



## To Be Is to Do: Exploring How Founder Social and Role Identities Shape Strategic Decisions in New Venture Creation Process

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### Abstract

Founder identity is essential in entrepreneurial decision making. A number of studies have sought to examine the relationship between founder identity and venture by taking a unilateral perspective of either social identity theory or identity theory. On the basis of an exploratory single-case study conducted with a German venture from the sustainable fashion industry, this bachelor thesis integrates both theories and explores how the synergy of a founder's social and role identities influences core strategic decisions in new venture-creation process. The results obtained in this analysis suggest that 1) founders' social and role identities have different yet complementary impact on the new venture-creation process, and 2) strategic decisions shaping a venture are a result of different interplays between multiple social and role identities, where either one of the identity types dominates a decision or both identities simultaneously reinforce it. My contributions broaden the understanding on the interrelation between founder and his or her venture by expanding the focus of founder identity theory to social as well as role identities.

**Keywords:** Sustainable entrepreneurship, entrepreneurial decision making, founder identity, social identity theory, identity theory, multi-founder ventures.

### 1. Introduction

It is what I am, I am Mama Oclo.

– Martina Sturainer de Cueto, founder of Mama Oclo, baby organic fashion venture.

### 2. Introduction

In recent years, research on entrepreneurship has increasingly dispelled any doubts that most of the entrepreneurs are only driven by the objective of profit-maximization when creating and shaping their ventures (Morton and Podolny, 2002; Cardon et al., 2009; Murnieks et al., 2014; York et al., 2016). There is a wide spectrum of underpinned factors that influence a founder's decisions about venture-creation and development – originating from his or her passion (Morton and Podolny, 2002; Cardon et al., 2009), pass through aspirations (Powell and Baker, 2011), and finishing by held identities (Fauchart and Gruber, 2011; Belz and Binder, 2017). Particularly, founders' identities derived from their values, beliefs, ambitions, professional background etc. are recognized as playing a very important role in the venture-creation and development process by impacting founders'

core strategic decisions in his or her day-to-day work. However, by investigating the impact of founders' identities on entrepreneurial decision making, most scholars have taken an unilateral perspective by drawing either from social identity theory (SIDT) – which focuses on “a person's knowledge that he or she belongs to a social category or group” (Stets and Burke, 2000) – or from identity theory (IDT) – which refers to “parts of a self composed of the meanings that persons attach to multiple roles they typically play in highly differentiated contemporary societies” (Stets and Burke, 2000). Consequently, taking the perspective of SIDT, researchers have demonstrated how founders' social identities imprint core strategic decisions in new venture creation process, regarding for instance: the venture's offerings, market segments, resources and capabilities, governance (Fauchart and Gruber, 2011; Belz and Binder, 2017) or venture goals and stakeholder approaches (York et al., 2016). On the other hand, from the IDT perspective scholars have looked into the effects of founders' role identities on selection of opportunities (Mathias and William, 2014), entrepreneurial self-efficacy (Murnieks et al., 2014) or successful transitions between work and founder role (Hoang and Gimeno, 2008).

Yet, remarkably few studies (Powell and Baker, 2011; Powell and Baker, 2017) have been designed to analyze the simultaneous impact of founders' social and role identities on entrepreneurial decision making in their ventures. With this in mind, in the present bachelor thesis I explore how the synergy of founders' social and role identities influences core strategic decisions in the new venture creation process. The main goal of this study is therefore to gain a better understanding of the relationship between the founder and his or her venture by extending the focus on founder identity, which is derived from both social and role identities.

This thesis is organized into four distinct sections. The first section provides background information on social identity theory and identity theory together with its separate application in the field of founder identity, which raises the issue of the interplay between social and role identities in organizational contexts. Then I introduce important contextual framework concerning entrepreneurial decision-making and sustainable entrepreneurship. In section 2, I outline the research methodology, which consists of an exploratory single-case study conducted with a German venture from the sustainable fashion industry. The empirical part details my findings on how founders' social and role identities imprint core strategic decisions in the new venture creation process. Finally, the discussion section is dedicated to providing arguments that first social and role identities have different yet complementary impact on the venture, and second that particular decisions shaping the venture may be interrelated to either social or role identities, or to a combination of both. By investigating the simultaneous impact of social and role identities on a venture created by more than one founder, I provide a more complete picture on founder identity but also raise questions on identity transitions over time and identity processes that take place between founders.

### 3. Literature Review

#### 3.1. Social Identity Theory

Social identity theory (SIDT) was first introduced by Tajfel and Turner in the late 1970s when a growing interest in group processes and intergroup behavior arose among social psychologists (Tajfel and Turner, 1979; Tajfel, 1981; Tajfel and Turner (1986)). The basic idea behind SIDT is that all individuals classify themselves and others into social groups (e.g., German citizens, entrepreneurs, environmentalists) or categories (e.g., based on nationality, sex, political views, philosophical convictions) that influence their perceptions and actions.

Tajfel (1974) and Hogg and Abrams (1988) define social identity as a person's knowledge that he or she belongs to particular social groups and/or categories. In social psychology, a social group is understood as a set of individuals who recognize themselves as members of the same category and thus possess similar social identification (Tajfel and Turner (1986); Stets and Burke, 2000). Accordingly, all individuals possess a variety of social identities that describe them

in terms of the social groups or categories of which they are members, and they respond to the question of "Who am I?" within the social context (Hogg et al., 1995; Tajfel and Turner (1986)). For instance, a female German environmentalist may describe herself in terms of the categories of nationality, gender and political view as follows: "I am a German citizen; I am a woman; I am a nature-lover." However, belonging to a particular social group is not tantamount to interacting directly with members of the same group, because the basis for group membership lies in the uniformity of perception and behavior rather than in intraindividual relations within the group (Hogg et al., 1995; Stets and Burke, 2000). Consequently, an ecologist will engage in behavior to prevent climate change like other ecologists.

