Reference for Identity

Entrepreneurial opportunities can be discovered *within* or *apart from* established market categories, as entrepreneurs enter "new or established markets with new or existing goods or services" (Lumpkin & Dess, 1996: 136). Our premise is that the characteristics of markets provide frames of reference that entrepreneurs appropriate in their identities and that investors use as guidelines to gauge their legitimate distinctiveness. Although market categories can vary along any number of dimensions, we focus on the difference between established and new market categories for several reasons. First, this is a distinction used extensively in entrepreneurship research (e.g., Kennedy, 2008; Kennedy, Lo, & Lounsbury, 2010; Lumpkin & Dess, 1996; Navis & Glynn, 2010; Santos & Eisenhardt, 2009). Second, the restriction of our theorization of market categories to two types (established and new) enhances the parsimony of a complex, multilevel model (see Table 1). Finally, our focus on two such "extreme" cases of markets (Eisenhardt, 1989) renders more transparent the role of the market category in the construal of the entrepreneurial identity.

FIGURE 1
How Market Context and Entrepreneurial Identity Claims Affect Investor Interpretations and Judgments



Legitimately distinctive entrepreneurial identities in established market categories. Established market categories have relatively clear and predictable demand environments, broadly recognized patterns of relations and actions that recur over time (Aldrich & Fiol, 1994), and little ambiguity about what constitutes appropriate or legitimate behavior (Santos & Eisenhardt, 2009). They are characterized by shared social understandings and normative structures that reinforce market meanings, and they are identifiable by a system of "exchange referred to by a label whose meaning is a matter of substantial collective agreement by the audiences who use it" (Kennedy et al., 2010: 369). In other words, established market categories have a high degree of institutionalization.

Personal banking provides an illustration of how institutionalized understandings function in an established market category. In banking, norms, beliefs, and expectations have become institutionalized around such meanings as what a bank does, how it should look, what can be accomplished, what the experience will be like, and what types of names are appropriate for a banking organization; viewed another way, it takes little effort to imagine the prototypical bank. Within established market spaces, such as personal banking, there is homogeneity in organizational logics and practices (e.g., Deephouse, 1996; Lounsbury & Glynn, 2001); the conventions not only define prototypical members but also clarify market boundaries.

Such expectations are often symbolized in organizational identities. Glynn and Abzug (2002) have shown, for instance, that isomorphism in organizational naming standards occurs within market categories, not across them. For example, a name like "Tony's Pizza" is perceived as appropriate for a restaurant, but "Tony's Bank" seems inappropriate for a financial institution (Glynn & Marquis, 2004). Established market categories thus supply a reservoir of conventions that function as a cultural "toolkit" (Swidler, 1986), which entrepreneurs can use in the construction of their identities and in their claims to categorical membership. Adhering to such conventions in their identity claims helps entrepreneurs "identify with other actors, values, or symbols that are themselves legitimate" (Ashforth & Gibbs, 1990: 181), thereby enhancing the legitimacy of the entrepreneurial endeavor (e.g., Aldrich & Fiol, 1994; Glynn & Marquis, 2004; Suchman, 1995). Deviation from these conventions, however, or not adapting when such conventions change, can put legitimacy at risk. The Internet boom of the 1990s illustrates both of these scenarios. Initially, when the "dot-com" name prefix carried high "category currency" (Kennedy et al., 2010), premiums were paid at initial public offerings to ventures that ended with such names (Lee, 2001). With the Internet bust, however, this naming convention was devalued and organizations still conforming to that convention suffered penalties (Glynn & Marquis, 2004).

Thus, established market categories supply potent cognitive anchors or frameworks of meaning (DiMaggio, 1997) that are understood by both entrepreneurs and investors; these are used to situate their claims and judgments of legitimate distinctiveness (Kim & Lippmann, 2009). Within established categories identities coalesce "around prototypical or focal stimuli (the best examples of a concept), with less prototypical or good members forming a continuum away from the central prototypical exemplars" (Cantor & Mischel, 1979: 10). To be legitimately distinctive, categorical members construct identities that are similar enough to the prototype to legitimately claim membership but different enough to individuate them from others within the category.

> *Proposition 1a: In an established market category a legitimately distinctive entrepreneurial identity is situated within that category to be both similar to other members but also differentiated from other members within the category.*

Legitimately distinctive identities in new market categories. New market categories are "business environments in an early stage of formation" (Santos & Eisenhardt, 2009: 644), which are characterized by ambiguity and uncertainty: product definitions are unclear or unknown (Benner & Tripsas, in press; Hargadon & Douglas, 2001), technologies are untried and not fully understood (Tushman & Anderson, 1986: 444), and market interactions and activities are unstructured (Santos & Eisenhardt, 2005). New market categories lack the cognitive anchor of established ones; rather, they confront the question of just how "real" the category is (Kennedy, 2008).

