

Darwinians, Communitarians and Missionaries: Exploring the Role of Founder Identity in Entrepreneurship

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Abstract

Drawing on social identity theory, we explore the identities, behaviors and actions of 49 firm founders in the sports-related equipment industry. Our analysis suggests the existence of three pure types of founder identities and shows how these identities systematically shape key decisions in the creation of new firms, thereby imprinting them with the founders' distinct self-concepts. We synthesize our findings in a typology that sheds light on the heterogeneity of motives and meanings that founders associate with new firm creation.

Introduction

One of the most remarkable characteristics of entrepreneurship is that it provides individuals with the freedom to pursue their own motivations, dreams and desires when they create new firms. Since the fundamental motives that a founder expresses in new firm creation shape the entrepreneurial process and its outcomes (Kimberly, 1979), one would expect a large body of work to have provided insights on what drives founders in their entrepreneurial endeavours. However, extant work is surprisingly limited because most studies have focused on the prospects of personal monetary gain as the driving force of entrepreneurial activity (Murnieks & Mosakowski, 2007). This emphasis has been encouraged by classical entrepreneurship theory, which proposes that people start new ventures primarily because they want to increase their private wealth by creating and appropriating economic rents (e.g., Schumpeter, 1942).

In the present research we build on a small but growing literature that takes into account the fact that entrepreneurial activities are infused with meaning as they are an expression of an individual's identity or concept of self (Kimberly, 1979; Murnieks & Mosakowski, 2007; Cardon, Wincent, Singh, & Drnovsek, 2009; Hoang & Gimeno, 2010). For instance, Cardon et al. (2009) recently invoked the identity concept to explain the role of passion that founders have for different activities in the entre-

preneurial process, while Murnieks and Mosakowski (2007) explored the features of entrepreneurial and the managerial role identities.

Yet, despite the pioneering insights that these studies provide on founder identity and its effects, the potential insights that an identity perspective could yield for entrepreneurship research remain largely unexploited. In particular, we still lack a strong theoretical framework that could improve our understanding of the heterogeneity of motives and meanings that founders associate with their entrepreneurial activities. Furthermore, while suggesting that the newly created firm can be seen as an extension of the founder's self-concept (Kimberly, 1979; Whetten & Mackey, 2002), extant research does not provide systematic insights on the effects that the founder's identity has on the emerging organization.

In the present study we propose that the theory of social identity, which forms part of the literature on social cognition (Tajfel, 1972; Tajfel & Turner, 1979), can serve as a valuable lens through which we can improve our understanding of heterogeneity in founder motives and meanings, as well as the effects of such heterogeneity on firm creation processes and outcomes. Notably, social identity theory allows to obtain a rich assessment of an individual's being, since social identity is critical to one's beliefs, feelings, values and actions in all social contexts, including new firms (cf. Hogg & Terry, 2000). Social identity theory also seems to be a particularly powerful lens to increase our understanding as to why there are stark differences in firm creation processes and outcomes, as it provides a theoretical link that explains how social identification leads individuals to behave and act in ways that reinforce and confirm their identities (Tajfel & Turner, 1979; Hogg & Terry, 2000).

Hence, by drawing on social identity theory, our research seeks to accomplish two main goals: First, we seek to establish a typology detailing the primary types of social identities of firm founders that will allow us to better understand the heterogeneity of motives and meanings founders associate with entrepreneurship. Second, we build on these insights to determine how the founder's identity affects new firm creation, particularly in terms of three initial strategic decisions that are widely considered to define the core of firms and to have important imprinting effects on the emerging organization (Abell, 1980): the market segment(s) served, the customer needs addressed, and the resources and capabilities deployed to produce the offering.¹

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

Based on the distinct motives and meanings that individuals in our sample attached to their self-concepts as firm founders, the founders we interviewed could usually be classified as belonging to one of three "pure" types of founder identities – Darwinian, Communitarian, and Missionary identities – or to a group of founders with a "hybrid" identity that combines elements of the pure types. Founders with a Darwinian identity are characterized by a self-concept that stresses competition with other

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

firms and private wealth creation, while founders with Communitarian and Missionary identities deviate in fundamental ways from that standard because they view their firms as social objects (Communitarians) or political objects (Missionaries), rather than as objects through which to attain financial wealth. We also find that these important individual-level differences in founders' social identities are reflected on the firm level since founders behave and act in ways that are consistent with their identities and thereby imprint their self-concepts on key dimensions of their emerging firms. These findings have a number of fundamental implications for how we think about firm-creation processes (including the early stage of opportunity identification), firm-creation outcomes, and firm founders as enterprising individuals.

Research Method

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

Data Sources

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

Interviews

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

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

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

(c) *Snowball Sampling*: We also identified firm founders through the technique of “snowball sampling,” which identifies interviewees based on the recommendations of past interviewees (Denzin & Lincoln, 2000). For instance, in order to increase variation in our data, we triggered recommendations by asking “Whom do you know who sees things differently?” (Miles & Huberman, 1994: 29). All interviewees were asked a series of open-ended questions, which were augmented by follow-up questions that allowed deep-probing of the interviewees’ answers as well as questions that served to clarify answers (Spradley, 1979).

