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Start-up Inertia versus Flexibility: The Role of Founder Identity in a Nascent Industry

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Abstract
Through an inductive, comparative study of four early entrants in the nascent air taxi market, we examine why start-ups, generally characterized as flexible, malleable entities, might instead exhibit inertial behavior. While two of the firms engaged in ongoing experimentation and adaptation, two firms actively reinforced their original venture concepts, even in the face of environmental shifts and declining firm performance. Comparisons of the firms revealed the importance of founders' identities. Two founders saw themselves as ''revolutionaries'' building novel ventures to drive radical change. In contrast, two sets of founders saw themselves as ''discoverers'' identifying new opportunities and exploiting them to build successful businesses. We propose that these identities contributed to the firms' inertia and flexibility primarily through the mechanism of identity affirmation. Acting in a manner consistent with their self-views, revolutionary founders committed to and actively reinvested in radical venture concepts, rejecting potentially adaptive changes that they felt compromised novelty. In contrast, discoverer founders prioritized experimentation and change in reaction to shifting conditions. We propose an emergent framework exploring how, in a nascent industry, a founder's identity can set off self-reinforcing cycles of firm inertia or flexibility.

Keywords: entrepreneurship, organizational change, adaptation, founder identity, nascent industries

Starting a venture that sparks a nascent industry is a hallmark of entrepreneurship. Both the academic literature and popular media are rife with accounts of entrepreneurs who created such ventures: Thomas Edison displacing the gas lighting industry (Hargadon and Douglas, 2001) and more recently, Uber, eBay, and Airbnb developing business models that ''profoundly impacted and indeed changed the way people live, work, consume, and interact with each other'' (Demil et al., 2015: 2). Entrepreneurs launched new firms that helped to

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establish industries as diverse as automobiles (Klepper, 1997), management consulting (David, Sine, and Haveman, 2013), mobile gaming (Ozcan and Eisenhardt, 2009), modern Indian art (Khaire and Wadhwani, 2010), residential solar energy (Hannah and Eisenhardt, 2018), satellite radio (Navis and Glynn, 2010), and green building (York and Lenox, 2014).

One explanation for new firms' success in nascent industries is their flexibility, which allows them ''to change direction quickly and to reconfigure strategically'' (Nadkarni and Herrmann, 2010: 1050). Nascent industries are characterized by ambiguity and uncertainty that permeates everything from the viability and performance of critical technologies to customers' needs, the competitive landscape, products' meaning, and conceptions of value (Rindova and Petkova, 2007; Kaplan and Tripsas, 2008; Santos and Eisenhardt, 2009; Khaire, 2014; Anthony, Nelson, and Tripsas, 2016). Success can thus depend on a firm's ability to experiment and effectively adapt to discover the best path forward (e.g., Rindova and Kotha, 2001; Murray and Tripsas, 2004; McDonald and Eisenhardt, 2019). Unencumbered by the burdensome structures (Aldrich and Ruef, 2006), non-fungible resource stocks (Kraatz and Zajac, 2001), embedded routines (Leonard-Barton, 1992; Sørensen and Stuart, 2000), and entrenched managerial beliefs (Levitt and March, 1988; Barr, Stimpert, and Huff, 1992; Tripsas and Gavetti, 2000) that often beleaguer established firms, new firms are generally described as capable of experimenting with and adapting their forms (Rindova and Kotha, 2001), strategies (Gavetti and Rivkin, 2007; Hannah and Eisenhardt, 2018; Gao and McDonald, 2019), products (Bremner and Eisenhardt, 2018), and business models (McDonald and Eisenhardt, 2019) to succeed.

But despite the importance to start-ups of flexibility, there is reason to believe not all new firms are equally capable of change. Starting with Stinchcombe (1965), scholars have proposed that at least some aspects of new firms are stable over time (e.g., Tripsas, 2009; Kiss and Barr, 2015). For instance, founders' early choices can influence a firm's dominant strategy (Boeker, 1989), employment models (Hannan, Burton, and Baron, 1996), levels of managerial intensity (Baron, Hannan, and Burton, 1999), and functional structures (Beckman and Burton, 2008) in ways that endure over years and even decades. However, while studies have explored how inertia can develop as firms age and grow (e.g., Hannan and Freeman, 1984; Hannan, Burton, and Baron, 1996; Aldrich and Ruef, 2006), prior findings do not suggest any systematic patterns that would explain whether and how some new firms might also be inertial.

To determine what factors might shape different levels of new firms' flexibility in a nascent industry, we conducted an inductive, multi-case study of four early entrants in the nascent air taxi market. Air taxi services, described as ''the next big phase shift'' in aviation (Dyson, 2006), leveraged small, technologically advanced aircraft and the U.S.'s network of more than 5,400 secondary airports to offer passengers an alternative to scheduled commercial airlines or private charters. We found that, while two of the firms were flexible, engaging in frequent experimentation and adaptation, the other two were not only inflexible but exhibited active inertia, reinforcing their original venture concepts while making few changes. Our analysis suggested that a key difference associated with these divergent paths was the way the firms' founders viewed themselves as entrepreneurs. We identified two distinct founder identities that

triggered these two different firm-level processes: ''revolutionary'' founders, committed to disrupting the status quo, formed firms that fell prey to inertia, while ''discoverer'' founders formed firms that displayed flexibility.

NEW FIRMS IN NASCENT INDUSTRIES

Nascent industries are often driven by innovative entrepreneurs who develop products and services that defy existing categories, inspired by factors such as breakthrough technologies, changing regulatory environments, and shifts in consumer demand (e.g., Santos and Eisenhardt, 2009; Khaire and Wadhwani, 2010; Navis and Glynn, 2010; David, Sine, and Haveman, 2013; York and Lenox, 2014).[1] In the formative years of a nascent industry, established customers, technologies, business models, and paths to success are elusive and rapidly changing (Santos and Eisenhardt, 2009; Benner and Tripsas, 2012); founding a new venture is a risky prospect (Aldrich and Fiol, 1994). Scholars have argued that a new firm's success in this context can depend on its capacity to rapidly change and reconfigure strategically to update its resources, target customers, technologies, and business models (McDonald and Eisenhardt, 2019). For instance, studies have shown that, in nascent industries, successful new firms engaged in ''continuous morphing'' of their organizational forms (Rindova and Kotha, 2001), ''purposeful experimentation'' to resolve technology, market, and business model uncertainty (Murray and Tripsas, 2004), ''decision weaving'' to sequentially resolve bottlenecks (Ott and Eisenhardt, 2019), and search processes that leveraged their ''highly plastic elements'' (Gavetti and Rivkin, 2007). In contrast, firms that progressed in a linear fashion down well-defined paths—even those once at the cutting edge of an industry's development—sometimes found themselves left behind as their industry progressed (Zuzul and Edmondson, 2017).

By highlighting the importance of flexibility, these studies pose an open question with critical implications for our understanding of new firms' success and even survival in nascent industries: what factors influence different levels of start-up flexibility in a nascent industry? While some recent work observes that not all new firms in nascent industries are equally flexible (McDonald and Eisenhardt, 2019), our understanding of the underlying sources of these differences is limited.

Sources of Inertia

A rich body of research from several theoretical traditions has described how established firms can become inert. But the well-documented causes of inertia in established firms do not suggest systematic patterns that can explain why some *new* firms are inert. First, as they age and grow, firms develop cumbersome structural constraints, including complex communication channels and lengthy decision-making procedures that discourage rapid, potentially risky changes (Aldrich and Ruef, 2006; Davis, Eisenhardt, and Bingham, 2009; Greve, 2011). But most new firms are small and have limited structural

[1] Consistent with prior literature, we use the terms nascent industry and nascent product market interchangeably to refer to the emergence of new product or service categories that lack precedent (e.g., Klepper, 1997; Benner and Tripsas, 2012).

hierarchies and informal processes. Their founders or CEOs typically have high decision-making authority and feel a sense of ownership and accountability that can empower and motivate them to engage in ''rapid-fire pinball'' by experimenting with different strategies (Bhide, 2003: 18).

Another source of inertia can be a firm's existing stock of resources. Established resources can result in path dependence, since firms tend to invest in and acquire the kinds of resources they already own, rather than searching for new types (Greve, 2011). Resources can also tie firms to commitments that restrict the ability to change (Ghemawat, 1991; Kraatz and Zajac, 2001). But most new firms lack resources, from funding to human capital to technologies (Baker and Nelson, 2005; Khaire, 2009). Unconstrained by existing resource stocks and resulting commitments, new firms in nascent industries should be able to engage in bricolage (Baker and Nelson, 2005), making do with limited resources and recombining them quickly in ways that enable persistent change.

Finally, inertia can arise from a firm's established routines and proven capabilities. A firm's history of success and failure can entrench managerial beliefs and routines (Sørensen and Stuart, 2000), such that decision makers invest only in activities that led to prior success (Levitt and March, 1988; Leonard-Barton, 1992; Levinthal and March, 1993) and become blind to the need for change (Tripsas and Gavetti, 2000). But new firms in nascent industries are unencumbered by histories of success and failure and unconstrained by entrenched routines. They should be able to build new knowledge through improvisation (Baker, Miner, and Eesley, 2003) and trial-and-error learning (Bingham, Eisenhardt, and Furr, 2007; Bingham and Davis, 2012), deviating from prevailing practices to reorient their routines in ways that encourage continuous, rapid change (Gavetti and Rivkin, 2007).

Thus structural constraints, resource stocks, and entrenched routines and beliefs do not suggest systematic patterns that can explain why some new firms might be more or less flexible than others. But the last category of explanations focuses attention on another potential source of new-firm inertia: founders. While new firms do not have prior records of success or failure, their founders carry histories that color their beliefs and visions. Founders' backgrounds, experiences, and personalities can shape a new firm's earliest choices, including its initial mission, choice of market, reliance on particular resources, and level of exploration and exploitation (Kimberly, 1979; Beckman, 2006; Johnson, 2007; Ozcan and Eisenhardt, 2009; Fern, Cardinal, and O'Neill, 2012; Gruber, MacMillan, and Thompson, 2013; Navis and Ozbek, 2016). For instance, Edwin Land's remarkable record of technological innovation—he held more than 500 patents—led to Polaroid's unsurpassed focus on developing instant photography technologies (Tripsas and Gavetti, 2000). These choices can become imprinted as a firm's dominant strategy, employment model, and functional structure (Boeker, 1989; Baron, Hannan, and Burton, 1999; Beckman and Burton, 2008). But studies have not examined whether and how differences in founders might account for a new firm's level of flexibility, and whether and how a founder's identity might affect a firm's ability to change.[2]

[2] Although our focus on founder identity (and the relationship to firm inertia and flexibility) emerged inductively, we provide an overview of relevant theory to help orient the reader.