When a market category is first emerging, its defining attributes are typically ill formed, in flux, and without a clear prototype or exemplar, thereby raising basic questions about the identity of members ("who we are" and "what we do"; Kennedy, 2008). Satellite radio offers an illustration of how entrepreneurial identities became established with the evolution of the market category. Prior to widespread commercialization of satellite radio, the founders of its two constituent firms, XM and Sirius, focused their efforts on establishing a common understanding of the category, articulating "what we do" as producers (Navis & Glynn, 2010). They had to define the category in ways that would be meaningful to interested audiences who were unfamiliar with satellite radio; they had to make the new category "real" (Kennedy, 2008). Essentially, this involved prototyping or providing an exemplar of the business concept that would define the new market category. At the same time the founders also had to exhibit the qualities of prototypical entrepreneurs engaged in institutional leadership, and thus capable of defining the purpose, values, and enduring meanings of the new category (Glynn & Navis, 2010). Prototyping provides a cognitive anchor for understanding the identity of the entrepreneur (and the entrepreneurial role in the new venture) and how the entrepreneur will produce or "make it happen" (Amit et al., 1990: 102). Anchoring on the prototype of the entrepreneur simplifies the complexities of an unfamiliar market, reduces ambiguity about its viability, and increases investor confidence in the entrepreneur's predictability. In other words:

> Having typed a person [or role] as being more or less a particular sort, one is guided by general expectations about what that type of person [or role] is or is not likely to do and this reduces the range of actions expected from the person [or role] in particular situations (Cantor & Mischel, 1979: 6).

By way of illustration, consider how the prototype of "entrepreneur" elicits a different set of meanings and expectations than the prototype of "manager." The former tends to be associated with characteristics like risk taking, opportunism, and creativity (e.g., Kirzner, 1997; Knight, 1921; Mises, 1963; Schumpeter, 1934), which are not generally associated with managers (Busenitz & Barney, 1997).

Proposition 1b: In a new market category the legitimately distinctive entrepreneurial identity is definitive of the category and is perceived as a representative exemplar or prototype of the category.

We have argued that the market context for entrepreneurship provides frames of reference for composing the entrepreneurial identity and making it legitimately distinctive. Although the importance of having a legitimately distinctive entrepreneurial identity cuts across market contexts, the form the identity takes will change with different contexts: the entrepreneurial identity is *situated* within established market categories and *definitive* of new market categories. Next, we expand this basic idea to argue that entrepreneurial identities embed institutional primes and equivocal cues that focus investor sensemaking and shape investors' interpretations and judgments.

Investor Sensemaking and Interpretations

The uncertainty of entrepreneurship functions as a trigger in investor sensemaking (Weber & Glynn, 2006; Weick, 1995). We propose that the legitimate and distinctive elements of the entrepreneurial identity serve as institutional primes and equivocal cues, respectively, in this process.

Institutional primes in sensemaking. The building blocks of sensemaking are "minimal sensible structures," which Weick (1995) describes as abstractions and typifications that are tied to perceptual cues. Institutions, because they encode "shared rules and typifications that identify categories of social actors and their appropriate activities or relationships" (Barley & Tolbert, 1997: 96), provide classification schemes; in turn, these can prime and simplify sensemaking, reduce ambiguity, shape expectations, and instill an "illusory sense of control" (Cantor & Mischel, 1979: 6). The effect is to lessen the variety of sensemaking possibilities and stabilize the sense made (Weber & Glynn, 2006), thereby lending greater surety to subjective judgments. Within this process institutional primes refer to those typifications invoked in sensemaking that set into motion the relevant templates, norms, and guidelines that affect perceptions and interpretations, "gradually winnowing options to arrive at appropriate identities, frames and actions" (Weber & Glynn, 2006: 1648). These, in turn, function as touchstones for legitimacy. When entrepreneurial identity claims prime expected institutional categories, investors' sense of credibility and surety tends to increase.

Institutional primes in established market categories. As we have argued, established market categories provide clarity in terms of "what we do" (as categorical members) such that there is high homogeneity among members (see Table 1, column 2, row 3). In turn, we expect the institutionalized logics and practices of the category itself to supply the most salient primes by which the legitimacy of the entrepreneurial identity is judged.

As Table 1 illustrates, the institutionalized primes in an established market category can key structural, symbolic, product, service, or other defining conventions. Rao, Monin, and Durand (2003) illustrated the influence of such conventions in their study of identity movements in French gastronomy, showing that strict orthodoxy guided raters' judgments about the legitimacy of chefs' identity claims as purveyors of classical or nouvelle cuisine. Their findings suggest that founders of nouvelle cuisine restaurants might prime investor expectations using identity claims about culinary rhetoric, cooking rules, core ingredients, chef roles, and menu organization. To the extent that accompanying claims of "what we (propose to) do" align with categorical expectations, investors will have greater confidence in the legitimacy of the entrepreneurial endeavor. Based on this logic, we emphasize the salience of market conventions in established categories and offer the following proposition.

> *Proposition 2a: In an established market category institutional primes will stem from entrepreneurial identity alignment with taken-for-granted, already-legitimated logics and practices that define the category.*

Institutional primes in new market categories. By definition, new market categories lack the institutionalized understandings and conventions of established markets. Because entrepreneurs have a defining role in new markets, investors likely will look to the entrepreneur (or entrepreneurial role) as an institution, with its associated roles, characteristics, and activities, and use this prototype to anchor their assessments of legitimacy.