The process, through which people who belong to the same social group obtain perceptions, feelings and actions that are prototypical for that group is called depersonalization and is regarded as a central process to SIDT (Hogg, 2001). Depersonalized individuals act in accord with the group prototype rather than in accord with their own idiosyncrasies. Such group prototypes are considered cognitive representations that describe and prescribe attributes of the group by encompassing all of the beliefs, attitudes, and behaviors that are characteristic of average group members or of the ideal personification of that group (Hogg and Terry, 2000; Fiske and Taylor, 1991). Group prototypes maximize the uniformity of group members and, at the same time, maximize the distinctiveness between groups, which makes them strongly context relevant (Tajfel and Turner (1986); Hogg et al., 1995; Hogg and Terry, 2000). The context-dependency of prototypes means that the prototypical attributes of a social group may change with respect to the comparison group over time, as for example when environmentalists shift from defining themselves in opposition to capitalists and start to compare themselves with atheists. Therefore, Hogg and Abrams (1988) emphasize that a social group exists only in relation to another contrasting group: the so-called out-group. Through one of the most important processes in the formation of social identity – namely, the process of self-categorization – an individual categorizes himself or herself and others into in-groups and out-groups on the basis of attitudinal and behavioral matchings between a group and the individual. As a consequence of self-categorization, individuals accentuate their perceived similarity with the in-group and their separateness from the out-group (Hogg et al., 1995; Hogg and Terry, 2000). Individuals act so as to evaluate their in-group positively in comparison with the relevant out-group once their social identity is salient.

In SIDT, a salient identity is an identity that becomes activated in a particular situation (Oakes, 1987). Social identity theorists argue that the activation of a social identity is determined by two factors: namely, the accessibility and the fit of a given category. Accessibility refers to the connection between the individual's tasks and goals and the probability that a specific object or event occurs in the situation. A category fits the context when the individual perceives stronger intergroup differences than within-group differences (com-

parative fit) or when he or she perceives that a category explains a particular behavior. For instance, when an environmentalist speaks with a conservationist on climate change, it is likely that the category “political views” becomes salient, as it is accessible and best fits the context.

Originally, scholars claimed that the activation of a social identity is motivated to maintain and enhance one’s self-esteem (Turner et al., 1987). Later research has introduced additional motivational factors such as self-knowledge (Abrams and Hogg (1990)) and uncertainty reduction (Hogg and Mullin, 1999).

### 3.2. Identity Theory

Identity theory (IDT) (McCall and Simmons, 1978; Stryker, 1968; Burke, 1980) is rooted in psychology and aims at understanding the role-related behavior of the self. Identity theorists base their principal assumptions on interactionism (Mead, 1934) and view the self as a composition of multiple role identities that emerge from the social interaction of the self and thus from the positions the self occupies within the society (Stryker, 1968, Stryker, 1980; Burke, 1980).

Consequently, each individual has as many group-based selves (role identities) as the social groups he or she interacts with (James, 1980). For instance, an individual may occupy various roles by being a father, a husband, and a caring boss at the same time. Conceptually, each individual categorizes himself or herself and others as role occupants, at the same time having knowledge of expectations about the role and its performance.

The set of meanings attached to oneself and others that results from a particular role performance is defined as a role identity (Stryker, 1968; Burke, 1980). McCall and Simmons (1978) conceptualize role identities as an imagination of the self in terms of how it perceives and how it would like to perceive itself in a particular position. Therefore, role identities provide the self with a frame of reference about concrete or potential behavior in a social situation (Burke and Reitzes, 1981; Hogg et al., 1995).

In IDT, the role is understood as a set of expectations associated with a particular position that one occupies within the society (Stryker and Burke, 2000). Roles can have a meaning only if they stand in relation to their counter-roles within a social network (Lindesmith and Strauss, 1956; Burke and Tully, 2001). For example, within the social network of marriage, the role identity “husband” exists only in relation to the role identity “wife.” Within the university, the role identity “student” assumes the existence of the role identity “professor.” As role identity prescribes behavior (Burke and Reitzes, 1981), the person occupying a role acts in accordance with his or her self-meanings and in accordance with the expectations attached to that role.

In contrast with SIDT, individuals do not perceive themselves as similar to others with whom they interact. Although the roles are interrelated, they are set apart, so members of social networks focus on their individual and complementary

roles to maintain the relationship between the self and the social structure (Hogg et al., 1995; Stets and Burke, 2000).

Initially, scholars agreed that role identities are context dependent. However, later research introduced the concept of a salience hierarchy, which is primarily relevant for predicting one’s behavior in situations in which more than one role identity may be invoked (Stryker, 1968). Role identities are organized within the self in a salience hierarchy according to their probability of being activated in a particular situation (McCall and Simmons, 1978; Stryker, 1968). The likelihood that a person will activate one role identity rather than others and will simultaneously act in that role’s congruent behavior is conceptualized as salience. Ergo, role identities at the top of the salience hierarchy have a higher probability of forming the basis for action in accordance with the expectations and meanings that are tied to that role. Two persons who hold the same role identities can make different behavioral choices in the same social situation because their role identities are organized differently in their salience hierarchies. For example, one may go to the university to the scheduled lecture while the other stays at home sleeping, although both have the “student” role identity.

Identity theorists argue that the salience of a role identity depends on the commitment of the self to that role. Stryker and Statham (1985) define the commitment as, “the degree to which the individual’s relationships to particular others are dependent on being a given kind of person.” Contemporary research on IDT (Stets and Burke, 2005) suggests that, apart from salient role identities that motivate role-congruent behavior, there are also internal control systems that explain the activation of a particular identity. According to the researchers, individuals look for situations in which they can activate their role identities to receive information from others about a well-performed role. The process in which the environment confirms a successful role performance is called identity verification, and it leads to positive emotions about the self. Thus, individuals are also motivated to behave according to a particular role identity by proving that identity among others to achieve higher levels of self-esteem. Other scholars introduce additional motivators for an identity activation in social situations: for example, self-consistency and self-regulation (Burke and Stets, 1999). Despite different motivators for identity activation, both the earlier and the latest research agree that role identities are drivers and influencers of one’s action when they are invoked in social contexts.