Founder Identity

A rich tradition of research in sociology and social psychology has found that individuals see themselves according to the roles they occupy, including professional roles such as doctor or professor (Stryker, 1968; Burke, 1980). Organizational scholars have suggested that, in addition to the role identities associated with more traditional professions, there is a role identity associated with being an entrepreneur or founder (e.g., Cardon et al., 2009; Hoang and Gimeno, 2010; Murnieks, Mosakowski, and Cardon, 2014; Wry and York, 2017; Grimes, 2018). Founder identity—an individual's understanding of ''who I am'' and ''who I want to be'' as an entrepreneur (Powell and Baker, 2014, 2017)—encompasses role identity (an individual's interpretation of what it means to be an entrepreneur), as well as social identity, the self-concepts an individual derives from membership in particular social groups (Tajfel, 1978).[3]

Much of the research on founder identity has focused on identifying common founder characteristics, including propensity for risk taking, dedication to discovering and creating new opportunities, and enthusiasm for leading new companies (Murnieks and Mosakowski, 2007; Murnieks, Mosakowski, and Cardon, 2014). Other work has suggested that founders can construe their identities in ways that prioritize different entrepreneurial characteristics, behaviors, and motivations. For instance, distinct founder identity types can reflect founders' differential levels of passion for particular activities, such as starting as opposed to growing a venture (Cardon et al., 2009), or founders' different social or economic reasons for launching new firms (Fauchart and Gruber, 2011).

Studies have also shown that founder identity influences organizational action (e.g., Fauchart and Gruber, 2011; Powell and Baker, 2014, 2017; York, O'Neil, and Sarasvathy, 2016). For instance, in the sporting goods industry, ''missionary'' founders who saw themselves as the drivers of social change sold sustainable products. And in the apparel industry, founders who saw their roles as ''green activists'' sourced their products from environmentally sound manufacturers (Powell and Baker, 2014). But we know little about whether and how a founder's identity influences organizational change. In particular, Hoang and Gimeno (2010: 50) highlighted the need to ''examine empirically how founder identity'' influences ''the adaptability of the venture,'' arguing that ''more work is needed to fully delineate the links between founder role conceptions and the extent and kind of environmental adaptation exhibited at the firm level.'' We address that need in this study.

METHOD

Because of the limited state of prior research on start-ups' flexibility in nascent industries, we conducted an inductive, multi-case study to generate new theory (Edmondson and McManus, 2007). Drawing on data from multiple

[3] Powell and Baker (2014: 1408) recently argued that although role identity and social identity have typically been treated as separate constructs, founder identity encompasses both because, among other connections, ''founders run their firms in a manner that creates role identities to express their social identities.'' We thus follow the prior literature by integrating role and social identity theory and building on research in both sociology and psychology to develop our mechanisms and findings.

cases allowed us to engage in comparative analysis and thus develop more generalizable theoretical insights than would be possible from a single case (Eisenhardt and Graebner, 2007).

Research Setting: The Air Taxi Market

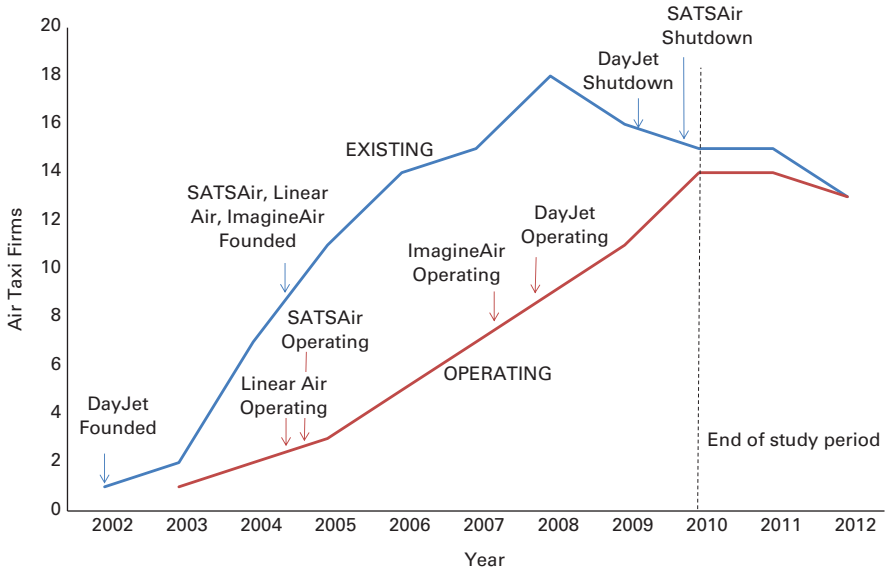
Our research setting was the nascent air taxi market between 1999 and 2009. The air taxi market was sparked by the emergence of small, technologically advanced aircraft that promised to lower the operating costs of flying privately by up to 50 percent. Two aircraft were especially prominent. The first was the Cirrus SR-22, a single-engine turbo-charged propeller airplane with cutting-edge avionics, engine technologies, and a parachute that could be activated in case of an emergency. The SR-22 was certified by the Federal Aviation Administration (FAA) in 1999. The second was Eclipse Aviation's Eclipse 500, one of a new category of aircraft called very light jets (VLJs): extremely light airplanes powered by ground-breaking compact jet engines. Eclipse Aviation was founded in 1998, and the Eclipse 500 had its first prototype flight in 2002 and was certified by the FAA in 2007.

Around 1999, aviation experts and entrepreneurs began exploring ways to use these aircraft to offer air taxi services. While there was significant variation, air taxi firms typically shared four novel characteristics. First, they operated small, technologically advanced aircraft that seated just three to four customers rather than the larger aircraft used by most private air charter operators. Second, they flew customers primarily between the U.S.'s network of 5,400 small, regional airports not well served by commercial airlines. Third, they owned or leased their own aircraft, as opposed to chartering aircraft owned by others. Finally, they established branded relationships with customers who contacted the firm directly to make flight reservations, rather than acquiring customers from charter brokers like most air charter operators. Together, this set of choices allowed air taxis to offer passengers private flights that could be booked with short lead times of only days or even hours before a flight, and at a cost rivaling last-minute business-class tickets on commercial airlines.

Figure 1 documents the number of firms in the air taxi market over time. Yellow Air Taxi, a carrier that flew smaller piston airplanes, was the first firm to begin transporting passengers in 2003. By the end of 2009, 14 firms were in operation, six had exited the market, and one was founded but not yet operational.

During our period of study, the air taxi market was still in its nascent phases, and it was unclear whether and how it would develop. Some analysts' reports predicted that the size of the market could rise to $17.6 billion (PMI Media Limited, 2007), with an estimated 3,500 to 5,000 air taxi jets in operation by 2017 (Dyson, 2006). Other analysts demanded "a reality check," arguing that the industry's envisioned customers were likely non-existent (Aboulafia, 2006). This variation reflected fundamental uncertainty about air taxi models, technologies, and the development of a supporting ecosystem. A 2006 trade publication noted, "There are as many business models for operating air taxis as there are start-ups" (*Flight International*, 2006). The enabling aircraft were largely untested, and VLJ manufacturers in particular experienced technological problems and certification difficulties that led to delays in aircraft delivery. Notably, in November 2004, Eclipse announced that it would delay its anticipated

Figure 1. Air taxi industry timeline.



delivery date by two years. The market also lacked a supporting ecosystem. According to one industry report, in addition to manufacturers delivering the enabling aircraft, for the air taxi market to successfully take off, pilots would have to be trained, and small airports and the fixed base operators (FBOs) would have to modernize navigation infrastructure and upgrade amenities. The uncertainty associated with each of these elements was high (Dyson, 2006).

Sample

We constructed a theoretical sample of four air taxi firms: DayJet, SATSAir, Linear Air, and ImagineAir. Sampling four firms allowed us to gather the kind of rich, longitudinal data typically used in studies examining one or two firms (e.g., Rindova and Kotha, 2001; Navis and Glynn, 2010) while also allowing us to compare insights across the firms using a multi-case logic (e.g., Graebner and Eisenhardt, 2007). We selected these four firms in particular to balance the need for comparability with the need to ''maximize opportunities to discover variation'' (Strauss and Corbin, 1997: 201). All four were founded in the earliest stages of the air taxi market's emergence: one in 2002 and three in 2004. They operated in similar geographical areas (East Coast of the United States) and represented the two primary aircraft that enabled the industry: two firms, DayJet and Linear Air, flew the Eclipse 500, while two, SATSAir and ImagineAir, flew the Cirrus SR22. There were also important differences. The firms' founders had diverse backgrounds, including different levels of entrepreneurial experience, aviation industry experience, and functional expertise. The firms had different levels of funding: while DayJet and Linear Air raised capital in multiple funding rounds, SATSAir and ImagineAir were privately funded. The elapsed time between a firm's founding and first flight also varied, ranging from zero to five years. Finally, while DayJet and SATSAir eventually exited,

Table 1. Description of Sample

Firm	Founding year	Location	Aircraft	Founder(s)	Funding	Year of first flight	Year of bankruptcy
DayJet	2002	Florida	Eclipse 500	Technology entrepreneur	$50M in venture funding	2007	2008
SATSAir	2004	South Carolina	Cirrus SR-22	Aviation executive	Privately funded	2004	2009
Linear Air	2004	Massachusetts	Eclipse 500 Cessna Caravan	Serial entrepreneur	$11.3M in venture funding	2004	N/A
ImagineAir	2004	South Carolina	Cirrus SR-22	Two college students	Privately funded	2007	2018

declaring bankruptcy, Linear Air and ImagineAir remained in operation for the entire period of study, 2002–2009.[4] Our goal in this paper, however, is not to explain success or failure but to examine whether and how the new firms were able to adapt to changing conditions over time. Table 1 summarizes background information on the firms.

Data Sources

We gathered comprehensive data on the industry, our sample, and the individual founders covering the period from 1999 through 2009. Industry-level data came from the FAA, the *Air Charter Guide* (an annual industry publication), articles about air taxis published in mainstream media and aviation journals, and 18 interviews with analysts, founders, and CEOs whose firms were not included in our theoretical sample. We gathered firm-level and individual-level data from archival sources (websites, press releases, articles, and public interviews) and interviews. We captured near-monthly historical webpages for each firm. Using Factiva and ProQuest, we gathered all press releases issued by the firms (N = 110) and all articles written about the firms (N = 630) until 2009. The extensive archival data allowed us to track each firm's development over time, avoiding the retrospective bias in recalling events from the past.

We also gathered archival data about each firm's founder. DayJet was founded by a single individual. Although SATSAir and Linear Air each had two official founders, interviews and archival materials clearly identified one as the dominant founder. Similarly, although ImagineAir had four early employees, two were consistently identified as the firms' founders. Because these individuals also developed the idea for each company, formulated its business model, and held more than 80 percent of each firm's equity, we identified them as founders. We transcribed the founders' speeches, identified all quotations from the founders in press releases and articles written about the firms, and gathered all articles written about the founders prior to the firms' formations. To triangulate these data, we conducted 16 semi-structured, recorded, and transcribed interviews, ranging from one to 2.5 hours, with nine founders and

[4] ImagineAir ceased operations in May 2018.