Anecdotal evidence illustrates how investors' attention can focus on the entrepreneur as a prototype in a new market category. Consider Jim Clark, whose Silicon Graphics and Netscape start-ups were influential in constructing the market categories of graphics software and Internet browsing, respectively. Clark was considered by many to be the prototypical entrepreneur. When Clark sought funding for the "next big thing," including his efforts toward managed online healthcare (now WebMD^{R}), his identity (and reputation) provided needed assurances for investors:

> Sand Hill Road was where the VC's clustered together for safety, like ducks in a park waiting for the bread crumbs to fall. Each time Clark made this trip the ducks came out of it worse than the time before—the price of the crumbs rose, and they had to quack louder for them (Lewis, 2000: 101; cited in Lounsbury & Glynn, 2001).

Contrast Jim Clark and his exemplary *fit* with the entrepreneurial prototype with evidence from the deregulatory environment generated by the Telecommunications Act of 1996, which opened new markets in local telecommunications (Navis, 2009). Investors were reluctant to fund start-ups by "Bell heads," which referred to individuals who had a wealth of experience in the until-then regulated industry; in spite of their relevant experience, these individuals were shunned as founders of new ventures because they *did not fit* the entrepreneurial mold. As McDermott explains, "There was an underlying disdain for both the Bell System and its employees by both the founders and the investment community" (2002: 114). In the new and uncertain market, such individuals did not fit the entrepreneurial prototype well.

In new market categories, when institutionalized conventions for the market space itself are largely absent, we expect that investor perceptions of legitimacy will be primed by the degree of entrepreneurial alignment with prototypical expectations, shaped by entrepreneurial identity claims of "who we are" as entrepreneurs (see Table 1).

> *Proposition 2b: In a new market category institutional primes will stem from entrepreneurial identity align-*

ment with taken-for-granted understandings of prototypical entrepreneurial characteristics, roles, and activities.

Equivocal cues in sensemaking. While available conventions serve as institutional primes that shape legitimation, departures from convention provide the unique "twist" that lends identity distinctiveness (Heath & Heath, 2008); the uniqueness and unfamiliarity of such departures serve to cue the equivocality that triggers sensemaking. Equivocality, or the existence of "numerous or disputed interpretations" (Powell & Colyvas, 2008: 283), precipitates the search for meaning and certainty (Weick, Sutcliffe, & Obstfeld, 2005: 414). Under conditions of equivocality, "efforts are made to construct a plausible sense of what is happening, and this sense of plausibility normalizes the breach, restores the expectation, and enables projects to continue" (Weick et al., 2005: 414–415).

Expectations about the age—and presumed experience—of founders in the arena of social networking, for instance, have been shaped by the prominence of Mark Zuckerberg, who launched Facebook when he was just nineteen years old. Zuckerberg has since become the youngest billionaire in the world, helping to associate "Gen Y"—the "Millennial Generation"—with the identity of the market itself. Consequently, we may expect an older "Baby Boomer" founder in this space to provide an equivocal cue that triggers audience sensemaking. The departure from expectations could be interpreted negatively, seeing the founder as having incompatible knowledge, skills, and capabilities, or positively, seeing the founder as having unique potential to satisfy not-yet-recognized or fulfilled market gaps. Sensemaking is activated by the question "What is going on here?" and the quest for categorizing the current state of affairs in terms of existing understandings (Weick, 1995).

In entrepreneurship the equivocality of identity distinctiveness triggers investor sensemaking. Absent the surety of a classification scheme, equivocality raises doubts about the viability of the entrepreneurial proposal; sensemaking is a response to reduce this equivocality. In general, identity distinctiveness functions as an equivocal cue that will raise investors' questions about the plausibility of the entrepreneurial business concept.

Equivocal cues in established market categories. When entrepreneurial identities align with institutional conventions, legitimacy is enhanced, but at a potential cost: identities that are too conventional can make the proposed venture seem less novel or unique, thus creating doubts about its entrepreneurial nature (e.g, Busenitz et al., 2003; Ireland et al., 2003; Lumpkin & Dess, 1996; Rindova et al., 2009). Examples of equivocal claims in established market categories include new business models to better satisfy existing demand, as Netflix did with movie rentals, and new demand profiles within familiar markets, as, for instance, in the emergence of specialty coffee (Rindova & Fombrun, 2001). Alternatively, there may be variants in typical founder characteristics, such as in gender, ethnicity, heritage, professional, and experiential differences, within particular markets. The identity challenge is to have the deviation (from conventions in the established market) judged as meaningful and viable. In established markets heterogeneity within the category will be an equivocal cue that motivates investor sensemaking. Hence, we propose the following.

Proposition 3a: In an established market category equivocal cues will stem from variants in the entrepreneurial business concept that make it distinctive within the category.

Equivocal cues in new market categories. In new market categories distinctiveness can stem from new demand generated by novel products or services, as in satellite radio (Navis & Glynn, 2010), or by new ways of conducting business, as in Webvan's pioneering efforts in the online grocery market. As Kim and Mauborgne (1999) describe, such market opportunities reflect shifts in the conventional boundaries of competition, which stem from new ways of interpreting industries, strategic groups, buyers, or product or service offerings. In new market categories, and in contrast to established ones, heterogeneity occurs across market categories, not within them (see Table 1); these differences, or shifts in conventional boundary expectations, cue equivocality and investor sensemaking. Hence, we propose the following.