### 3.3. Social Identity Theory and Identity Theory

As illustrated by Table 1, significant differences exist between SIDT and IDT. These differences originate from the disciplinary foundation, pass through heterogeneous bases of each identity, and finish by explaining the intergroup behavior. Despite the discrepancies in sources of meanings between both identity theories, researchers (Hogg et al., 1995; Stets and Burke, 2000) have slowly started to acknowledge the need of including role and social identities in the investigation of the self. In their work, Stets and Burke (2000)

**Table 1:** A Comparison of Identity Theory with Social Identity Theory

	Identity Theory	Social Identity Theory
Underpinned disciplinary context	Sociology	Social Psychology
Basis for identification	Role	Social group
Identity definition	A person's categorization as a role occupant together with a knowledge of expectations towards the role and the performance.	A person's knowledge that he or she belongs to particular social groups or categories.
The process of identity formation	Identification – in the process of identification an individual name himself or herself and others in terms of position/role occupants.	Self-categorization – the process emphasizes perceived similarities with an in-group and perceived differences with a relevant out-group.
Meaning of having an identity	Having a role identity means acting in accordance with expectations associated to that role and interacting with role partners (the occupants of counter-roles).	Having a social identity means belonging to a social group and behaving like other group members.
Group understanding	A social group is conceptualized as a collective of persons, where each of the group members occupies a different/unique role. The roles of each group member are interrelated with other group members' roles (counter-roles). Each individual possesses his or her own viewpoint.	A social group is defined as a set of individuals with homogenous perceptions, attitudes and behavior, who identify with each other and look at each other in a similar way in contrast to the out-group members.
Basis for group interrelation	Individuality and interrelatedness with other counter-roles, the so-called interconnected uniqueness, through which an individual by taking a role acts in accordance with his or her self-meanings and expectations that accompany the role. Individuals do not view themselves as similar to the others with whom they interact because each role is related but at the same time set apart.	In group-homogeneity or the so-called uniformity among social group members, which is expressed cognitively, attitudinally and behaviorally. An individual feels attraction to his or her in-group and behaves in accordance to it.
Involvement of third parties	Individual occupying a particular role as well as relevant others occupying counter-roles are directly involved in the individual's role performance.	Only the individual's perceptions and behavior are directly involved.
Intergroup relations	Focus on different but interrelated roles within a group.	Focus on similarities within the in-group and differences with relevant out-groups.
Salience definition	Salience is the probability that a person activates a particular role identity in a given situation and acts according to the expectations tied to that role.	Salience indicates the activation of an identity in a situation. A salient social identity is the one with the highest influence on a person's membership based on perception and behavior.
Activation definition	An activated role identity is the identity played out in a given situation.	Social psychologists merge the terms salience and activation.

(Continued)

Table 1—continued

Activation process	The activation of a role identity depends on the commitment (the degree to which the individual's relationships to particular others are dependent on being a given kind of person).  a. quantitative – the number of persons to whom one is tied through his or her role identity b. qualitative – the depth and strength of ties with relevant others	A social identity becomes activated (salient) as a result of the accessibility (the person's current goals and tasks as well as the probability that an event occurs in the situation) and fit (specifications and perceptions about the situation).
Saliency vs. activation	Saliency ≠ Activation	Saliency = Activation
Hierarchy of identities	The saliency hierarchy within the self-concept consists of organized role identities in relevance to their probability of being activated and thus forming a base for action.	The social identities are organized in a hierarchy of inclusiveness, which consists of three levels. For example, a woman may see herself in the first level as a human, in the second as a German and in the third as a member of the local community
Emphasis of the identity activation	Role performance.	Membership.
The core cognitive process	Self-verification – through the process of self-verification an individual perceives himself or herself as an embodiment of his or her role and acts in consistency with that role's expectations.	Depersonalization – through the process of depersonalization the person stops perceiving himself or herself as idiosyncratic but starts viewing himself or herself as a personification of the in-group prototype and acts according to the norms and values of that group.
The motivational foundation	Self-esteem, self-efficacy, consistency, self-regulation.	Self-esteem, self-evaluation, self-knowledge, self-consistency, self-efficacy, uncertainty-reduction, self-regulation.

conclude that, in general, the two theories have many similarities that can provide a basis for establishing a general theory of the self.

Particularly, according to both theories, each individual perceives himself or herself in terms of meanings conveyed by components – either roles or social groups – of a structured society. Consequently, the self exists within the society, is affected by the society in terms of norms tied to a social group or a role, and at the same time influences the society by behaving in accordance to its norms. Additionally, both kinds of identity theorists recognize a strong link between identity and behavior and mention a variety of internal motives that lead each individual to act in accordance with a social group or a role.

However, most importantly, each individual is always an occupant of multiple roles, and at the same time a member of diverse social groups, which makes role and social identities inseparable from the self (Stets and Burke, 2000). For instance, a person may be a vegan and identify with other

vegans, while at the same time this person may occupy the role of being a founder of his or her venture. The social identity of being a vegan and the role identity of being a founder are not only inseparable from the person's self-perception but also may together be constantly relevant to the person's behavior. Taking into consideration that preliminary research has been limited to either social identities or role identities in the examination of identity-congruent behavior, this bachelor thesis aims to integrate both, roles and group memberships, to investigate their simultaneous influence on the behavioral choices of a founder in the new venture-creation process.

### 3.4. Founder Identity

The term founder identity has been used by Powell and Baker (2011) to refer to, “the set of identities that is chronically salient to a founder in her or his day-to-day work.” Throughout this paper, I expand the term founder identity defined by Powell and Baker (2011) by emphasizing that the

identity of a founder is derived from both social and role identities.

In recent years, entrepreneurship and management researchers have focused their attention on the nexus between founder identity and entrepreneurship. A small but increasing amount of evidence exists to suggest that founder identity is essential for entrepreneurship by influencing core strategic decisions in new venture creation and running processes. However, prior studies that oscillate between founder identity and organizational contexts are based either on IDT, and therefore on role-congruent behavior, or on SIDT, which links an individual's action to his or her memberships in social groups.

#### 3.4.1. Social Identity Theory Lens

By adopting a social identity lens, Fauchart and Gruber (2011) seek to understand both the central types of social identities held by the founders and the impact of founders' social identities on strategic decisions, such as market segments served, customer needs addressed, and resources and capabilities employed. Drawing on their investigation of Western European sports-equipment firms, the authors categorize founders into three primary social identity types, namely Darwinians, communitarians, and missionaries, each of which varies in social motivation, founder's self-evaluation and founder's frame of reference. Fauchart and Gruber (2011) reveal that different types of founders' social identities have different yet considerable impacts on the core strategic decisions while founding, but above all, that founders engage in behaviors that are congruent with their in-group memberships.

York et al. (2016) extend beyond the study of Fauchart and Gruber (2011) by exploring why individuals commit themselves to environmental entrepreneurship. Given that environmental entrepreneurship is a hybrid form of organization that combines two conflicting commercial and ecological logics, the authors attempt to identify how founders of such organizations define venture goals and approach stakeholders. York et al. (2016) claim that each entrepreneur is a holder of a hybrid identity that combines both commercial and ecological identities. Depending on the degree of coupling between the two mentioned identities, the authors distinguish three hybrid identity types: namely, the commercial dominant identity, ecological dominant identity or blended identity, each of which shapes the founder's decisions on venture goals and stakeholder incentives differently.