Table 2. Overview of Archival Data and Interviews

	Archival					Interviews		
Firm	Webpage captures	Press releases	Articles about firm	Founders' public speeches	Articles about founder (pre-founding)	Number	Informants	Internal Company Data
DayJet	42	32	434	2	96	2	CFO; functional executive	Company background; executive bios
SATSAir	48	20	75	2	9	5	Founder; functional executives	Investor presentation, financial statements (2 years), flight operating figures (4 years)
Linear Air	47	50	96	6	28	6	Founder; functional executive	Business plans (3 years), investor presentations
ImagineAir	32	8	25	2	–	3	Founders; functional executive	Investment deck, search engine analytics (8 years)

executives. We interviewed Linear Air's founder over multiple years, beginning in 2005 and ending in 2013. We interviewed other firms' founders and executives in 2012 and 2013.[5] See table 2 for a detailed summary of our data sources.[6]

Data Analysis

We explored our data in stages, following established methods for case-based theory building (Eisenhardt and Graebner, 2007). We first developed a detailed history of the air taxi industry to understand the context that firms were operating in and adapting to. Next, we synthesized our firm-level data into four case histories capturing each firm's evolution over time. The cases tracked each firm's activities, including announced partnerships (e.g., relationships with aircraft manufacturers), growth (e.g., number of employees and fleet size), expansion to additional airports, funding rounds, and major changes in business models. Following Rindova and Kotha (2001), we conceptualized major changes as shifts in each firm's services provided (e.g., adding aircraft maintenance), resources deployed (e.g., switching aircraft types), and organization of activities (e.g., changing the way prices were calculated). Each of the activities captured in the histories was reported in at least two sources (e.g., a firm's website as well as an interview). We also traced how each firm categorized itself over time in its press releases. First, we noted what labels the firm used to describe its service (e.g., VLJ air taxi operator, jet charter) and how often those labels

[5] All uncited quotes in the findings come from these interviews.

[6] We interviewed one of ImagineAir's founders; to obtain information about the other founder, we relied on public interviews. In addition, we were unable to interview the founder of DayJet, who passed away in 2013. We thus relied on his public interviews and speeches for direct quotations.

changed. Second, we coded how each firm described the industry it was operating in, specifically whether the firm characterized its services as being novel or likened them to the existing category, air charters. Finally, we captured audiences' perceptions of each firm by coding whether articles described the firm as a charter or as novel/revolutionary.

Next, following an inductive approach, we compared and contrasted the data to identify patterns across the four cases. After discovering that some firms were flexible and others exhibited inertia, we focused our analysis on understanding what factors, including founders' characteristics, might explain this difference.

In so doing, we recognized that the founders described themselves as entrepreneurs in markedly different ways. To better understand these patterns, we captured all statements the founders made in interviews, press interviews, speaking engagements, and press releases that reflected how they viewed themselves as entrepreneurs (N = 83). These included founders' reflections on their motivations for launching the firms, views of their strengths and capabilities as entrepreneurs, and more generally, what characteristics and activities they thought the role of entrepreneur encompassed. Consistent with the literature (e.g., Fauchart and Gruber, 2011; Powell and Baker, 2014), we conceptualized these statements as reflecting founders' identities. We created a profile for each founder that captured differences across multiple identity dimensions that we clustered into four themes and two identities, summarized in table 3.[7] To understand outsiders' perceptions of the founders, we also examined all articles that included descriptions of the founders and captured the terms the articles used to refer to them, for instance, ''serial entrepreneur'' or ''visionary.''

Finally, we identified patterns across firms' and founders' relevant dimensions to build theory about the potentially causal relationship between founder identity, firm activities, and levels of change over time. In keeping with a replication logic (Eisenhardt and Graebner, 2007), we compared the insights from one case with the other cases to develop the mechanisms connecting these constructs. We iterated between our data and multiple literatures in strategy, entrepreneurship, and organizational theory to bolster the logical associations between our constructs and thus establish theoretical validation. We finished analysis once we felt we had reached theoretical saturation.

FINDINGS

The paths taken by the four firms we studied diverged dramatically. DayJet and SATSAir exhibited inertia, actively reinforcing their initial venture concepts and making only a small number of mostly temporary changes. In contrast, Linear Air and ImagineAir displayed flexibility by engaging in ongoing experimentation and adapting their business models. Our analysis suggested that these differences stemmed from founders' sharply contrasting beliefs about who they were as entrepreneurs—they originated with two distinct founder identities. Some founders—whom we labeled revolutionaries—wanted to build companies that would change the world. In the uncharted context of a nascent

[7] Although ImagineAir had two founders, their statements were similar; we therefore categorized them as falling into the same identity type and do not distinguish them in the tables or discussion.

Table 3. Founder Identity Archetypes: Dimensions and Representative Quotations

Revolutionary identity (DayJet and SATSAir)	
Do something novel	''What attracted me to it [DayJet] was it was a new thing that nobody had done before.'' (DayJet founder, quoted in Pounds, 2006) ''I like shaking things up. DayJet is a constructive form of rebelliousness. You might think I am crazy, but I like doing things that seem impossible.'' (DayJet founder, quoted in Tatge, 2007) ''It is one of those frontiers that has never been properly addressed. . . . That's what drove me to the idea.'' (DayJet founder, quoted in Udell, 2007) ''My idea of the air taxi operation . . . that had not been done.'' (SATSAir founder interview, 2013)
Have a significant impact	
Radically alter status quo	''I can help change a market that is in dire need of some big changes.'' (DayJet founder, quoted in Cooney, 2005) ''It's a rare privilege to be involved in the type of watershed change that remodels an entire industry and even influences our way of life.'' (DayJet founder, DayJet website, 2005) ''The original idea was to get general aviation out of the 1930s.'' (SATSAir founder interview, 2013) ''I thought, wow, this [the Cirrus aircraft] could be revolutionary . . . we could change aviation.'' (SATSAir founder interview, 2013)
Shape a new industry	''I feel like we're inventing. We're pioneering a market.'' (DayJet founder, quoted in Udell, 2007) ''The guys coming out of technology are used to new markets. . . . You're evangelizing a new concept, and that's something we've been doing since the dawn of the software business.'' (DayJet founder, quoted in Kirsner, 2007) ''I had a vision to make the air taxi concept work.'' (SATSAir founder interview, 2013)
Discoverer identity (Linear Air and ImagineAir)	
Identify externally created opportunity	
Opportunity is created by external forces	[On the advent of very light jets:] ''It is a whole new world of economic opportunities.'' (Linear Air founder, *Very Light Jet Report*, 2008) ''This opportunity came up. I said, well, I'm young. . . . I'm going to just go for it, and we'll see what happens.'' (ImagineAir founder interview, 2012)
Skill in identifying and exploiting an opportunity	''Entrepreneurs see things that other people can't see.'' (Linear Air founder, quoted in Kirsner, 2007) ''I saw an opportunity to operate . . . at a much lower price point than other competitors.'' (ImagineAir founder interview, 2012)
Build a successful company	''Why do this? . . . When you get it to the point where you're able to cover your fixed costs. . . . It can become very profitable.'' (Linear Air founder interview, 2008) ''I announced to the family that I was going to start an air transportation company . . . all the silverware hit the floor. . . . But there are some good examples of some companies, even in the airline industry, that make a lot of money.'' (Linear Air founder interview, 2009) ''We started to look at the market demand. . . . We talked to a lot of businesses and asked them what their needs were—how are you traveling currently? How would you like to travel?'' (ImagineAir founder, CNN, 2013)

industry, they saw themselves as creating something novel that would have tremendous impact. Borrowing from baseball, for these founders, being an entrepreneur meant ''swinging for the fences'' to hit a home run. Other

founders—whom we labeled discoverers—simply sought to build successful businesses; in other words, to ''get on base.'' They believed that new opportunities resulted from external changes in the environment and saw themselves as identifying opportunities and searching for models that would lead to start-up success.

The two founder identities set off self-reinforcing cycles of firm inertia and flexibility, primarily through the mechanism of identity affirmation: the enactment of activities that affirmed, stabilized, and maintained the integrity of founders' identities (Stryker and Serpe, 1982; Ashforth and Mael, 1989; Swann, 1999; Stets and Burke, 2000). Consistent with their desire to change the world, revolutionary founders committed to radically novel business models, innovative technologies, developing a new ecosystem, and symbolically shaping their new category. Because their sense of self was tied to doing something groundbreaking, these founders rejected changes that would have made their ventures more incremental, even in the face of industry shifts and poor performance. Instead, they actively doubled down on their novel venture concepts. In contrast, consistent with their view of entrepreneurship as a process of opportunity identification and exploitation, discoverer founders engaged in ongoing experimentation and adaptation. These dynamics were reinforced by audience expectations consistent with each founder's identity. Figure 2 outlines an emergent framework showing how, in a nascent industry, founder identity can set off self-reinforcing cycles of firm inertia or flexibility.

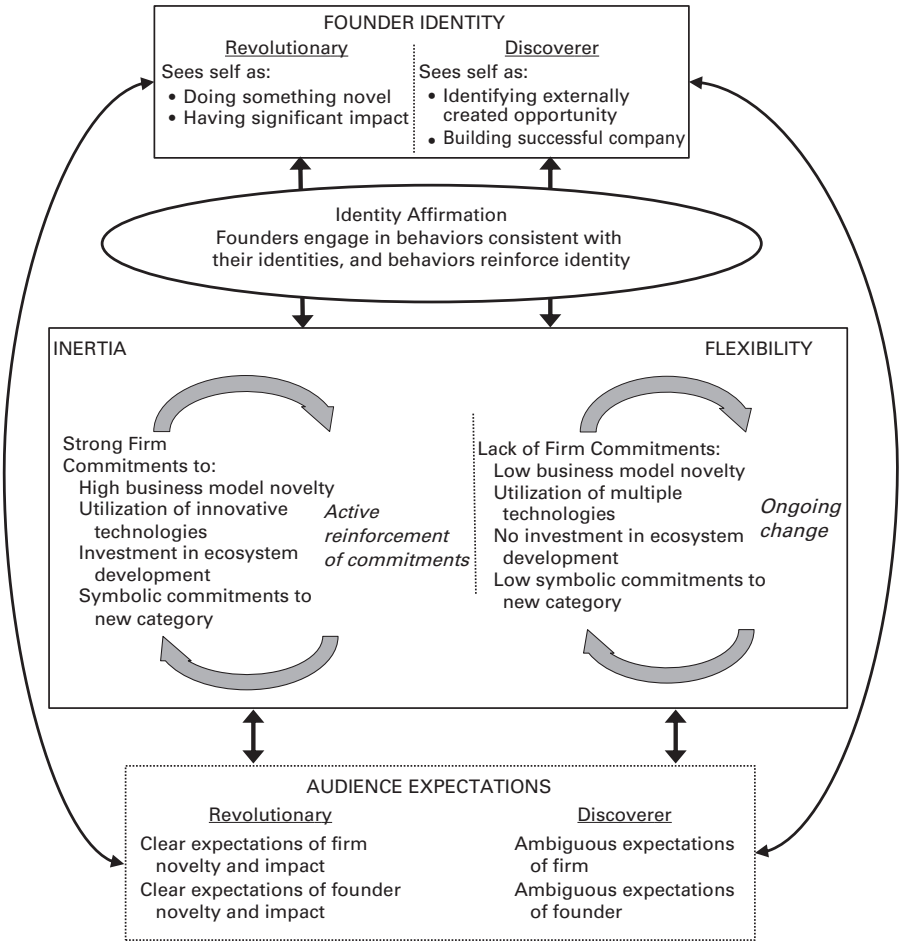
Founder Identities: Revolutionary and Discoverer