Proposition 3b: In a new market category equivocal cues will stem from the novelty of the entrepreneurial business concept that makes it distinctive from other market categories.

Investor Judgments of Plausibility

Finally, we argue that when the entrepreneurial identity addresses the inherent tensions between legitimacy and distinctiveness, appropriate to the market category, investor sensemaking, primed by institutional alignment and cued by equivocality, is more likely to lead to judgments of plausibility. Plausibility is the aim of sensemaking (Weick, 1995) and is a particularly important factor in investors' judgments when the accuracy of their predictions cannot be known with certainty in advance (Weick, 1995):

> Sensemaking is not about truth and getting it right. Instead, it is about continued redrafting of an emerging story so that it becomes more comprehensive, incorporates more of the observed data, and is more resilient in the face of criticism (Weick et al., 2005: 415).

Plausible interpretations

> tap into an ongoing sense of current climate, are consistent with other data, facilitate ongoing projects, reduce equivocality, provide an aura of accuracy (e.g., reflect the views of a consultant with a strong track record), and offer a potentially exciting future (Weick et al., 2005: 415).

Plausibility ensues with the surety of legitimacy and the dampening of equivocality associated with distinctiveness and unconventional variation. Hence, we propose the following.

Proposition 4: A proposed new venture is more likely to be perceived as plausible by investors when sensemaking about the entrepreneurial identity reduces equivocality about distinctiveness and primes institutional expectations of legitimacy.

The Mediating Role of Entrepreneurial Identity Narratives

Proposition 4 focuses on the direct effects of sensemaking on plausibility; here we consider the role of the identity narrative as a mediator between sensemaking and plausibility judgments. Identity narratives, or stories that make a point about a narrative subject (Ibarra & Barbulescu, 2010; Linde, 1993), are part of "cultural entrepreneurship" (Lounsbury & Glynn, 2001) and have been shown to play a role in identity construction and sensemaking (Ibarra & Barbulescu, 2010). Narratives are important to identity construction because they help to assemble a variety of "events" and "actions" into a coherent whole (Polkinghorne, 1991; Weick, 1995), thus addressing the basic questions of "who we are," "what we do," and "why we are doing it" (Albert & Whetten, 1985).

For instance, the founders of Jasmine Teahouse emphasized their unique experience in both teas and business and described how these are synergistic:

> Earl Grey has five years of experience managing a successful boutique coffeehouse in a similar locale in Maryland. His love and knowledge of teas will make the transition to owning and running a teahouse a natural step. Lady Grey has 3 years of training as an herbalist and worked for 4 years as a teatender in Boston. She is currently training to be a nutritionist; her knowledge of the health benefits of tea will help our marketing and sales efforts (available at: http://wsj.miniplan.com/spv/3539/).

Narratives enable sensemaking because they give meaning to identity claims that otherwise might be incomprehensible. The best narratives embrace equivocal "turning points" (Ibarra & Barbulescu, 2010; Ibarra & Lineback, 2005) "by finding an intentional state that mitigates or at least makes comprehensible a deviation from the expected patterns of events" (Bruner, 1990: 50). Thus, by supplanting equivocality with sensible meanings, identity narratives can enable plausibility (Weick, 1995). For instance, the identity narrative that Martha Stewart tells on her website (www.marthastewart.com) explicitly links her own personal narrative with that of the organization. The narrative relates how her early upbringing as a child, as well as her education, work experiences, marriage, and motherhood, ultimately shaped her founding of the company that bears her name. In particular, it notes how a move of her household led her to a new venture, one with the "twist" of being "unlike any other":

> Martha Stewart has always drawn inspiration from her surroundings. Raised in Nutley, New Jersey, in a family with six children, she developed a passion for cooking, gardening, and homekeeping in her childhood home on Elm

Place.... She married in her sophomore year [of college], and upon graduating, she became a stockbroker on Wall Street, where she gained business training. After moving to Westport, Connecticut, in 1972 with her husband and daughter, Alexis, *she developed a catering business that was unlike any other. The business's unique visual presentation of food and the elegant recipes created for various catered events were the basis for her first book, "Entertaining," published in 1982.* Martha's creative vision is the blueprint for Martha Stewart Living Omnimedia and the expansive multimedia and merchandising portfolio that [is the business] (available at: http://www.marthastewart.com/martha-stewart; emphasis added).

In entrepreneurial identity narratives (Martens et al., 2007) the subject of the identity story is the entrepreneurial endeavor itself, including the new venture and its founders. Entrepreneurial identity narratives enable investor sensemaking by "conveying a comprehensible identity for an entrepreneurial firm, elaborating the logic behind proposed means of exploiting opportunities, and embedding the entrepreneurial endeavors within broader contextual discourses" (Martens et al., 2007). Identity narratives are mechanisms that supply meanings, resonance, and coherence to entrepreneurial identity claims; these are described in Table 2 and discussed below.

Narrating meaning: Broader understandings as identity anchors. One of the primary advantages of identity narratives is that they can draw on existing linguistic repertoires to anchor new interpretations in already familiar categories of meaning. Narratives do this through their use of metaphors and analogical reasoning (Gioia & Chittipeddi, 1991): "metaphors . . . provide a means of shaping the understanding of a new experience by defining one domain in terms of another . . . [shaping] perceptions of situations, problems, and analogues for solving them" (Powell & Colyvas, 2008: 293–294).