Drawing on SIDT, Belz and Binder (2017) study the relatively underexamined process of the founder's negational categorization, through which the identity is determined by the out-groups from which he or she differentiates. While numerous studies have focused on the affirmational categorization that defines one's identity in terms of in-group memberships, Belz and Binder (2017) contribute to the study of founder identity by demonstrating that out-groups – and thus the negational categorization – also influence new firm creation, especially with respect to the market segments served, the customer needs addressed, and the governance applied.

Furthermore, they find that affirmational and negational categorizations are only the two extreme forms of social categorizations, between which forms of social categorization exist that are mitigated and relevant for organizational contexts: namely, in-group differentiation, out-group mitigation, apathetic in-group confirmation, and apathetic out-group separation.

#### 3.4.2. Identity Theory Lens

In contrast to the previously mentioned researchers, Hoang and Gimeno (2008) take the perspective of IDT and focus their study on the different structures of founder's role identities during venture founding. The authors view new venture creation as a role transition between a work role and a founder role. Taking into consideration that role transition is accompanied by various challenges, Hoang and Gimeno (2008) explore two dimensions of role identity: namely, identity centrality, expressed by the depth of attachment to the founder role; and identity complexity, revealing the diversity in a person's definition of the founder role, which significantly influences the behavioral persistence when receiving a negative feedback in a new venture-creation process. Additionally, the authors could link founder-role identities to long-term outcomes such as successful venture creation.

Mathias and William (2014) largely confirm other scholars' claims that founder identities have an impact on the venture-creation process by adopting the IDT lens. Their argument builds on research they conducted into how entrepreneurs' role identities influence the evaluation and selection of opportunities while founding a venture. Mathias and William (2014) extend past work that establishes a link between founder-role identities and venturing by taking into consideration the fact that each entrepreneur possesses different constellations of so-called within-work role identities, which may have different impacts on entrepreneurial decision making. Additionally, the scholars found that there is an association between entrepreneurs' role identities and their risk consideration. Their findings demonstrate that each entrepreneur in their sample holds three central, within-work role identities: 1) the entrepreneur role, 2) the manager role, and 3) the investor role. Each of these identities considers opportunities in line with, 1) an entrepreneurial focus, 2) a marketing focus, and 3) a long-term focus. Because most previous research has addressed interindividual comparisons (e.g., between entrepreneurs and managers), Mathias and William (2014) emphasize their investigation of interconnection between the plurality of role identities that each entrepreneur holds within his or her occupation and the entrepreneurial decision making.

#### 3.4.3. Integration of SIDT and IDT in Organizational Contexts

Taking into consideration the latest call for the integration of IDT and SIDT, Powell and Baker (2011) made the first attempt to bridge both theories and to investigate why entrepreneurs perceive and act differently with respect to the same adversity. Their findings reveal that all founders hold

different structures of role and social identities that differently affect how they evaluate and act in response to the adversity involved in their respective ventures. Moreover, according to Powell and Baker (2011), identification with social identities is a source of aspiration for new role identities that lead founders to transform their firms. In other words, new venture creation and running processes allow founders to engage in desired roles (role identities) that express their social identities.

Table 2 summarizes the research on founder identity that has been conducted in the past ten years and thereby makes it evident that most scholars have applied either an identity theory or a social identity theory when exploring the relationship between a founder's identity and his or her venture. Yet, despite the call for the integration of the two theories, preliminary research, apart from that conducted by Powell and Baker (2011), has paid little attention to analyzing how a founder's role and social identities operate simultaneously in organizational contexts. To address this gap, in this bachelor thesis I seek to understand how the synergy of the founder's role and social identities imprint core strategic decisions in the new venture-creation process.

### 3.5. Entrepreneurial Decision Making

Shepherd et al. (2015) contribute to the broadly discussed research on decision-making process in psychology and marketing fields by extensively reviewing the process of entrepreneurial decision making, which according to the scholars has not received much attention in past reviews. Their review is congruent with previous work and summarizes entrepreneurial decisions regarding opportunity assessment, venture creation, opportunity exploitation, and exit, each of which is determined by multiple aspects of the economic and non-economic nature. However, while existing research has focused on the strictly economic perspective of entrepreneurship, Shepherd et al. (2015) draw attention to new types of entrepreneurs – especially to social and environmental entrepreneurs – who have to balance the economic, social and/or ecological elements when making strategic decisions. This study attempts to shed light on one of the core, non-economic drivers of entrepreneurial decision making in sustainable organizations: namely, the memberships with social groups (social identities) and the role occupancies (role identities) of the founder.

Moreover, scholars agree that the link between a founder and his or her venture is notably strong in the initial phase of founding, in which the organization is yet to be defined (Fauchart and Gruber, 2011). Therefore, the present research focuses on founders, on their social and role identities as motivational forces, and on the strategic decisions they make during venture founding.

According to Abell (1980), decisions that strategically define a venture and thus are permanent and provide the overall guidance for an enterprise tend to oscillate around which market to enter (who will be served by the venture), which products to offer (what customer needs are to be met), and which resources and capabilities to employ (how the venture

is going to meet these needs). Consequently, by exploring the impact of a founder's social and role identities on the new venture-creation process, this study will focus on core strategic decisions made in the initial phase of founding: namely, the market segments addressed, the venture's offerings, and the resources and capabilities employed by the venture.

#### 3.5.1. Founder Identity and Entrepreneurial Decision Making

While the literature on founder identity generally acknowledges a strong association between a founder's self-concepts and entrepreneurial decision making, there are differences in the examination of decisions that are affected by the founder and particularly his or her identities.

For instance, Fauchart and Gruber (2011) demonstrate the impact of the founder's social identities on three core strategic decisions that are made initially in a new venture-creation process – namely, decisions about the market segments served, the customer needs addressed, and the resources and capabilities deployed.

Similarly, Belz and Binder (2017) focus their investigation on early stages of the entrepreneurial process and link a founder's social identity as expressed by his or her negational categorization to core strategic decisions about opportunity exploitation, such as which products to offer, which market segments to serve, and which governance to employ. However, by exploring founder identities in the context of entrepreneurial decision making, York et al. (2016) go even further and demonstrate that identities of a founder that are derived from commercial and ecological logics are directly associated with decisions about venture goals and approaches to stakeholder incentivizing.