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

Website & Archival Data

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

Findings

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

Founder Identities & Meanings

Following the data analysis procedure outlined above, we explored three primary dimensions of meaning that are fundamental in defining an individual’s self-concept as a firm founder (cf. Table 1): her basic social motivation as a founder, her basis of self-evaluation in the founder role, and her frame of reference as a founder (Brewer & Gardner, 1996):

The individual’s basic social motivation as a founder. As Table 1 indicates, considerable variance exists along this dimension. For some individuals, being a founder means (i) making money and building their own financial wealth; for other founders it means (ii) that they can advance the community with their innovative equipment and benefit from the support of the community in return, or (iii)

that they can pursue their political vision and to advance a particular cause (such as social or environmental mission).

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

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

Table 1: Identity Dimensions

Identity dimensions	Variance in Meanings		
Basic social motivation (as firm founder)	<p align="center">Self interest</p> <p>Firm creation enables the individual to pursue his self interest (making money, creating personal wealth, building a business that will be inherited by the next generation)</p>	<p align="center">Support & be supported by a community</p> <p>Firm creation is indiscernible from the individual’s involvement in a community of practice (firm both supports and is supported by the community due to mutually beneficial relationships)</p>	<p align="center">Advancing a cause</p> <p>Firm creation supports the political vision of the individual and the ambition to advance a particular cause (social, environmental, etc.)</p>
Basis of self-evaluation (as firm founder)	<p align="center">Professionalism</p> <p>Business-related competences as the basis for self evaluation: being professional is perceived as critical</p>	<p align="center">Authenticity</p> <p>Authenticity as the basis for self evaluation: bringing something truly useful to the community is perceived as critical (based on intimate knowledge of and care for the needs of fellow practitioners)</p>	<p align="center">Responsible behavior</p> <p>Responsibility as the basis for self evaluation: contributing to a better world is perceived as critical (truly responsible people do act)</p>
Frame of reference / Relevant others (as firm founder)	<p align="center">Competitors</p> <ul style="list-style-type: none"> - Competing firms as the primary frame of reference - Being distinct from other firms seen as core to the entrepreneurial process 	<p align="center">Community benefiting from product</p> <ul style="list-style-type: none"> - Social group constituted around the practice as the primary frame of reference - Offering products (services) that support the community seen as core to the entrepreneurial process 	<p align="center">Society</p> <ul style="list-style-type: none"> - Society as the primary frame of reference - Demonstrating that other social practices are feasible & leading by example seen as core to the entrepreneurial process

Our interviews revealed that most founders in the sample could be classified as having one of three pure identities, each of which differs systematically along the three dimensions of identity meanings just described. As described in the methods section, we labeled these three *pure* identities the “Darwinian identity” (cf. left column of Table 2), the “Communitarian identity” (middle column), and the

“Missionary identity” (right column). Several founders possess what we call a “hybrid” identity that combines elements of the primary types.

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

To reiterate, social identity theory argues that, when an identity is salient, it predicts the behaviors that will be adopted by an individual. Thus, in the context of the present study, we would expect that, for example, a founder with a Communitarian identity would act in ways that match the particular meanings she associates with being a firm founder (Table 2). Consistent with this fundamental prediction from social identity theory, our findings suggest that founders with different identities differ systematically across the set of key entrepreneurial decisions that are explored in the present study. Our findings are summarized in Table 2.

Table 2: Founder Identity Types & Strategic Decisions in New Firm Creation

		Darwinians	Communitarians	Missionaries
Core strategic decisions in new firm creation	Market segment(s) served	<ul style="list-style-type: none"> - produce for the average consumer or for quickly growing segments (the criteria of likelihood and value drive the choice of market served) - tend to serve additional segments over time / extend applications to new segments in order to achieve firm growth 	<ul style="list-style-type: none"> - “our customers are like us” (the criterion of similarity drives the choice of market served) - stick to initial segment addressed because it is the only place perceived as legitimate 	<ul style="list-style-type: none"> - produce for those consumers where they expect the greatest social impact; ultimately society is their audience - may serve additional segments, if this allows the firm to leverage its socio-political mission
	Customer needs addressed	<ul style="list-style-type: none"> - tend to address known dimensions of merit (e.g., safety, ease-of-use) - derived from market analysis 	<ul style="list-style-type: none"> - tend to address novel kinds of customer needs - derived from own needs 	<ul style="list-style-type: none"> - tend to address new social practices (new modes of consumption or production) - derived from what the founder would like the world to become
	Capabilities and resources deployed	<ul style="list-style-type: none"> - focus on cost-effective and mass-production methods (which are necessary to reach profitability) - international sourcing of production capabilities (if needed) - value IP protection / help in achieving business goals 	<ul style="list-style-type: none"> - tend to use highly individualized and artisanal production methods (products considered works of art) - reliance on personal capabilities - reluctance to use IP protection within community / would run counter to sharing values 	<ul style="list-style-type: none"> - focus on socially responsible production methods - sourcing from suppliers that match strict criteria (according to mission) - demonstration of firm capabilities in order to diffuse the exemplary model

Discussion

We began this study by noting that classical entrepreneurship theory sees the prospect of monetary gain as the motive for creating a new firm. Our findings critically extend this conception, as founders in our sample could frequently be classified as belonging to one of three pure social identity types, with each of these types pursuing distinct motives for creating new firms and associating distinct meanings: Darwinians, who have a type of identity that we would expect to dominate in industry settings, given the norm for what it means to be a successful firm founder in a competitive market system; Communitarians, who deviate in fundamental ways from the Darwinian norm by viewing their firms as social objects; and Missionaries, who also deviate from the Darwinian model by seeing their firms as political objects.

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

References

Available upon request.