In describing how to communicate new innovations, Heath and Heath illustrate the power of cognitive "anchoring" as a mechanism to supply readily accessible meanings to what may be otherwise unfamiliar, explaining that

anchoring is easier than explaining from scratch. Wikipedia says an alpaca is "a domesticated species of the South American camelid." That's the explanation. Or, you could say an alpaca is like a small llama. Which one is easier to understand? (2008: 67).

Tripsas (2009b) similarly illustrates the power of anchoring in her story of Bill Herp, entrepreneurial founder of Linear Air, who found it difficult to explain the essence of what his venture offered. He now describes his venture as "Boston Coach with wings," using the analogy of a local private car service, which seems to work much better than "on-demand charters" or "air taxis," both more ambiguous in their meaning. And yet, as Heath and Heath explain:

The only downside to anchoring is that, by hooking into existing ideas, it creates sameness. Sameness helps people understand what you're doing. But to sell something, you usually need difference. It doesn't work to say, "Introducing new Gleemy toothpaste—it's perfectly interchangeable with Crest!" That's why a good story couples an anchor with a twist (2008: 68).

For Bill Herp, Linear Air claims sameness with Boston Coach but adds the twist of having "wings," thus coupling the distinctiveness of its entrepreneurial identity in a legitimate anchor.

Narrating resonance: Role of sociocultural context and scripts. An entrepreneurial identity may be coherent, but if it does not resonate with focal audiences, it will decrease their interest and commitment (Hardy, Palmer, & Phillips, 2000; Kim & Lippman, 2009; Lounsbury & Glynn, 2001). The best entrepreneurial narratives are those that strike positive emotional chords with investors, thereby motivating their action and support (Boje, Oswick, & Ford, 2004; Rindova, Becerra, & Contardo, 2004; Shaw, Brown, & Bromiley, 1998). Resonance is felt when narrators attend "closely to the socio-cultural context in which they are crafting their stories" (Martens et al., 2007: 1117; citing Barry & Elmes, 1997). This may involve incorporating "good" organizational names (Glynn & Marquis, 2004, 2005), certifications, professional memberships, and awards (Zott & Huy, 2007) or drawing on broader cultural resources and scripts—for example, cultural notions of place, history, nostalgia, and broader societal trends (e.g., Glynn & Halgin, in press) that have meaning beyond the entrepreneurial endeavor.

Lounsbury and Glynn advocate that entrepreneurs function as "skilled cultural operators who shape interpretations of the nature and potential of their new venture to those who may supply needed resources" (2001: 549; see also Rao, 1994: 41). Just as Redneck Bank (an actual bank) naturally triggers sensemaking about its

TABLE 2
How Identity Narratives Mediate Sensemaking[a]

Sensemaking Trigger	Narrative Mechanisms	Sensemaking Outcomes
Equivocal Cue	**Narrating Meaning: Broader Understandings As Identity Anchors**	**Imbued Meanings**
The automobile as new transportation	Initially described and labeled as a "horseless carriage" (Tripsas, 2009b)	What it is
Netflix as a new business model for movie rentals	"Netflix is like Blockbuster—but it's by mail. Or it's Blockbuster with no late fees, or Blockbuster that actually has the movies you want in stock" (http://www.fastcompany.com/madetostick)	How it works (and is better)
Satellite radio as a new way of listening to music	"Remember when there were only three broadcast television networks? Soon people will say, 'Remember when there was only AM & FM'" (XM Press Release, 11/3/2001)	Its future potential
Equivocal Cue	**Narrating Resonance: Role of Sociocultural Context and Scripts**	**Imbued Resonance**
"Redneck Bank" as an atypical bank name	"For almost 100 years we've been providing personal, 'countryfied' service to our neighbors and friends and now we're ready to show you how great it is to be a real person to your banker!" (www.redneckbank.com/yep-h.htm)	Symbolic
Pies as a stand-alone business concept	". . . will specialize in meat, vegetable and fruit pies using old-country traditional recipes from the UP" (www.bplans.com/pie_restaurant_business_plan)	Place/historic/nostalgic
Rutabagas as a product offering	"Rutabaga Sweets will hold true to its vision of being a new concept with old fashioned feel" (wsj.miniplan.com/spv/3457/1.cfm)	Place/historic/nostalgic
Foosball as a business concept	"Foosball or table soccer is an exciting table game originating from 1920's Germany" (http://wsj.miniplan.com/spv/3379/)	Place/historic/nostalgic
Expensive tea as a business concept	"Most of working America has accepted the idea of expensive hot beverages as affordable luxuries" (http://wsj.miniplan.com/spv/3539/)	Societal trends
Equivocal Cue	**Narrating Coherence: Elaborations of How Things Connect**	**Imbued Coherence**
Flexcar as a new "car sharing" business concept	""The American dream really is, you say it's the dream of car ownership; it's really the dream of convenience" (Rooney, 2005)	Values fit
A banker becoming a candle maker	"I used to be a banker and now am a candle maker, but what I really like about banking is just what I like about candle making" (Linde, 1993: 152–256)	Individual fit
Authenticity of organic-based restaurant	"An emphasis on organic ingredients is based on Studio67's dedication to sustainable development. . . . the restaurant procures local foods when possible, reducing their dependence on fossil fuels used for transportation" (www.business-idea.com/bps/48/48-1.asp)	Business concept fit