Complementary to the previously mentioned studies, there is an extensive body of entrepreneurship research that identifies a linkage between founder identity and multiple decisions made in the entrepreneurial process, starting from the initial stages of opportunity selection and exploitation (Mathias and William, 2014), and finishing with strategic responses to adversity (Powell and Baker, 2011). In a similar vein, this bachelor thesis will deepen existing knowledge about the interface between founder identity and entrepreneurial decision making by investigating the influence of founder's identities derived from group memberships and roles on the core strategic decisions made in the initial phase of the entrepreneurial process.

#### 3.5.2. Sustainable Entrepreneurship

A number of studies (Gibbs, 2009; Cohen and Winn, 2007; Cohen and Winn, 2007; Belz, 2013) have been designed to discuss how sustainable entrepreneurship can contribute to the positive transformation of societies and economies towards ecological, intergenerational and intra-generational consciousness expressed by more sustainable consumption and production practices. For instance, Belz (2013) seeks to problematize the role of sustainable innovation in overcoming – or rather, realistically mitigating – the

**Table 2:** A Review of Literature Focusing on Founder Identity in Entrepreneurship

Autors	Research Question / Research aim	Identity Theory	Identity Construct	Object of Affect	Main empirical findings
Fauchart and Gruber (2011)	<ol style="list-style-type: none"> <li>1. What are the primary types of founder identities from a social identity perspective?</li> <li>2. To what extent does a founder's social identity influence key dimensions of new firm creation?</li> </ol>	Social Identity Theory	Social categorizations of a founder	Initial strategic decisions in new firm creation: market segments served, customer needs addressed, recourses and capabilities deployed	Founders behave in accordance to their social identity, which can be classified as Darwinian, communitarian or missionary identity. Depending on the social identity possessed by a founder, he or she has a different impact on new firm creation.
York et al. (2016)	Why and how do individuals engage in environmental entrepreneurship?	Social Identity Theory	Founder's hybrid identities derived from commercial and ecological logics	Venture goals and stakeholder incentive approach	Founder's hybrid identity coupling commercial and ecological logics shape the organization's goals, and the approach in which stakeholders are recruited.
Belz and Binder (2017)	How does negational categorization affect founder identity?	Social Identity Theory	Negational categorization of firm founder	Core strategic decisions in new venture creation: products, markets & governance	Negational categorization influences strategic decision making in the opportunity exploitation phase of the entrepreneurship process.
Hoang and Gi-meno (2008)	How founder role identity affects entrepreneurial transitions and persistence in founding?	Identity Theory	Role identity centrality and complexity of a founder	Success of the transition from a work role to a founder role and successful venture creation	Identity centrality and complexity lower the impact of role novelty on the role transition, and provide different role identities of a founder, which positively influence his or her persistence while receiving negative feedback in new venture creation process.

(Continued)



Table 2—continued

Mathias and William (2014)	How do differences in role identities influence how entrepreneurs think about – and select – opportunities?	Identity Theory	Multiple within-work identities of a founder	Founder's consideration and selection of opportunities	Each founder possesses a variety of nested occupational role identities, e.g. founder, manager or investor. These multiple but interrelated role identities strongly influence the founder's thinking and behaving regarding the consideration and selection of opportunities.
Cardon et al. (2009)	What is the nature and experience of entrepreneurial passion?	Identity Theory	Founder's passion as a result of engaging in activities with identity meaning and salience	Founder's entrepreneurial behavior	Founder's role identities form a foundation for the founder's passion for different entrepreneurial activities, which in turn has influence on creative problem solving, opportunity recognition, venture creation and venture growth.
Murnieks et al. (2014)	Exploration of the link between founder's identities and his or her passion.	Identity Theory	Founder's passion, which is positively related to his or her entrepreneurial identity centrality	Entrepreneurial self-efficacy and entrepreneurial behavior	Entrepreneurial identities drive entrepreneurial passion. Both role identities and passion have a strong impact on entrepreneurial behavior and self-efficacy.
Powell and Baker (2011)	How and why do resource-constrained founder-run firms respond to adversity in widely varied ways?	Social Identity Theory & Identity Theory	Structures of founder's salient role and social identities	Firm's strategic responses to adversity	Each founder holds different sets of social and role identities, which shape the founder's perception and action undertaken on adversity. Additionally, founder's within-work role identities are regarded as expression of his or her social identities.

challenges of the twenty-first century identified as overpopulation, ecosystem degradation, and climate change, each of which is regarded as a potential threat to humanity and Mother Earth. According to the author, sustainable innovations – which are defined by [Belz and Peattie \(2012\)](#) as “novel products and services that satisfy customer needs and, significantly, also continuously improve the socio-ecological performance along the whole life cycle in comparison to conventional or competing offerings” – have the potential to transform obsolete and harmful consumption and production patterns into environmentally and socially responsible practices. As noted by [Gibbs \(2009\)](#), organic fashion, wind and solar energy, electric cars and green buildings are only few examples of sustainable innovations that are revolutionizing conventional capitalist economies. However, these are not necessarily established companies that come up with radical sustainable innovations due to deeply rooted organizational structures and strategies; instead, often sustainable entrepreneurs, and their start-ups are more likely to develop novel, sustainable customer solutions. [Binder and Belz \(2014\)](#) define sustainable entrepreneurship on the basis of a variety of existing definitions in the relatively nascent stream of research as, “the scholarly examination of how opportunities to bring into existence future goods and services are recognized, developed, and exploited by whom, and with what economic, social and ecological gains.”

Current research on sustainable entrepreneurship seems to indicate that entrepreneurial actions pursuing the triple bottom line of ecological, social, and economic goals are often a consequence of the founder’s identity, such as his or her love for the environment or for local community. For instance, Jakob Assmann founded Polarstern, a German venture providing 100% green power, because of his love for the mountains and nature, which is gradually suffering the consequences of human irresponsibility. Anna Yona, the founder of Wildling Shoes, decided to market organic and fair barefoot shoes for kids because of her great love for her children and their active and playful lifestyle. [Choi and Gray \(2008\)](#) investigate key decisions and actions taken through the stages of the entrepreneurial processes in twenty-one sustainable ventures from diverse industries. By examining the second stage of the entrepreneurial process – namely, the concept-development stage – the authors have come to a realization that founders of sustainable enterprises are not driven by pure profit-maximization but by personal motivational factors that come to play when they define the business concept. [York et al. \(2016\)](#) supports this claim by suggesting that individuals who follow goals derived from ecological and commercial logics engage in entrepreneurship because of their compassion rather than for personal wealth accumulation.