Our analysis of founders' identity statements revealed two distinct conceptualizations of what it meant to be an entrepreneur in the uncharted context of a nascent industry. The founders we labeled revolutionaries saw themselves as doing something novel that would have a significant impact by radically altering the status quo and shaping a new industry. Those we labeled discoverers saw themselves as identifying externally created opportunities and then taking advantage of those opportunities by building profitable companies. Table 3 provides representative quotations for each identity dimension.[8]

Revolutionary founder identity. Revolutionary founders saw themselves as both doing something highly novel and having a significant impact that would radically disrupt the existing landscape and shape a new industry. This identity was held by the founders of DayJet and SATSAir. Underlining the importance of novelty, DayJet's founder explained that he became enthusiastic about starting his firm when he ''came to the conclusion that [he could] . . . reach markets that were unreachable and provide an entirely new platform and entirely new view'' (Mattoon, 2005). In another interview, he further underscored novelty as his motivation: ''When they told me, 'Nobody has ever done this.' . . . Now it got very exciting for me. It wasn't just chartering airplanes.

[8] Following the suggestion of an anonymous reviewer, we also coded founder identity statements using typologies developed in Cardon et al. (2009) and Fauchart and Gruber (2011). We did not note significant differences between founders using these typologies—they would all be classified as ''inventors'' using Cardon et al.'s (2009) typology (they expressed passion for identifying or creating new opportunities) or as ''Darwinians'' using Fauchart and Gruber's (2011) typology (they saw their firms as profit-making entities), indicating that the founder identity types we induced are capturing a new distinction.

Figure 2. Theoretical logic linking founder identity and firm inertia or flexibility in a nascent industry.



We've got new science, new math. . . . That's how we got started'' (Udell, 2007). Similarly, describing his motivation for starting SATSAir, the founder emphasized his excitement about the novelty of his venture concept: ''My idea of the air taxi operation—that had not been done.''

Revolutionary founders also sought impact, hoping to fundamentally alter the status quo. While these founders wanted to build successful companies, they also wanted those companies to be the impetus for driving radical change and creating the air taxi market. For instance, SATSAir's founder emphasized his interest in shaping the industry by ''proving'' the air taxi concept, in addition to growing his own business, noting his desire to ''see a headline that reads 'Air taxi concept proven, business continues to grow''' (Wood, 2006). Similarly, in DayJet's first press release, the founder used the words ''create'' and ''shape'' to describe his active role in driving the emergence of new industries, including the air taxi market: ''I've . . . helped to create the Windows 'server-based' computing architecture that powers much of corporate America; and

now, [I am] shaping the future of regional business travel with 'Per-Seat, On-Demand' jet services'' (DayJet press release, 04/25/05). SATSAir's founder reflected on his motivation for starting the firm by emphasizing how he could effect radical change: ''The thing about air taxi [is that] it's like the internet. . . . The same way computers and the internet have expanded our ability to communicate with people, we can expand our ability to touch somebody face-to-face'' (Aero-News, 2007).

For revolutionaries, being a founder meant much more than simply starting a successful venture: when describing themselves as entrepreneurs, they rarely mentioned searching for and capturing opportunities or making money. Instead, they viewed themselves as Schumpeterian entrepreneurs engaged in ''creative destruction'' (Schumpeter, 1934). To be clear, these founders were still focused on the formation of new companies; they could not have enacted their identities, for instance, solely by building industry associations or promoting the air taxi movement. But they would not have been interested in starting a business, even a profitable one, if they did not think it would be novel and that it would have a major impact on the world.

Discoverer founder identity. Discoverer founders had more modest ambitions. For them, being an entrepreneur meant identifying an opportunity enabled by external forces and building successful companies that could capitalize on the opportunity. The founders of Linear Air and ImagineAir held discoverer identities. They described the creation of entrepreneurial opportunities in passive terms, attributing them to forces in the external environment, including new technologies. The founder of Linear Air reflected, ''The one constant that I can draw through all of the businesses that I've been involved in is that there's been some new thing that's created a new business opportunity.'' He explained that ''VLJs . . . [have] the potential to create a big new market opportunity.'' Similarly, one of ImagineAir's founders explained that he founded the firm because ''this opportunity came up, and I thought it was once-in-a-lifetime.''

Discoverers saw themselves as identifying the opportunities that arose from these external forces. For example, the founder of Linear Air—whose other ventures included consulting, mobile phones, wine wholesale, and Internet marketing—described how the identification of opportunities was important across his career as a serial entrepreneur: ''I can draw a straight line through all of my very different ventures. . . . I've always been able to identify an opportunity that matches my interests'' (Business Innovation Factory, 2007). One of ImagineAir's founders described the discovery process that led to the formation of the firm: ''I read all the magazines. I stayed up to date. And everybody was talking about [VLJs].''

While revolutionaries wanted to have a broad impact on the status quo, discoverers were more narrowly focused on building and growing firms that could take advantage of the opportunity they had identified. Linear Air's founder discussed his motivation for starting the firm by emphasizing its potential financial impact: ''People have said to me, why would you want to do this? The answer is that the airline business can be a really great business, when you get it to the point where you're able to cover your fixed costs. . . . It can become very

profitable.'' An ImagineAir founder was explicit about his motivation to build a successful business rather than enable broad change or create an industry: ''Of course I'd like to say I'm trying to start a new industry. That's the sexy answer. But is that the right answer? . . . Me, personally, I'm so internally driven that I'm the worst person in the world to do that.''

Our analysis indicated that the revolutionary and discoverer identities appeared to be consistent over time and ventures. In 1998, four years before he launched DayJet, the founder described how he formed his previous company ''with the dream'' of both ''creating a world-class software company'' and of ''building an industry'' (Ernst & Young press release, 11/15/98). In 1999, referring to the same venture, he further explained, ''I'm a technologist at heart, but I like to think in bigger terms. I want to do things that affect change in a global way'' (Gibbs, 1999). Similarly, before he founded SATSAir, the founder described his appointment to the board of a VLJ company as ''the opportunity to launch a new era of aviation'' (Adam Aircraft press release, 07/09/04). In contrast, Linear Air's founder explained the motivation for his prior ventures as discovering and taking advantage of opportunities: ''There was a short window during which renting cell phones was a business opportunity. So I got into that. And then I got into the wine business when there was an opportunity to introduce direct marketing techniques. Then I got into the Internet business.'' We found that the revolutionary and discoverer identities had firm-level consequences for inertia and flexibility.

Identity Affirmation, Inertia, and Flexibility

The ways that individuals experience and make sense of their identities—including their professional roles—can meaningfully affect their behaviors (Glynn, 2000; Wry and York, 2017). Thus, as psychologists and sociologists have argued, ''identities, by definition, imply action'' (Callero, 1985: 205). When individuals internalize particular identities, they set internal and external behavioral standards for their activities and their performance. Acting in ways that are consistent with these expectations generates positive emotions, including pride and belonging; conversely, engaging in activities that violate identities generates cognitive dissonance and negative emotions, including anger and depression (Stryker and Burke, 2000). Thus identity affirmation drives individuals to seek out and engage in behaviors that are aligned with and confirm their identities and to reject activities that are inconsistent with their self-views (Stryker and Serpe, 1982; Ashforth and Mael, 1989; Swann, 1999; Stets and Burke, 2000).

Drawing on this line of work, recent research has suggested that founders' identity affirmation can have a significant influence not just on individual behavior but also on the organization-level attributes of founders' firms (Fauchart and Gruber, 2011; Powell and Baker, 2014, 2017; York, O'Neil, and Sarasvathy, 2016). Building on this literature, we propose that identity affirmation can shape not only a start-up's initial actions but also its ongoing evolution. In table 4, we summarize our comparison of the ventures of revolutionary and discoverer founders along four dimensions: the novelty of their business models, their use of innovative technologies, their efforts to

Table 4. Commitments of Revolutionary versus Discoverer Founders' Firms

Firm	Business model novelty*	Use of innovative technologies	Investment in ecosystem development	Symbolic commitment to new category
DayJet (Revolutionary founder)	HIGH: no common charter features. Business model composed primarily of novel features: routes limited to particular airports; book a seat, not the entire plane; custom departure windows; charge varies by flexibility of departure window; no charge for repositioning; branded airport check-in; online reservations.	HIGH: proprietary route optimization software; largest order of Eclipse 500.	HIGH: investment in airport infrastructure; whitepapers and press releases on benefits for airports and FBOs of hosting operation; VLJ Centre of Excellence to offer training and education on light jets; led Air Taxi Industry Association; NextGen project with FAA.	HIGH: new label for firm and industry; the world's first ''Per-Seat, On-Demand'' jet service; industry categorized as new.
SATSAir (Revolutionary founder)	HIGH: two common charter features: book entire airplane; custom departure time. Business model composed primarily of novel features: routes limited to particular airports; charge per measured hour flown; no charge for repositioning.	HIGH: proprietary route optimization software; largest Cirrus SR-22 fleet.	MEDIUM: relationships with airports and FBOs; press releases on benefits for airports and FBOs of hosting operation; led Air Taxi Industry Association.	HIGH: new label for firm and industry; the innovative ''Air Taxi'' / ''Air Cab'' concept; industry categorized as new.
Linear Air (Discoverer founder)	LOW: business model similar to traditional charter models: book entire airplane; charge per flight by route or estimated hours; custom departure time; charge for repositioning; maintenance of own aircraft.	LOW: no proprietary optimization software; no commitment to particular aircraft type.	LOW: no investment in airports and FBOs; joined Air Taxi Industry Association.	LOW: multiple, inconsistent labels for firm and industry; industry likened to charter.
ImagineAir (Discoverer founder)	LOW: business model similar to traditional charter models: book entire airplane; charge per flight by route or estimated hours; custom departure time; charge for repositioning.	LOW: no proprietary optimization software; no commitment to particular aircraft type.	LOW: no investment in airports and FBOs; joined Air Taxi Industry Association.	LOW: multiple, inconsistent labels for firm and industry; industry likened to charter.