[a] Examples are illustrative and not exhaustive.

moniker (Glynn & Abzug, 1998), narrative scripts rationalize why this identity "makes sense." In the entrepreneurial identity narrated on its website (www.redneckbank.com), Redneck Bank makes claims about its "personal, friendly service to our neighbors and friends," its "down-home" label, and its history as a division of the Bank of Wichita, established nearly 100 years ago. The narrative couples novel identity claims with institutional assurances, explaining that "there's nothing more serious than money" and rationalizing the "twist" on convention by saying, "Let's inject a little fun into the seriousness of the banking business," using the tag line "Where bankin's funner." Absent these narratives, which help to authenticate and legitimate the unique concept, Redneck Bank is simply a wild idea. Coupled with them, the viability of such a venture seems more plausible.

Narrating coherence: Elaborations of how things connect. When investors assess the investment worthiness of an entrepreneurial proposal, among the primary factors they deem important is the coherence of the entrepreneurial identity (Lockett et al., 2002; Manigart et al., 2000; Manigart et al., 1997). As a means to "selectively distill a complex jumble of otherwise ambiguous and contradictory activities, pronouncements, and impressions into a simplified and relatively coherent portrait" (Ashforth & Humphrey, 1997: 53), the entrepreneurial narrative can play a fundamental role in enabling identity coherence. Beyond the presentation of "facts as information" (Gabriel, 2004: 64), entrepreneurial narratives "re-present" facts in an elegant way (Smith & Anderson, 2004: 127), configuring the "apparently independent and disconnected elements of existence into "related parts of a whole" (Barry & Elmes, 1997: 431). The objective is to create a comprehensible identity for an entrepreneurial firm (Aldrich & Fiol, 1994; Lounsbury & Glynn, 2001; Martens et al., 2007; O'Connor, 2004; Santos & Eisenhardt, 2005).

To summarize, we argue that the identity narrative can enable investor sensemaking because it reduces the equivocality of cues associated with identity distinctiveness by injecting meaning, resonance, and coherence; thus, we propose that such narratives will mediate investors' judgments about the plausibility of new venture proposals.

Proposition 5: A proposed new venture is more likely to be perceived as plausible by investors when the entrepreneurial narrative imbues understandings, resonance, and coherence in ways that highlight institutional alignment and reduce equivocality.

DISCUSSION AND CONCLUSION

We began by observing the fundamental tension that entrepreneurs experience in launching new ventures—that is, counterposing legitimacy, anchored in conformity to institutionalized expectations, against distinctiveness, anchored in unconventionality, novelty, and innovation. Driving this tension is the need for resource acquisition, enabled by the favorable assessments of investors and other resource providers who judge the plausibility of new venture proposals. We focused on how the entrepreneurial identity, constructed by entrepreneurs and perceived by investors, is a site of these contradictory tensions; to be perceived as plausible, the entrepreneurial identity needs to embed and resolve these contradictions.

Essentially, we argued that the entrepreneurial identity is more likely to be judged as plausible by investors when it is legitimately distinctive, consisting of legitimating claims that align the entrepreneurial endeavor with expectations arising from institutionalized conventions, as well as distinctiveness claims that make meaningful the deviations from institutionalized conventions. We advanced a theoretical model, proposing that the nature of an entrepreneurial identity's legitimate distinctiveness would be influenced by the frame of reference provided by the focal market context. For established market categories we proposed that the entrepreneurial identity would be situated within the category (legitimacy) but individuated from other members by its gradient of deviation from the established categorical prototype (distinctiveness). For new market categories we proposed that the entrepreneurial identity would be definitional for the category, prototyping its representative or exemplary features; here the emphasis is on differences from already established market categories (distinctiveness) but alignment with institutionalized understandings about the entrepreneurial role, activities, and orientation (legitimacy). We theorized that claims to legitimacy would function as institutional primes and claims to distinctiveness would function as equivocal cues; both, we argued, would trigger investor sensemaking, affecting interpretations and assessments of plausibility. Moreover, we proposed that entrepreneurs' identity narrative would mediate investor sensemaking by integrating the potentially conflicting aspects of the legitimate and distinctive aspects of identity into a meaningful, coherent, and resonant whole.

We believe that our work makes several contributions. We address the oppositional tugs of differentiation and conformity for new ventures by advancing the construct of the entrepreneurial identity, as well as modeling its composition and effects. In so doing we develop theoretical insights on the role of identity in entrepreneurship, a topic that is undertheorized (Cardon et al., 2009). Our conceptual framework (see Figure 1) models the entrepreneurial identity as a claim made by entrepreneurial founders and assessed by audiences of investors or other resource providers; in this way the entrepreneurial identity serves as a site where entrepreneurs claim and investors judge, an interplay that has been largely overlooked in the existing literature. We address this point and make broader contributions to the literature on entrepreneurship, on identity, and on institutions, which we highlight below.