Consequently, sustainable entrepreneurs differ from conventional entrepreneurs in terms of possessing a set of multiple motivations that are derived from their role and social identities and that are considered to be a major force in entrepreneurial decision making. Furthermore, entrepreneurs who pursue only economic goals while running a business tend to possess the singular role identity of a keeper of the

bottom line and are driven by making money and sustaining the business financially ([Powell and Baker, 2011](#)). Because such entrepreneurs are not tied to any another role or social identity relevant for strategic decision making in the founding process, they will not provide interesting insights into the field of founder identity. Hence, to investigate the impact of the social and role identities of a founder on the new venture-creation process, I focus entirely on sustainable entrepreneurship, which, apart from providing the context for this investigation, promises to yield more interesting and more complete data.

## 4. Research Methodology

### 4.1. Research Design

In this thesis I seek to understand how social and role identities of a founder influence strategic decisions in new venture-creation process. Since entrepreneurial decision making at the interface between SIDT and IDT is still in a nascent phase I follow the recommendation of [Yin \(2014\)](#) and conduct an explorative, qualitative research to answer the research question. Particularly a case study research method has been applied as it is most suitable when a how question is being asked to gain a deep understanding about a contemporary phenomenon in real-world context, in which the researcher has no control over the relevant behaviors ([Yin, 2014](#)). Given the limited time available to conduct this study – approximately three months – and given that its purpose is to obtain a profound, real-world perspective on the founder’s social and role identities in organizational contexts, where the boundaries between identities and organization are not clearly evident, I employ a single-case study design, as recommended by [Yin \(2014\)](#).

### 4.2. Study Setting and Sampling

Taking into consideration that the present thesis aims to explore founders’ social and role identities during venture formation, my sampling approach bears a close resemblance to prior research on founder identity and the venture-creation process by using the following criteria to select the relevant case.

1. The venture is independently held and is a maximum of eight years old ([Fauchart and Gruber, 2011](#); [Belz and Binder, 2017](#)) because this period of time enhances the probability of a stronger link between the founder and his or her firm ([Fauchart and Gruber, 2011](#)). Under other conditions, it might be challenging to capture how founders’ identities have influenced strategic decisions as social and role identities are dynamic and may change over time ([Hogg et al., 1995](#)).
2. The venture meets the definition of a sustainable enterprise. [Binder and Belz \(2015\)](#) describe sustainable enterprises as for-profit organizations, which pursue the triple bottom line of objectives. Thus, apart from creating an economic value, they also aim to create a social

and an ecological value. For the purpose of this study, sustainable entrepreneurs are more promising than conventional entrepreneurs, as their entrepreneurial actions are driven by a wide spectrum of role and social identities. On the other hand, researchers (Fauchart and Gruber, 2011; Powell and Baker, 2011) agree that a conventional entrepreneur engage in the single-role identity of a profit-maximizer and views his or her venture in business terms rather than as a deeper reflection of the self.

3. The founder remains an active member of the management team and was decisive for choosing which products to offer, which market segments to serve, and which resources and capabilities to employ.

Accordingly, I gained access to the German venture Mama Ocllo from the sustainable fashion industry, which meets the above-mentioned criteria and is the single case of the present analysis.

Sustainable fashion enterprises emerge relatively quickly in western markets. Their founders are known for introducing green product innovations, including new organic fibres, extraordinary and multifunctional designs, and the highest quality properties, but also, for the upcycling and reusing techniques of existing textiles. Furthermore, while the mainstream textile industry proves to have fundamental flaws – especially its disrespectful approach to natural resources and human labor – sustainable fashion enterprises come up with innovative social and environmental projects to move society towards sustainability. The diversity of green innovations regarding products, resources and capabilities, but also addressing of outstanding market segments, is often a result of the founders' themselves, their values, beliefs, attitudes and behaviors, which are in turn derived from their identities.

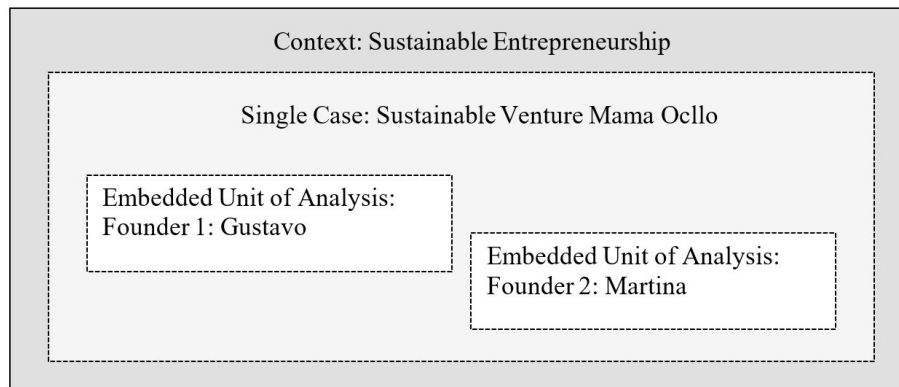
My case, Mama Ocllo, dates its market entry back to October 2012. The company was created by three friends, who, despite their different origins (Germany, Peru, and France), share the same love for fashion, Peruvian culture, and Mother Earth. The main offering of Mama Ocllo is vegan, healthy, and fairly produced baby clothing with unique designs. Each piece is manufactured in Peru out of Peruvian's finest natural materials. The venture's philosophy is twofold: first, the cotton is cultivated 100% organically and processed with a complete renouncement of chemical additives and machinery improvements to ensure skin tolerability and well-being for babies. Second, Mama Ocllo aims to create a common value within the entire production chain and contributes at the same time to socio-economic development in marginal areas of Peru. Although Mama Ocllo represents the single case of this thesis, I relied on an embedded case study that involves the co-founders of the venture as the units of analysis (Yin, 2014). The embedded units were selected through a theoretical sampling technique, which allows for the selection of units that are appropriate for the elaboration of the emergent theory rather than for theory testing (Eisenhardt and Graebner, 2007). Mama Ocllo was founded by three founders – Martina, Gustavo and Telma – however, only two

of them, Martina and Gustavo, are taken into account as the main units of analysis because the core strategic decisions during founding were tied directly to them. Moreover, the venture has been continuously owned and managed by Martina and Gustavo, which allows me to gain access to first-hand stories about decisions made in the initial phase of venture creation. Telma, on the other hand, focuses entirely on product design and is therefore not involved in strategic decision making. Figure 1 presents an overview of the embedded single-case design for this thesis.