*All of the firms shared four novel features that distinguished air taxis from charters: (1) operated smaller aircraft that seated 3–4 customers; (2) flew between small regional airports; (3) owned or leased their own aircraft; and (4) had a branded, direct relationship with customers.

develop the supporting ecosystem, and their symbolic commitments to air taxis as a new category.

Business model novelty. As table 4 illustrates, the firms' initial business models varied significantly in their degree of novelty. DayJet and SATSAir enacted business models that were clearly distinct from the traditional air

charter model. DayJet's model had seven novel features, including allowing customers to book individual seats (versus an entire plane), limiting flights to a network of prespecified regional airports (versus any airport that the customer wanted), and not charging customers for the repositioning of the plane.[9] SATSAir's initial model differed from charters in that customers were charged by the hour, flights were limited to airports within an hour radius from three ''domicile'' cities (a triangle) in the Southeastern United States, and the firm did not charge for repositioning the plane.

The development of these new, radical business models provided the revolutionary founders with a means for translating their identities into action by representing the type of novelty that motivated them to become entrepreneurs. For instance, DayJet's founder explained the importance of the business model as a source of novelty: ''The breakthrough, I think . . . is in the business model. The business model is what makes this so exciting'' (Udell, 2007). Describing how the firm developed the model, he elaborated, ''We kept ourselves aligned with Rule 135 [the FAA's regulations for air charter firms] and literally threw everything else out of the window to start afresh'' (Powell, 2005). He summarized: ''DayJet will be completely different from the ground up'' (Powell, 2005). Similarly, SATSAir's founder described how the firm's novel business model was different than anything that had existed previously: ''We were different than the other companies out there. . . . [Other companies] didn't understand what [we] did about our aircraft and what they could do. We were thinking about network theory.''

In contrast, given that they were not seeking novelty or impact, but simply a way to capitalize on the air taxi opportunity and build a successful company, Linear Air and ImagineAir's discoverer founders were comfortable developing incremental business models that were similar to charters. Thus their business models had no novel elements relative to charters, other than the four that were common to players in the air taxi market. Linear Air's founder described how he adapted elements of a charter model to increase his chances of business success: ''We focused on . . . de-risking [our business model] by initially going after the people who would be the most likely customers—whole-plane charter users.''

In addition to influencing initial choices, our data suggest that identity affirmation also shaped the ongoing evolution of each firm's business model. As table 5 illustrates, the firms formed by revolutionaries reinforced their initial models over time with few changes; in contrast, those formed by discoverers enacted frequent changes. DayJet made only one business model change during its entire operation when, just as the firm was about to declare bankruptcy in 2008, it temporarily allowed customers to book an entire Eclipse 500. This change was not meant as a permanent shift to the firm's model but as a temporary fix to help generate cash flow. A DayJet executive reflected on the firm's evolution: ''There was never anything that gave us concerns on changing the model.'' Similarly, SATSAir made only three business model changes. As

[9] Travel had to originate or arrive at a set of prespecified locations called DayPorts; the other end of the trip could include a broader set of destinations, called DayStops. Repositioning charges involved the customer paying if the trip was one way or if the plane had to be moved from its home base to pick up the customer.

Table 5. Evidence of Inertia and Flexibility*

Firm	Reinforcement of initial business model	Changes to initial business model
DayJet	Ongoing: Refinement of software (*Tech*) April 2005: Order 239 Eclipse-500 (*Tech*) July 2007: Add 9 Eclipse-500 (*Tech*) Dec. 2007: Add 11 Eclipse-500 (*Tech*) Dec. 2007: Add 28 DayStops (*BusMod, Ecosys*) Jan. 2008: Add 2 DayPorts, 12 DayStops (*BusMod, Ecosys*) March 2008: Add 3 DayPorts (*BusMod, Ecosys*) May 2008: Add 2 DayPorts (*BusMod, Ecosys*) Dec. 2007: Found Air Taxi Association (*Ecosys*) June 2008: Add 5 Eclipse-500 (*Tech*) June 2008: NexGen project with FAA (*Ecosys*) July 2008: Add 2 DayPorts, 14 DayStops (*BusMod, Ecosys*)	**June-July 2008: Temporarily add per-plane booking to any airport (*BusMod*)**
SATSAir	Ongoing: Refinement of software (*Tech*) Sept. 2005: Add 2 domiciles (*BusMod, Ecosys*) May 2006: Sell 25% of company to Cirrus (*Tech*) June 2006: Add 2 domiciles (*BusMod, Ecosys*) Oct. 2006: Order 50 Cirrus SR-22 (*Tech*) Oct. 2006: Add 1 domicile (*BusMod, Ecosys*) Jan. 2007: Add 17 Cirrus SR-22 (*Tech*) Dec. 2007: Form Air Taxi Association (*Ecosys*) Aug. 2008: Order Cirrus SJ50 jets (*Tech*)	Sept.–Oct. 2005: Temporarily fly outside network (*BusMod*) May 2006: Add Cirrus maintenance for others (*BusMod*) Jan. 2009: Add freight services (*BusMod*)
Linear Air	No evidence of reinforcement of initial concepts.	Ongoing: Add/remove scheduled flight routes (*BusMod*) **Aug. 2004: Begin flying Cessna Grand Caravan (*Tech*)** Sept. 2004: Add pre-paid flight card (*BusMod*) Feb. 2006–Jan. 2007: Add pre-paid season pass (*BusMod*) July 2007: Add 1 Eclipse-500 to fleet (*Tech*) **March 2008: Join Virgin Charter marketplace for customer leads (*BusMod*)** May 2008: Add online reservations (*BusMod*) Sept. 2008: Add Eclipse maintenance for others (*BusMod*) **Nov. 2008: Add VLJ management—i.e., charter others' aircraft (*BusMod*)** Feb. 2009: Add Eclipse fleet support (*BusMod*) April 2009: Add Eclipse pilot training (*BusMod*)
ImagineAir	No evidence of reinforcement of initial concepts.	Ongoing: Rate calculation changes (*BusMod*) April 2007: Begin flying Cirrus SR-22 (*Tech*) April 2007: Add online reservations (*BusMod*) April 2007: Add one-day flight specials (*BusMod*) Nov. 2007: Add freight services (*BusMod*) **Sept. 2008: Begin in-house maintenance (*BusMod*)** **Sept. 2008: Customer leads from charter brokers (*BusMod*)** April 2009: Add empty leg specials (*BusMod*) April 2009: Add pre-paid flight card (*BusMod*)

**BusMod* indicates business model reinforcement/change; *Tech* indicates reinforcement or change in the use of innovative technologies; *Ecosys* indicates reinforcement or change in ecosystem commitments. Changes that involve the adoption of charter-like features are in bold.

the founder recalled, ''The business model was pretty much the same from the get-go.''

Our data suggest that DayJet and SATSAir did not adapt because any changes that made the firms' models less radical would have been inconsistent with the founders' revolutionary identities. For instance, the founders were adamant that their ventures remain distinct from traditional charters. DayJet's founder explained, ''We don't see this as incremental, another form of charter'' (Asker, 2005). The firms thus abstained from changes that would have made their models more charter-like. While other firms engaged charter brokers to attract customers when economic conditions hurt demand, DayJet and SATSAir did not. DayJet's founder stated, ''I'll consider it a failure if air limos are just flying around the current users of air charter'' (Trautvetter, 2006). DayJet also rejected a shift to a charter-like per-plane pricing model because it would have compromised novelty; as an executive explained, ''We felt that if you [charge per plane], you pretty much serve in the same market that already exists—the private jet charter market. And we thought in order to really create a new market, you had to crack the per-seat side of it.''

In contrast, as table 5 shows, Linear Air and ImagineAir's discoverer founders enacted frequent changes, including many that made their models more charter-like. In 2008, for instance, as a reaction to the financial crisis, both firms began accepting passenger referrals from charter brokers. An ImagineAir founder explained:

> We really adapted during the economic downturn. We saw a lot of our customers just disappear. . . . We thought, what about all those people that are using [charter operators]? They're probably looking for cheaper options. . . . So we let them know that we're just using smaller, more efficient, technologically advanced aircraft.

That same year, Linear Air also began utilizing others' aircraft for air taxi flights, emphasizing that the change was modeled on the traditional charter model where ''owners receive 85% of charter revenue'' (Linear Air press release, 11/05/08). In fact, Linear Air eventually adopted all the characteristics common to charter firms. Both firms also engaged in ongoing experimentation. For example, they tested different pricing strategies: Linear Air added and removed pre-paid season passes and flight cards, while ImagineAir added and removed one-day flight specials and ''empty leg'' specials. Linear Air also experimented with operating like a traditional airline by temporarily allowing passengers to book a seat on a limited number of scheduled flights.

Frequent change was consistent with the discoverer identity. Discoverers believed that being an entrepreneur entailed searching for the best opportunities to build a business; this translated into ongoing experiments and adaptation to help the firm learn about and capitalize on the air taxi opportunity. Reflecting on the firm's frequent shifts, Linear Air's founder stated, ''The basic approach is test and learn. What are you testing? What are you learning? And how do you apply that?'' (Richards, 2006). An ImagineAir founder explained, ''We don't know what the best models are. Is it that you pay for the dead legs? That you charge the customer? I don't know . . . I'm just trying it one way because we think it might work.'' In general, Linear Air's founder emphasized the importance of flexibility as a necessary component of discovery and business-

building: ''We have been all over the road! But hey, it's all about being nimble in a market like ours.''

Meanwhile, although DayJet and SATSAir made few substantive business model changes, they were not idle. Instead, the firms engaged in an active inertial cycle of doubling down on activities that reinforced their radical business models. DayJet's model continued to limit travel to cities on its route map, and the firm repeatedly expanded its service by adding new DayStops and DayPorts. Similarly, SATSAir continued to add new ''domicile'' cities, expanding its geographic coverage. Founders framed these activities not as mere growth but as evidence of their firms' impact. For example, DayJet described how, by reinforcing its model through adding cities, the firm was doing nothing less than helping solve the ''crisis'' faced by ''the nation's air transportation system'' (DayJet press release, 07/09/08). Similarly, SATSAir's founder described how geographic expansion ''signals a growing acceptance of this innovative approach to business and personal air travel'' (SATSAir press release, 03/17/09). As these quotes indicate, business model reinforcements were consistent with founders' views of themselves as transforming an industry.

Utilization of innovative technologies. The revolutionary founders also enacted their identities by committing to the innovative technologies they felt were essential to driving radical change. Both firms invested significant time and money in developing proprietary software that could optimize their operations. In a press release, DayJet's founder described how, in combination with new aircraft, the firm's software would revolutionize aviation: ''Like many great innovations in history, there is a confluence of hardware and software advances that together, promise radical change and benefit to thousands of regional business travelers'' (DayJet press release, 07/28/06).