Entrepreneurship scholars have repeatedly called for theorizing about the dynamic tensions embedded in entrepreneurship, as well as the particular contexts in which they arise and are resolved (e.g., Rindova et al., 2009: 483). Our model of the entrepreneurial identity directly captures and addresses these tensions through the notion of legitimate distinctiveness, mapping out its compositional elements, within types of market categories, and its impact on the sensemaking processes of investor audiences.

To date, however, the research on entrepreneurship evidences little attention to understanding the perceptual, evaluative, and judgmental processes that underlie others' determination of the investment worthiness of entrepreneurial proposals. Instead, prior studies have tended to emphasize the objective factors (rather than the subjective judgments) that play into investor decisions (for exceptions see Grégoire et al., 2008; Lounsbury & Glynn, 2001; Martens et al., 2007; Zott & Huy, 2007). For instance, entrepreneurship researchers have studied desirable market characteristics, such as growth potential, demand, and size (e.g., Douglas & Shepherd, 2002a; Hall & Hofer, 1993; Shepherd, 1999a,b); competitive advantages and disadvantages (e.g., Shepherd, 1999a,b; Zacharakis & Meyer, 1998, 2000); positive industry characteristics (e.g., Martens et al., 2007), such as growth, munificence, and barriers to entry; and new venture strategies, governance, and technological, human, and financial resources (e.g., Baum & Silverman, 2004; Douglas & Shepherd, 2002b; Hall & Hofer, 1993; Martens et al., 2007; Muzyka & Birley, 1996; Shepherd, 1999a,b; Tyebjee & Bruno, 1984: for an overview see Grégoire et al., 2008). We add to this body of work by revealing the sensemaking mechanisms that underlie how investors perceive information as meaningful in their subjective assessments.

In the identity literature scarce attention has been paid to entrepreneurship as a site of identity construction and assessment. Understanding identity in entrepreneurship provides a rather provocative case of "pure" identity, in that identity takes shape in the absence of an existing organization and the "real" products, services, strategies, operational systems, or culture that are typically understood to be part of identity (e.g., Glynn, 2008). Identity scholars have focused largely on identity dynamics in the context of organizational change (e.g., Dutton & Dukerich, 1991; Gioia & Chittipeddi, 1991; Gioia, Schultz, & Corley, 2000; Glynn, 2000; Glynn & Abzug, 2002) but less so in the context of organizational founding or emergence (for an exception see Navis & Glynn, 2010). In such nascent stages of organizing, identity is more transparent as a set of claim-making activities, an aspect that was foundational in early formulations of organizational identity (Albert & Whetten, 1985) but that has somewhat diminished in more recent work. Thus, understanding identity work in entrepreneurial settings can potentially enable reclamation of seminal thinking.

In the institutional literature the study of entrepreneurship can afford insights into the role of agency and organizational formation. Locating the entrepreneurial identity explicitly within market contexts offers a corrective to the more extreme depictions of institutional agency as either passive "dopes" or "hypermuscular" change agents (Powell & Colyvas, 2008). Our conceptual framework explicitly locates entrepreneurial activity within, and not in spite of, institutional settings, which can serve as generative sources of legitimacy and not simply constraints (Glynn, 2008). Thus, we advance a more middle ground as an alternative to institutional entrepreneurship, where entrepreneurs engage in large-scale change to establish or overthrow institutional arrangements. Rather, we focus on how entrepreneurs can incorporate institutionalized beliefs in their identity, thus relaxing assumptions of conformity or constraint (e.g., Barley & Tolbert, 1997; Powell & Colyvas, 2008).

Our conceptual framework suggests several promising avenues for future research and empirical work testing our propositions. A useful theoretical starting point for more fine-grained investigations is in a broader conceptualization of the antecedents and effects of the entrepreneurial identity. For the sake of parsimony, and to be consistent with existing formulations (e.g., Kennedy, 2008; Kennedy et al., 2010; Lumpkin & Dess, 1996; Navis & Glynn, 2010; Santos & Eisenhardt, 2009), we dichotomized the market into two categories—new and established. Clearly, there are different ways to characterize market categories, including the basis of competition, rivalry among firms, or the nature of the products, services, or technology. Researchers might explore the different identity domains that can characterize different kinds of markets (Livengood & Reger, 2010). For example, Glynn and Abzug (2002) revealed strong patterns of identity nomenclature within institutional sectors such that the identity of a biotech firm (e.g., Genentech) is strikingly different from that of a bank (e.g., First Federal Savings & Loan).

In addition, because time or temporality has been shown to play a key role in identity construction and favorability assessments (e.g., Glynn & Abzug, 2002; Glynn & Marquis, 2004; Navis & Glynn, 2010), researchers might consider how market evolution over time affects the entrepreneurial identity. We have also modeled entrepreneurship as if it occurred in (or targeted) a single market; understanding how an entrepreneurial identity might be shaped by multiple market contexts, as with innovations like smartphones and tablet computers, would add both complexity and nuance to our model. Reaching beyond the immediate context of the market, researchers might look to the broader cultural environment to discern how institutional sentiments broadly shared in societal sectors can fashion the entrepreneurial identity. For instance, the "green" movement may help to legitimate identities hinged on environmental responsibility in markets where this was not traditionally a central focus.