#### 4.3. Data Collection

The data for this study comes from multiple primary and secondary sources in pursuance of data triangulation and construct validity (Yin, 2014). The following sources were employed in the present research:

*Graphic elicitation.* Graphic elicitation is an art-based research technique that includes visual, verbal or written stimuli to encourage respondents to share their ideas, especially when the topics of interviews are hard to express by words alone (Barton, 2015; Bagnoli, 2009). The employment of art-based techniques in the phase of data collection is particularly suitable for controversial topics such as politics, sexuality, and religion. but also for situations, in which the respondents are asked about higher level experiences, intrinsic motives or embedded identities that cannot be easily elaborated verbally despite the respondents' knowledge and awareness of their existence (Barton, 2015). Furthermore, opening an interview with a visual task may break down the ice and set up a comfortable conversation for the participants (Bagnoli, 2009). Following the recommendations of Bagnoli (2009) and Barton (2015), I employed a visual task as an introduction to further interviews with the founders of Mama Ocllo to identify each founder's social group memberships and to provide a basis for the conversation about individuals or groups of people who may be regarded as role models or inspirations for the interviewees. The illustrative task in this study follows the relational map developed by Josselson (1996) and consists of asking the interviewees to draw themselves in the middle of a paper and to include all the people or groups of people that come into their mind because they are important to them and their lives. The illustration of relationships between the interviewee and relevant others was based on the solar system, where the interviewee, represented by the sun, is surrounded by significant persons (or a group of persons) drawn as planets. The distance between the sun and a particular planet reflects how important this person or group is for the participant. Furthermore, the participants were asked to draw planets with dotted lines if there are some social groups or individuals who are not physically in their lives but remain important to their self-perception and thus occupy an abstract yet meaningful position. The relational maps drawn by the founders of Mama Ocllo provided a basis for another, 15-minute long conversation, which helped me to understand the drawings and allowed me to ask additional questions about the existence of role models included in the map and other individuals with whom the interviewees



**Figure 1:** Embedded Single-Case Design – Overview

identify. At the end, I also asked participants to include vocational groups and passions in their maps, thereby to complement the overall picture of the founders' belonging to social groups together with the roles they play in their lives. Both participants drew their relational maps and described them in their mother languages: German and Spanish. Each relational map was translated into English and is included in the Appendix A.

*Founder interviews.* In-depth interviews provide the most important case-study evidence (Yin, 2014). Therefore, after initial identification of social and role identities of the founders through graphic elicitation, I conducted two face-to-face, semi-structured interviews, one with each founder. The interviews were conducted in the home offices of the participants. Each interview took approximately 60 minutes. Because one founder speaks German and another Spanish, the interviews were conducted in these languages to ensure liberty of expression. The interviews were transcribed verbatim. Full transcriptions in German are included in the Appendix B. The semi-structured interviews consisted of mostly open questions categorized into five thematic sections: (1) the founder, including his or her family and professional background together with the current roles, he or she occupies in his or her life and the roles he or she strives for; (2) the venture, particularly the link between the founder and his or her venture and the current roles he or she occupies within the company; (3) the venture's offerings and their interrelatedness with the founder's identities; (4) market segments addressed by the company and their interrelatedness with the founder's identities; and (5) resources and capabilities employed to produce the venture's offerings together with their interrelatedness with the founder's identities. Open questions from these five sections were designed to gain an understanding of the relationship between the founder's identities and each core strategic decision, but also to elicit how the synergy of both identity types influences the new venture-creation process. A guide underpinning the interview questions served as an indicator of themes that had to be addressed. It is enclosed in the Appendix C.

*Secondary data sources (website, blog, Social Media presence, press releases).* Apart from primary data sources,

this thesis also uses data gathered from secondary, internal and external sources, including Mama Ocello's website, one founder's blog, the social media presence of the company, and press releases to intensify the knowledge about how the founder's social and role identities are reflected in strategic decision making during firm creation. Thus, relying on multiple data sources allowed me to triangulate the collected interview data and to gain access to information about how founders talk about themselves, how they present their products, to whom they address the offerings, and how they introduce their suppliers and production processes.

#### 4.4. Coding and Data Analysis

Data documentation and the coding process were conducted with the help of MAXQDA standard software, which allows for qualitative data analysis. The data was analyzed using the approach of Miles and Huberman (2014). First, the elicited raw data is processed and reduced by organizing field notes into formal write-ups and transcribing recorded interviews into comprehensible text that is free of errors. Secondly, individual codings are attached to the processed data through a careful line-by-line reading of interviews, which are later transformed into second-cycle codes: the so-called patterns. Following the approach of Miles and Huberman (2014), the coding and analysis process was divided into three main stages:

*Stage one.* First, using mainly descriptive and in vivo coding, I attached codes to all responses associated with social group memberships and with the actual or intended roles of each unit of analysis. When identifying founders' identities, I adopted first a SIDT and then an IDT lens and focused especially on each founder's self-descriptions, visions, motives, and beliefs. The first cycle of coding therefore resulted in a list of all the social and role identities held by each founder. In the second cycle of coding of the founder's identities, I developed pattern codes that summarized all the identities into meaningful and parsimonious categories and filtered out the identities that were not salient in the new venture-creation process. Table 3 provides a list of all the social and role identities that are relevant to new venture creation together with