Both firms also planned to fly innovative new aircraft. DayJet's founder intended to deploy the four-passenger Eclipse 500, broadly viewed as a ''ground-breaking'' aircraft (Lunsford, 2006). He believed the Eclipse was uniquely positioned to implement his vision of a radically new venture that could redefine aviation. He frequently described the firm's utilization of the Eclipse as the dawn of ''a new era'' of travel (DayJet press release, 07/28/06), and DayJet's website claimed the Eclipse 500 ''represents the necessary hardware for DayJet . . . to make affordable, on-demand jet travel a commercial reality'' (DayJet website, 10/06). Thus in 2002, DayJet formed a five-year strategic partnership with Eclipse that included an order for over 1,000 Eclipse 500 jets, the largest order of the aircraft placed by a single firm. SATSAir's founder launched the firm with Cirrus SR-22 aircraft, seen by observers as a ''general aviation phenomenon'' (Graham, 2006). He explained how, because of its low cost and advanced technologies, ''utilizing the piston single-engine airplane . . . is an industry-changing event'' (Aero-News, 2005). He reinforced this view, stating, ''An air taxi needs a low-cost aircraft like the Cirrus [SR-22].'' His commitment to the Cirrus SR-22 was influenced by the innovative parachute feature, described as ''a huge part of [SATSAir's] marketing,'' because it increased the safety of flying with a small aircraft dramatically. SATSAir deployed the industry's largest Cirrus SR-22 fleet, and Cirrus became a major shareholder by buying 25 percent of the company in May 2006.

In contrast, Linear Air and ImagineAir's discoverer founders did not emphasize the use of particular innovative technologies. Their firms did not develop new software and did not prioritize the deployment of specific aircraft. While both firms placed advance orders for the Eclipse 500, each ordered only a few planes. To affirm their identities, discoverers were motivated to use any technology that would allow them to capitalize on the air taxi opportunity. In contrast to DayJet's founder, Linear Air's founder described how the firm ordered the Eclipse not to revolutionize aviation but because of the ''economics in terms of how [it] operates.'' He elaborated: ''I do think there is a huge opportunity out there, and I do think that Eclipse has the potential to be the aircraft type . . . [to allow me to] generate a return on that [opportunity].''

Besides shaping their initial choices, founders' identity affirmation affected the firms' long-term approaches to technology use. Using less radical technologies, including aircraft, would have been incompatible with the revolutionary founders' identities. This was especially evident in DayJet's response to Eclipse delivery delays. In November 2004, Eclipse announced that problems with the original engine would shift the firm's anticipated delivery date from late 2004 to late 2006. DayJet had planned its 2005 launch around the delivery of its Eclipse VLJs. Yet despite the delays, DayJet did not engage another aircraft manufacturer in order to begin operating. The firm pushed back its first flights by more than two years and invested in further developing its proprietary scheduling software. In addition, once they became operational, rather than using multiple aircraft, DayJet and SATSAir engaged in an inertial cycle of reinvesting in the aircraft that they felt were essential to delivering their vision of a new market. DayJet continually expanded its Eclipse fleet, adding a total of 25 Eclipse 500s between June 2007 and June 2008. SATSAir steadily expanded its fleet of Cirrus SR-22s from nine aircraft in 2005 to 26 in 2007.

Meanwhile, discoverer founders were not committed to particular aircraft and made changes right at launch. When it became clear the Eclipse 500 would be delayed, Linear Air's founder began flying commercially with the Cessna Grand Caravan, a turboprop airplane commonly used in the air charter market. He viewed this as a chance to begin exploring the air taxi market and refine his understanding of the opportunity. In a 2006 interview, he explained, ''Launching the business with proven turboprop aircraft . . . allowed us to experiment and test the market.'' The firm expanded its fleet with a Cessna Skyhawk in 2005 and additional Grand Caravans in 2005, 2006, and 2007. In 2007, when it became available, Linear Air added an Eclipse VLJ, its first aircraft not used by traditional charter operators. Linear Air's founder continued to believe that the firm should remain open to change, reflecting, ''That's been a recurring theme [in our thinking]: Did we make the right aircraft choice? . . . Should we be looking at the Cirrus? Should we be looking at others?''

Similarly, ImagineAir's founders had planned to begin flying with the Eclipse 500 but, in response to the delays, began operating with the Cirrus SR-22. One of ImagineAir's founders described the decision as an opportunity to experiment and test the market:

> We had deposits on four Eclipse aircrafts. . . . Eclipse . . . kept pushing back the delivery dates. That's when we started looking at . . . the Cirrus aircraft. . . . At first we thought people wouldn't want to fly in [it]. . . . [We thought], but why not, couldn't we just try it to get started? . . . So, our model went from [having] Eclipse jets

covering the entire East Coast to having the Cirrus aircraft to provide an option for shorter hops.

Investment in ecosystem development. In its nascent phases, the air taxi market lacked an ecosystem that could support its broad development. In particular, the U.S.'s network of secondary airports lacked amenities and technologies, including control towers and instrument landing systems (Dyson, 2006). DayJet and SATSAir's revolutionary founders thus saw the creation of an air taxi ecosystem as an essential step for the industry to have the major impact they desired. DayJet committed resources to developing airports, including building customized DayJet check-in kiosks and embarking/disembarking ramps. The firm published a series of white papers with titles such as ''Is There a DayPort in Your Future?'' and ''Leveling the Economic Playing Field,'' explaining the benefits for local communities, local airports, and fixed base operators (FBOs) of hosting its operations. SATSAir also formed relationships with and invested in domicile airports; its first flight transported a congressman through three domiciles over three days, bringing publicity to both the firm and the airports. SATSAir's founder explained how the firm's investment in ecosystem development would have broad impact by driving ''job creation [and] revenues at the airports . . . we serve'' and generating ''economic impact . . . [for] local businesses'' (SATSAir press release, 10/17/06). The firms also partnered with governmental actors and educational institutions to shape the air taxi ecosystem. For instance, in 2006, before it began operating, DayJet announced plans to develop a VLJ ''center of excellence'' along with the FAA and several universities to focus on ''the development of an education program and curriculum . . . to prepare students for careers at on-demand service providers'' (DayJet press release, 04/24/06). In contrast, the development of the industry, and thus an air taxi ecosystem, was not central to the identities of Linear Air and ImagineAir's founders, and the firms did not invest in airports or other infrastructure.

Over time, DayJet and SATSAir continued investing in ecosystem development. Throughout its limited period of operation, DayJet opened new DayPorts and DayStops every few months (see table 5). For example, the firm added two DayPorts in May 2008, despite downsizing its workforce from 270 to 170 employees the same month; it also opened two new DayPorts and 14 DayStops just two months before it ceased operations. SATSAir also continually added new domiciles, or bases that allowed the firm to expand to additional networks of triangles. In 2007, executives completed a ''Fly Florida Tour,'' meeting with officials from 104 regional airports to explain the benefits of hosting SATSAir (SATSAir press release, 02/14/07).

In addition, DayJet and SATSAir continued to establish and lead industry associations that could help develop the air taxi ecosystem. In 2007, both firms sponsored the formation of the Air Taxi Association (ATXA), chaired by a DayJet executive who explained, ''DayJet helped inspire the formation of the Air Taxi Association. . . . Together, ATXA members will work to set industry standards that benefit all of aviation and air taxi service worldwide'' (ATXA press release, 12/13/07). In the same press release, SATSAir's founder confirmed the ATXA's purpose, noting, ''There is such a strong need for increased

market awareness of the air taxi value proposition. . . . That is why we are enthused about the Air Taxi Association.'' In 2008, DayJet began working with the FAA to help implement advanced network control or ''NextGen'' technologies in its secondary airports. The stated goal of this effort, according to a government official, was nothing less than to ''usher in a new age of digital aviation that will produce a scalable expansion of the nation's airspace with benefits in footprint, cost, mobility, and economic opportunity'' (DayJet press release, 6/10/08). DayJet's founder described how, by investing in this effort, DayJet would radically change the status quo: ''DayJet is uniquely positioned to collaborate with the FAA and other key groups to bring NextGen to life . . . we are proud to leverage our technology and expertise to help the nation enter the new age of digital aviation'' (DayJet press release, 06/10/08).

In contrast, Linear Air and ImagineAir continued to disregard ecosystem development. The firms did not invest in the development of airports because, as Linear Air's founder reflected in an interview, ''We think that infrastructure is important, but . . . not so much from the point of view of air traffic control or regional airports.'' The firms thus relied on whatever current infrastructure existed. The firms affiliated with rather than created industry associations, joining in order to benefit from membership. One of ImagineAir's founders explained how the firm joined multiple associations to form contacts rather than launch a new industry: [We are a] ''member of the Air Taxi Association. . . . But we're also members of the NBAA [the National Business Aviation Association], and the Atlanta Aero Club as well. Aviation is a pretty small world. You can . . . meet everybody.''

Symbolic commitments to shaping a new category. Finally, DayJet and SATSAir's revolutionary founders formed symbolic commitments to shape the industry by categorizing air taxis as a new market. During our period of study, the air taxi market lacked a collectively accepted, shared label; instead, firms defined themselves in a variety of distinctive ways, including ''personal airline,'' ''personal air travel service,'' ''air limousine,'' and ''business jet service.'' A cover story in a leading flight publication summarized the fragmented labels in the market: ''The 'air taxi' epithet is convenient, but confusing. . . . Not all [of the major services] even call themselves air taxis'' (Morrison, 2006). Entrepreneurs often engage in symbolic activities to help build a collective label for and promote their nascent industries (Santos and Eisenhardt, 2009; Khaire and Wadhwani, 2010; Navis and Glynn, 2010; Wry, Lounsbury, and Glynn, 2011; Zuzul and Edmondson, 2017). In the face of fragmentation, DayJet and SATSAir's revolutionary founders affirmed their identities by attempting to establish a consistent and clear label and by positioning their firms and the industry as novel.

First, DayJet and SATSAir each developed and used a new label to describe their industry and used it consistently throughout the firms' lives. All of DayJet's press releases described the firm as offering ''Per-Seat, On-Demand jet service''; all of SATSAir's described it as operating in the ''air taxi'' market. This labeling was deliberate: ''We explicitly labeled ourselves an air taxi company,'' a SATSAir executive recalled.