We focused our theory on the audience of investors, but, clearly, researchers might investigate the broader audience of potential resource providers or stakeholders, expanding it to include bankers, angel investors, venture capitalists, or even potential employees, partners, or consumers. Understanding how their sensemaking processes might vary as a function of their profession and interests would enrich our understanding. In addition, for the sake of generalizability, we chose to treat the proposed new venture somewhat generically; clearly, it is possible that the nature, size, institutional sector, market reach, founding team, and financial capitalization of the concept will affect both the composition of the entrepreneurial identity and investors' judgments. For instance, the identities and audiences for a neighborhood restaurant and a high-tech venture are likely to be quite different; bankers are likely to be the focal audience for the former and angel investors or venture capitalists for the latter. We also theorized about early-stage ventures, with little or no prior history of interaction or relationships between entrepreneurs and potential resource providers. Future research may benefit from exploring how identity dynamics might differ across different audience contexts, under different levels of entrepreneurial experience (e.g., novice versus serial), and with different kinds of relationships with investors.

We believe our framework lends itself to empirical testing and the use of several different kinds of research methodologies. For instance, researchers might investigate how different communication modalities, oral and written, affect the communication of the entrepreneurial narrative:

> One example of the oral mode is the extemporaneous stories, or "small narratives" (Hjorth & Steyaert, 2004: 4), that entrepreneurs share in their everyday conversations with employees, customers, and suppliers. Another example is the more scripted narratives told within formal presentations to such audiences as bankers, venture capitalists, and media representatives. Examples of the written mode include the story segments, or "minimal narratives" (Czarniawska, 1998: 18),

> that appear on promotional materials such as company brochures, Web sites, and product packages, as well as the fuller narratives that appear in documents such as annual reports, business plans, and IPO prospectuses (Martens et al., 2007: 1109).

Potentially, scholars might address the question of whether the modality used affects the content or structure of the entrepreneurial identity. The text of business plans could be coded for its emphasis on claims of identity legitimacy or distinctiveness and compared with text from more "minimal narratives," such as advertisements or websites, using content analysis software. Another methodology that seems suited to analyzing audience perceptions is experimental vignettes, where hypothetical business plans that manipulate various aspects of identity legitimacy and distinctiveness, particularly in terms of the meaningfulness, coherence, or resonance of the identity narrative, could be presented to laboratory subjects for assessment. Entrepreneurs often pitch their new ventures orally, as in their presentations to investors. Researchers are beginning to use dial-raters, like those in political focus groups, to obtain real-time audience assessments of the content of individuals' pitches to resource providers (cf. Elsbach & Kramer, 2003; Grégoire et al., 2008). We believe similar techniques also hold promise for evaluating the identity claiming of entrepreneurs.

Although our focus has been on the nascent, start-up phase of entrepreneurship, we believe that our theoretical framework may generalize to other phases in the entrepreneurial process. For instance, a new organization, Morgan Stanley Smith Barney, was formed as a joint venture holding the assets of the two conjoined companies Morgan Stanley and Smith Barney. The new firm articulates its identity as "a new wealth management firm with over 130 years of experience." The identity combines potentially conflicting identity elements, juxtaposing the newness of the firm against the historical experience it can draw on, but it does so without contradiction; the balance of novelty against surety seems coherent. This example suggests that the identity dynamics of entrepreneurship may generalize over time and over differences in the origins of firms or the experience of entrepreneurs. We urge future research to pursue this inquiry.

Finally, our framework has a number of implications for the practice of entrepreneurship. First, it implies that entrepreneurs need to attend to elements of both legitimacy and distinctiveness in their identities; one without the other is likely to decrease the plausibility and appeal for investors. Although balancing these oppositional elements is one strategy, there may be alternatives. For instance, returning to our earlier example of Jim Clark, we can see how the prototypical entrepreneur (with a successful track record) caused investors to attend less to his proposed business concept and more to his personal role and characteristics; in this case it seemed that investors were confident of his ability to define (and prototype) a new market category. As a result, context seemed to be less prominent in their thinking. Thus, there may be situations where an imbalance between contradictory identity elements can still make an entrepreneurial proposal plausible.

Second, our framework provides guidance concerning how entrepreneurs can gain (or lose) resource support for their new ventures. Quite likely, many "good" ideas regularly go unfunded, not based on the objective merits of the entrepreneurial proposal but the subjective perceptions that interpret it. For instance, the entrepreneurial identity may be unclear, ambiguous, or too incoherent to be considered investment worthy. Although a cottage industry of publishers, consultancies, educational programs, training conferences, and professional associations serves as a carrier of institutionalized understandings about the expected components of the business plan (Siegel, Ford, & Bornstein, 1993: 10), such channels have given less attention to the role of the entrepreneurial identity. We see our work as a step toward refining those understandings.

To conclude, we theorized about the entrepreneurial identity as a central aspect of how entrepreneurs secure the resources they require for new venture success. The entrepreneurial identity rests at the nexus of entrepreneurs' identity claiming efforts and investors' identity assessment efforts, thereby opening a consideration of how entrepreneurial proposals are not only constructed but received by focal audiences. By presenting a framework for how the tensions of legitimacy and distinctiveness interact in this relationship, we hope to stimulate further inquiries into the dynamics of the entrepreneurial identity.

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