Second, in their public discourse, the firms attempted to distinguish air taxis from the existing charter market. All of DayJet and SATSAir's category claims

Table 6. Categorizing the Industry—Evidence of Level of Symbolic Commitment

Firm	Labels	Years used
DayJet	The world's first ''Per-Seat, On-Demand'' jet service	2004–2008
SATSAir	The innovative ''Air Taxi'' / ''Air Cab'' concept	2005–2009
Linear Air	Jet-taxi operator	2004, 2006
	Air-taxi charter service	2004
	Air-taxi service	2004–2008
	Affordable luxury charter service	2004
	Private charter service	2004–2006
	On-demand charter service	2005–2007
	Per-seat [scheduled] charter service	2005–2007
	On-demand air [taxi] service	2006, 2007
	Very Light Jet air-taxi operator	2007, 2008
	Affordable point-to-point jet charter	2007
	Point-to-point air taxi service	2008, 2009
	On-demand air travel service	2008
	Point-to-point, on-demand air taxi service	2008
	Personal jet air taxi service	2008
	Eclipse 500 air taxi operator	2009
ImagineAir	On-demand [personal] air transportation service	2006–2007
	On-demand air taxi service	2006–2009
	Air taxi service	2007, 2009
	On-demand aircraft operator	2007
	Personal air service	2007

in press releases emphasized how the firms were operating in a novel market; none of the claims referred to the firms as charters. For instance, DayJet described itself as ''the first truly new idea in business transportation . . . in decades'' (DayJet press release, 11/14/05), and SATSAir described itself as ''the first company to offer the innovative 'Air Taxi' concept'' (SATSAir press release 9/1/05). In public interviews, members of the firms also emphasized how they could not be defined with reference to existing categories. As one of SATSAir's early executives explained, ''We were very careful in trying to emphasize the difference between the air taxi and the air charter industry.'' Another executive claimed, ''We're not a charter operator—we only operate the air cab model'' (Jaggi, 2007).

In contrast, the creation of a new industry was not central to Linear Air and ImagineAir's discoverer founders. Thus the firms did not promote specific labels. In an interview, one of ImagineAir's founders described how the firm settled on the term ''air taxi,'' underscoring that he was willing to adopt whatever label would allow him to capture an opportunity: ''Initially, we didn't embrace the word 'air taxi.' That came along later, when it became a buzzword. We thought, 'Well, why should we name it anything else. Let's just go with air-taxi.'. . . . We had thought of air limo or flying cab or any number of things.'' Instead, consistent with founders' prioritization of discovery, Linear Air and ImagineAir experimented with multiple, inconsistent labels, as shown in table 6. In its press releases, Linear Air described itself and its industry in 15 different ways over time, including ''air taxi service,'' ''on-demand charter service,'' and ''jet taxi operator.'' In fact, every press release issued between 2004 and 2009 used at least two different labels. For instance, in describing the Virgin Charter

Marketplace deal, Linear Air labeled itself as both an ''air charter company'' and an ''air taxi'' (Linear Air press release, 03/13/08). ImagineAir described the firm and industry in five different ways and also used multiple labels in the same communication. One ImagineAir press release (03/22/07) described the firm as an ''on-demand air transportation service,'' an ''on-demand aircraft operator,'' and an ''air taxi.''

Both firms also emphasized their linkages to the existing air charter market. For instance, Linear Air's second press release (07/19/04) described how the firm ''today announced the launch of its affordable luxury charter service'' and described potential customers as ''charter passengers.'' Another press release (02/01/06) stated, ''We are proud to offer Boston-Newark travelers the entire private air charter experience for the cost of an airline seat.'' An ImagineAir founder explained how describing the firm with reference to charters helped clarify the service to customers: ''For a customer, sometimes it's not clear . . . what we are. We let them know that, 'Hey! We are something kind of like air charter, except for our pricing.'" As one of its press releases (04/10/07) explained, ''ImagineAir clients are charged only for the miles they fly. That's it—no . . . hidden expenses associated with other charter services.'' As these quotes illustrate, discoverer founders were happy to embrace whatever category label would help their businesses attract customers.

Audience Expectations as a Reinforcing Mechanism

While we propose that a founder's identity affirmation was the primary mechanism that influenced levels of flexibility, our analysis suggested that this mechanism was reinforced by audiences' expectations of both the firm and founders. Firms that publicly commit to particular goals generate strong audience expectations for their future behavior (Dutton and Dukerich, 1991; Tripsas, 2009). Through their commitments, revolutionary founders generated clear expectations of each venture's novelty among industry observers and stakeholders. Press articles described the firms as developing innovative, pioneering, ground-breaking operating models. Even before DayJet began operating, the firm had a reputation for novelty. As one article described it, ''In every industry, there are changes that are evolutionary and those that are revolutionary. . . . [DayJet's] per-seat on-demand air travel is revolutionary'' (Cringely, 2005); another said, ''DayJet is a bold step into the unknown'' (Powell, 2005). Similarly, an article describing SATSAir elaborated how the firm was ''much more than it appears at first glance. . . . SATSair has been doing the improbable; flying virtually all-weather Part 135 operations . . . in single-engine piston aircraft. Using SR22s, SATSAir is exciting a new generation of clientele'' (AeroNews, 2006). These articles also emphasized how the firms' founders were visionaries who would change the status quo. For instance, an article on DayJet described the founder as revolutionizing aviation: ''If [the] jovial entrepreneur . . . has his way, within a few years the face of aviation around the world could be changed forever'' (Powell, 2005). *Newsweek* (2005) included the founder among its ''10 Big Thinkers for Big Business,'' explaining, ''Around the halls of DayJet, [the founder] is called 'George'—as in George Jetson. [He], after all, wants to make the car-size jets imagined in the cartoon a reality.'' Similarly, a *Financial Times* article labeled the SATSAir founder as an ''air cab pioneer'' (Jaggi, 2007). Another article described how he ''see[s] the day when

on-demand air taxi will become accepted as a mode of transportation on a par with the automobile or an airliner'' (Larson, 2007). In 2005, DayJet's founder won a *Popular Science* ''Best of What's New'' award; in 2008, both founders received *Aviation Week*'s ''Vision Awards.''

DayJet and SATSAir's executives were cognizant of the audience expectations they had generated. In an interview, a SATSAir executive reflected on the press the firm had received: ''We got a lot of attention in publications. . . . They were very intrigued by what was going on.'' Similarly, an article described how DayJet's founder ''acknowledged that DayJet is under a spotlight because the service is a new business model. 'There are a lot of people watching us,' he said'' (Lynch, 2007).

Audiences' expectations appeared to fuel inertia in two ways. First, they may have amplified the inertial loop generated through identity affirmation. Seeing their self-views mirrored by audiences can affirm and strengthen individuals' identities (Ibarra, 1999). Consistent with this idea, our analysis suggests that the reporting on DayJet and SATSAir may have affirmed the founders' views of themselves as revolutionaries. For instance, DayJet's founder described how the *Popular Science* award ''underscores the fact that this simply could not be done before''; reflecting on the award, he compared himself to ''inventors, innovators and entrepreneurs [who] . . . develop technologies that change the way we live'' (DayJet press release, 11/09/05). Similarly, a SATSAir press release (01/08/08) described how the *Aviation Week* award showed the founder was a ''pioneer and thought leader.'' Thus by reinforcing the founders' identities, audiences' expectations may have amplified DayJet and SATSAir's inertial loops.

Second, audiences' expectations may have constricted change more directly. Firms whose behavior generates clear audience expectations can have difficulty initiating changes (Pontikes, 2012), because audiences punish firms that violate their expectations (Zuckerman, 1999; Benner, 2010; Ody-Brasier and Vermeulen, 2014). Thus for revolutionary founders, courses of action that would diminish each firm's novelty and potential impact may have threatened to violate audiences' expectations. This may help explain, for example, why the firms did not enact charter-like business model changes or switch to less revolutionary (but available) aircraft, even if those choices might have made financial sense.

In contrast, audiences did not develop any clear expectations of firms formed by discoverer founders. The majority of the articles categorizing Linear Air and ImagineAir likened the firms to air charters but also used other labels. For example, a single article about ImagineAir described the firm as a ''personal airline,'' ''charter service,'' and ''air taxi service'' (Lancette, 2007). Press articles also portrayed discoverer founders not as pioneers or visionaries but, more generally, as nimble entrepreneurs. Articles consistently described Linear Air's founder as an ''MBA'' and ''serial entrepreneur'' and ImagineAir's founders as ''youthful'' entrepreneurs. The use of multiple, inconsistent firm labels and the description of the founders simply as entrepreneurs indicated that external audiences did not have clear expectations. Thus concerns about violating audiences' expectations would have been less salient for discoverer firms, allowing them to experiment and adapt.

Alternative Explanations

While our data indicate that a founder's identity was an important factor leading to either flexibility or inertia, other factors may have also played a role. We therefore also examined many of the sources of inertia theorized by prior literature. While some may have had an influence on firm behavior, they do not systematically explain the differences in our firms. For example, greater access to resources does not explain the differences in levels of inertia or flexibility. DayJet, an inert firm, was the best-funded of the four and raised three equity rounds of $50 million. But Linear Air, a flexible firm, also raised more than $11 million in equity funding over three rounds. SATSAir and ImagineAir—an inert firm and a flexible firm—were both funded privately, with lower access to initial capital.

Our analysis did not reveal differences in founders' backgrounds that could explain the patterns we observed. Although all the founders had a private interest in aviation (most had pilots' licenses, and one owned a jet), the founders of one of the inert (DayJet) and both of the flexible firms had no commercial aviation experience. Linear Air, DayJet, and SATSAir's founders had all founded successful firms in the past. Of course, we see evidence that founders' backgrounds shaped some aspects of the firms' strategies. DayJet's founder was a software executive, and his firm invested in its software development. SATSAir's founder was an aviation executive, and his firm invested in route optimization systems for its aircraft. Linear Air's founder had launched an Internet marketing and sales company, and his firm invested in the development of an online booking and sales interface. But founders' capabilities do not appear to have shaped the firms' flexibility or inertia in patterned ways. The number of founders also did not appear to drive outcomes; ImagineAir had two founders, and the other firms had single founders.

We do note intriguing differences in the extent of founders' prior technical experiences. Both inert firms were founded by individuals with deep technical experience in single domains: software and aviation. In contrast, the flexible firms were formed by individuals with broad, but not technical, backgrounds: a serial entrepreneur and college students. It seems plausible that individuals with deep expertise would interpret the entrepreneurial role as the creation of something new, while those with broad backgrounds would interpret it as the discovery of opportunities, involving experimentation and adaptation. Thus rather than providing an alternative explanation, we believe that depth of technical experience might help drive the identity that appears to shape flexibility and inertia in nascent industries.

DISCUSSION

We conducted an inductive, qualitative study of four firms in the nascent air taxi industry to uncover what factors drove start-up inertia. While existing research has characterized new firms in nascent industries as flexible, fluid actors morphing and adapting their models and strategies to discover effective paths forward (e.g., Rindova and Kotha, 2001; Gavetti and Rivkin, 2007), we observed that, even in a nascent context, some new firms displayed striking inertia: while two of the firms in our study were flexible, two persisted along their well-defined paths, continually investing in their existing models rather than

making changes, including in the face of industry-wide shifts and even firm decline. Well-established theories about sources of inertia implicate factors such as age, size, and resources (e.g., Hannan and Freeman, 1984; Levitt and March, 1988) but do not systematically explain the phenomenon of inertia in a young start-up.

We found that inertia or flexibility originated with differences in founders' identity: how firm founders saw themselves as entrepreneurs. Specifically, we identified two founder identity types that are salient in a nascent industry. We found that revolutionary founders became trapped by their quest for novelty and impact. To affirm their identities, they formed and reinvested in strong commitments to radically new ventures rather than experimenting and adapting as the industry unfolded. In contrast, to affirm their identities, discoverer founders developed models and acted in ways that were conducive to change. The resulting self-reinforcing cycles of firm inertia and flexibility were strengthened through audiences' expectations that both reinforced a founder's identity and set norms for appropriate organizational action.

While society often valorizes Schumpeterian founders (Schumpeter, 1934) who fit the commonly held view of an entrepreneur as someone blazing new trails to radically change the world, we identified a potential downside to having revolutionary founders: given their single-minded pursuit of something game-changing, revolutionary founders can form firms that fall prey to inertia. Paradoxically, these same firms are likely to pursue novel and untested business models and are thus the ones that could benefit most from flexibility and experimentation. By elaborating on these ideas, our findings contribute to the literature both on entrepreneurship in nascent industries and on founder identity.

Entrepreneurial Dynamics in Nascent Industries

Prior research has suggested that entrepreneurs and firms in a nascent industry should shape and legitimize their markets by developing new category labels or creating industry associations (Tripsas, 2009; Khaire and Wadhwani, 2010; Navis and Glynn, 2010; Wry, Lounsbury, and Glynn, 2011; David, Sine, and Haveman, 2013). In addition to helping to legitimize the nascent industry, by establishing norms for organizational boundaries or successfully building an ecosystem architecture, start-ups can generate a competitive edge (Iansiti and Levien, 2004; Santos and Eisenhardt, 2009; Hannah and Eisenhardt, 2018). At the same time, recent studies have begun to illuminate some trade-offs inherent in shaping a nascent industry (e.g., Zuzul and Edmondson, 2017).

We extend this research by proposing that, under certain conditions, shaping activities have trade-offs for both a firm and an entire industry. First, our findings suggest that, if shaping activities arise from a founder's deep-rooted view of his or her role as a revolutionary intent on doing something game-changing, they can manifest as commitments that are continually reinforced as the founder seeks to affirm that identity. We thus propose that in a nascent industry, where there is often potential for radical impact, identity-affirming shaping activities can become particularly embedded, limiting a firm's ability to change.

Second, unlike most research on nascent industries, we studied a market that has not yet fully emerged, despite significant entry and a promising start. While the reasons for this slow emergence or non-emergence are beyond the

scope of our study, our data suggest industry-level effects resulting from the founder identity dynamics we identified. Most of the research on successful shaping has focused on contexts in which the actors engaged in these activities held a unified sense of the industry's collective identity (Weber, Heinze, and DeSoucey, 2008; Sine and Lee, 2009; Navis and Glynn, 2010). Yet we also know that firms can enter nascent industries with divergent interpretations about the industry (Benner and Tripsas, 2012; Anthony, Nelson, and Tripsas, 2016; Zuzul, 2018). At the time of our study, the air taxi market lacked a shared, collectively held identity, and the two revolutionaries attempted to shape the industry in ways that aligned with their distinctive visions but not with each other's efforts. Similar to Lee, Hiatt, and Lounsbury's (2017) finding that one organization's efforts to build legitimacy initially diluted the entire industry's collective identity, our study thus suggests that the air taxi market may have suffered because revolutionaries attempted to shape the industry using different labels and promoting dissimilar aircraft and business models. These conflicting efforts may have prevented the emergence of a collective, industry-wide identity or of external, industry-wide legitimacy (Wry, Lounsbury, and Glynn, 2011). At the same time, while the activities of discoverer founders may have benefitted their firms, they may also have contributed to the non-emergence of the air taxi market as a whole. Their frequent changes—including to their business models and industry labels—may have prevented the emergence of a shared set of practices and a legitimizing label that could have defined the industry as a whole (David, Sine, and Haveman, 2013). Future research might explore whether and how the number and proportion of revolutionary and discoverer founders can benefit or hinder the emergence of nascent industries.

Founder Identity in Nascent Industries

We also contribute by identifying two new founder identity archetypes that are important in nascent industries. While recent research has proposed that entrepreneurs can come to understand their role as founders in diverse ways that privilege the enactment of different activities (e.g., Cardon et al., 2009; Wry and York, 2017), the empirical work has been set in the context of well-established industries such sporting goods (Fauchart and Grueber, 2011) and textiles and apparel (Powell and Baker, 2014). But high-potential start-ups that attract venture capital and make for headlines are often entering—and creating—new industries (Hannah and Eisenhardt, 2018; McDonald and Eisenhardt, 2019). Our findings suggest that this uncertain and ambiguous context creates the conditions for the emergence of different types of founder identities than those observed in an established industry. In a nascent industry, where there is an opportunity to create novel ventures and a need to establish a legitimate collective identity (Aldrich and Fiol, 1994), some founders might see their role as taking up the mantle of innovating and driving the creation of a broader industry; others might see their role as identifying nascent contexts that represent opportunities and building firms to take advantage of them. More broadly, our study highlights the context-specific nature of identity (Powell and Baker, 2014) and suggests that appreciating founders' deeply held meanings in particular contexts might be critical in explaining heterogeneity among new firms.

We also disentangle the process by which a founder's identity influences a firm's outcomes. Although prior work has argued that the two are intertwined, we know little about the mechanisms that link them. For instance, Fauchart and Gruber (2011) showed a relationship between a founder's identity and an entrepreneur's initial choices of market segment and resources to deploy but did not explore whether and how a founder's identity affects longer-term outcomes. Notably, Powell and Baker (2014) illustrated how a founder's identity can shape a firm's responses to adversity, because founders engage in activities that express their identities. We build on this research to propose that, given an individual's desire to seek out and engage in identity-affirming activities, a founder's identity can have a lasting effect by shaping self-reinforcing cycles of inertia or flexibility.

Limitations and Avenues for Future Research

Our study did not probe the reasons why founders developed different identities or whether these identities are associated with other traits; we see potential for future research to unpack the characteristics that are associated with being a revolutionary or discoverer, including different construal levels (e.g., Wiesenfeld et al., 2017), levels of optimism or pessimism (e.g., Busenitz and Barney, 1997), gender (Crosina, 2018), or even narcissism and desire for fame (e.g., Navis and Ozbek, 2016). Future research could also consider whether and how founders' identities are shaped by external actors, including employees, investors, and the media. For instance, Grimes (2018) found that, in an accelerator where potential entrepreneurs were exposed to advisors who put forward two distinct views of the entrepreneurial role, founders initially gravitated toward one of these roles. What impact, if any, might external representations of entrepreneurship have on an individual's development of a discoverer or revolutionary identity?

In addition, although we uncovered suggestive evidence that a founder's identity was robust across an entrepreneur's ventures, future research could explore whether and how identities might change over time and with what consequences. Research has suggested that individuals' professional identities are constructed and can shift over time as they engage in ''identity work'' (Kreiner, Hollensbe, and Sheep, 2006; Ibarra and Barbulescu, 2010). In particular, Grimes (2018) illustrated how potential founders engaged in identity work as they received and responded to feedback from expert advisors. The contrast between this more fluid perspective, in which identity is not a source of inertia but instead is the outcome of identity work, and our study, in which identity constrains behavior, would be interesting to explore further.

We also focused on firms with single founders or a founding team that shared the same identities. But as Cardon, Post, and Forster (2017) theorized, founding teams can be either ''monofocal'' (sharing a passion related to a single identity) or ''polyfocal'' (incorporating multiple distinct role identities). Future research could explore what happens if a founding team comprises both discoverers and revolutionaries. Most research on entrepreneurial teams has focused on the effects of diversity in capabilities and backgrounds on firms' outcomes (e.g., Beckman, 2006; Beckman and Burton, 2008). We echo Wry and York (2017) and Cardon, Post, and Forster's (2017) calls for future research that explores a fundamentally different kind of diversity: differences in

founders' identities or perhaps more broadly, beliefs about entrepreneurship. While Cardon, Post, and Forster (2017) theorized that combining members with different passions might enhance the effectiveness of a founding team, to our knowledge, only one study has explored the effects of heterogeneity in founders' identities: Powell and Baker (2017) found that teams comprising founders with different identities eventually moved toward the development of a homogenous identity. Does this happen with revolutionaries and discoverers, and if so, what are the performance implications?

Research on founder identity in other nascent contexts would also be welcome. The air taxi market was characterized by several features that might limit the generalizability of our findings. First, substantive commitments, including to particular aircraft, may have been more difficult to change than commitments in industries such as software, where prototyping and change are easier and less costly to accomplish. Second, to implement their novel ventures, the air taxi services of revolutionary founders were dependent on a broad ecosystem of partners, including aircraft manufacturers and small airports; they could not, for example, build their own airplanes or land on their own airstrips. Business models that entail ecosystem interdependencies can be difficult to change, because altering any element catalyzes cascading sets of changes that can redefine or even threaten a firm's partnerships and entire activity system (Rivkin, 2000; Rivkin and Siggelkow, 2006). Thus, based on their initial commitments, revolutionary founders in air taxis likely found change more difficult than revolutionary founders would in industries in which experimentation is cheap and ecosystems are not important.

One intriguing context to further explore is platform-based businesses in which firms compete to establish dominant ecosystems (e.g., Apple's iOS versus Android). Ironically, while the software essential to the creation of such platforms is generally more easily modified than physical goods, such ecosystems create interdependencies that may make change more challenging (Iansiti and Levien, 2004). In addition, since platform-based businesses are often subject to network effects, in which value is created by having more platform participants, firms have an incentive to get big fast and promote their own platform (Katz and Shapiro, 1985). In this setting, one might expect revolutionary founders to remain committed to their own ecosystem platform even when the industry is moving in a different direction.

Finally, understanding the performance implications of having revolutionary versus discoverer founders is an important topic for future research. If revolutionary founders are successful and the industry develops along the path they envisioned, their firms might achieve dramatic success. But if the path is misguided or needs adjustment, they might experience dramatic failure. Although we do not claim to explain success or failure, consistent with this view, in our sample the firms formed by revolutionaries, whose visions of the industry did not come to fruition, eventually declared bankruptcy, while the firms formed by discoverers achieved modest success despite industry shifts. By identifying a potential downside of having revolutionary founders, our findings have surprising and important practical implications for start-ups. Founders who have successfully transformed markets and created new industries are frequently viewed as paragons of entrepreneurship. But our study suggests that if a founder's sense of self is too tied to revolutionary outcomes, pursuing them can come with a potential downside: a self-reinforcing process of firm inertia. Thus,

for revolutionary founders in nascent industries, the quest for creativity and novelty might actually constrain flexibility. We hope future research will explore founder identity and its relationship to firm flexibility and inertia and firm performance to enrich entrepreneurship theory and practice.

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