**Table 3:** Representative Data for Founders' Social and Role Identities

Founder	Identity Type: Identity Description	Identity Refinement	Data Illustration
Martina	Social: Sustainable Living Devotee	-	"I don't want my target market to consist of old nobility who pays attention to only expensive goods. I don't want it because this is a society, I don't know, they are like the typical fur bearing people. I don't belong there. "
Martina	Social: Sustainable Living Devotee	LOHAS	"Of course I do [identify myself with LOHAS]. But I am still not fully consistent, as it [sustainable living] is too expensive for me. But at least from the point of view of my attitude, I do identify myself with LOHAS. If I had more money, I would introduce it [sustainable living] in more aspects of my life. Now I purchase products from small labels, I buy special products before buying something cheap, what doesn't have a good quality and what makes me feel bad. "
Martina	Social: Missionary	-	"But I would like to be perceived as a person, who makes a positive contribution to society. It is how I would like to be perceived. "
Martina	Social: Creative Philologist	-	"What fascinates me is (...) the creative work, it is lot's of fun. Everything what is creative, where I can visualize everything what we are doing. Writing, drawing, everything what stays in this area. "
Martina	Social: : Organic Industry Specialist	-	"Then I worked for a big exporter of organic grain products. I worked there in a purchase department, but I also got to know many other departments. (...) Then I was in Nicaragua on a company trip, where I also had contact with organic farmers."
Martina	Role: Voice of Mama Oclo	Communicator, Networker, Marketer	"But I do everything related to the shop, also every product description. I am also responsible for pictures and I coordinate everything, what constitutes Mama Oclo. (...) Also the whole marketing department and networking, quite a lot.
Martina	Role: Mother	-	"So I applied for jobs and I would have gotten jobs in purchase departments. I also received some job offers but I canceled all of them because the family was my biggest wish, not the profession itself. "
Martina	Role: Sustainable entrepreneur	Local Economy Supporter	"It would be contradictory, if I say, I want to do good for Peru but at the same time I work with conventional cotton. It wouldn't create any added value for Peru. "
Martina	Role: Sustainable entrepreneur	Peru Community Patron	"At the beginning I had too many ideas. Already initially I wanted to integrate a social project in Peru but the company has not been established yet. It was more a challenge of having to slowing down myself."
Martina	Role: Baby Organic Fashion Specialist	-	- "But I wish myself that people perceive us as specialists in high-quality baby fashion from pima cotton, everything sustainable, organic and fair. "

(Continued)

Table 3—continued

Gustavo	Social: Entrepreneur	Innovator	“I have mentioned innovators as the social group I partially identify with. They have the ability of taking good decisions, especially of taking fast decisions. They are also very responsible and are not afraid of new challenges. They do not fear risks and are very self-confident when they promote their products. These two aspects, risk appetite and introduction of novel goods on the market, play the most important role for me. “
Gustavo	Social: Entrepreneur	Creator	“Already some years before founding Mama Ocllo, I had many ideas in my head. I was searching for the right opportunity. I also had a phase that I was thinking a lot about my strengths and abilities. But in that moment, I didn't have anything clear. I wasn't any expert in biotechnology or the like. I have only known since always that I want to produce something. “
Gustavo	Social: Industrial Engineer	-	“I studied industrial engineering. I also behave similarly to other engineers because you should have particular qualities if you want to study a similar subject. These are especially a good planning ability, structured thinking and that you are able to sacrifice some of your life spheres. “
Gustavo	Social: Sustainable Living Devotee	LOHAS	“Yes, in some of aspects in my life, I am [a LOHAS]. But I think I am still in the transition process. We do not buy or consume 100% ecologically. “
Gustavo	Role: Peruvian Community Patron	-	“I can also say that I am a supporter of marginal regions in Peru. Generally, we support with Mama Ocllo the Peruvian economy, although the impact is very small yet. “
Gustavo	Role: Keeper of the Bottom Line	Specialist for Finance Accounting and Controlling Solutions	“Besides my involvement by Mama Ocllo, I also work in another company in the controlling department. We have small teams there and they are connected with every area in the company. Through the communication with different areas we develop projects for cost savings and better efficiency, and I am responsible for controlling these processes. “
Gustavo	Role: Keeper of the Bottom Line	Supply Chain Manager	“I am also responsible for the production, logistics and the import. “
Gustavo	Role: Sustainable Textile Manufacturer	-	“Also jetzt will ich auch einen Beitrag an der Entwicklung der nachhaltigen Textilbranche in Peru haben. Jetzt gibt es also diese Motivation, etwas gerade in diesem Sektor zu bewegen.“

the representative data for each identity, which together provide the outcome of the first stage of coding.

*Stage two.* Stage two consisted of analyzing the core strategic decisions made during venture founding. I focused on the venture's offerings, the market segments addressed, and describe their venture's products, target market, resources and relationships with suppliers, including the intrinsic motives that drove or constrained each decision.

*Stage three.* In the last but most important stage of data coding, I looked for patterns regarding how social and role

identities are mirrored in products, market segments, and applied resources and capabilities. During the search for the correspondence between both identity types and core strategic decisions in new venture creation, I made a systematic comparison of the social and role identities held by each unit of analysis to understand how their interplay impacted the entrepreneurial decisions the founder made during venture formation. Particularly, I focused on two aspects: the frequency of activation, and the relevance of each identity to every firm-related decision. The last step of the analysis pro-

cess consisted in including both units of analysis and comparing their overall influence on the venture's offerings, market segments, and resources and capabilities.

## 5. Results

The results section of this paper follows the structure of data analysis procedure and starts with a description of the founder's social and role identities that are relevant to organizational contexts. Furthermore, I illustrate the influence of the founder's identities derived from his or her membership to social groups and occupied roles on strategic decisions in new venture creation considering the venture's offerings, market segments served, and resources and capabilities employed.

### 5.1. Founder Identities and Meanings

Recalling the definition of founder identity provided by Powell and Baker (2011), which denominates "the set of identities that is chronically salient to founder in her or his day-to-day work," this paper extends the term founder identity to refer explicitly to the set of social and role identities that is chronically salient to the founder in her or his day-to-day work. Founder identity thus consists of both the social groups and roles to which he or she perceives himself or herself as tied. While investigating the social groups and roles to which the founders of Mama Oclo feel tied through the attached expectations towards perception and behaviour, the data showed particularly interesting patterns that suggested how the social and role identities interplay in organizational contexts. This finding can be compared to the results obtained by Powell and Baker (2011), and it suggests that the founder's social identities constitute the foundation for engagement in desired roles within the venture. Moreover, it is especially the new venture-creation process that allows the founder to express his or her social group membership by his or her new role performance. In the following, I use the data derived from the interviews and from the visual tasks conducted with the founders of Mama Oclo to illustrate the interplay between social and role identities in the new venture-creation process.

Educational and professional background are often a basis for social identity formation. Individuals who belong to the same academic or vocational group are characterized by similar qualities and behaviours typical for that group. Martina's career went in very different directions, starting from her job as banker trainee (which, as she says, "was not something that stole [her] heart") and ending with her master degree in Romance Philology. The philology career took her to Peru, where she specialized in Latin American history of literature. Today, Martina's belonging to the vocational group of creative philologists manifests itself in her creative writing, drawing and visualising qualities, which are significant for her everyday work at Mama Oclo. Consider the following statements regarding her roles in the company:

I am responsible for everything that is associated with our shop, including the whole product descriptions. I take care of the pictures, and I coordinate everything that shapes Mama Oclo... including the whole marketing department and the networking quite a lot. I take care of everything apart from the Excel tables and calculations. (Martina)

I assume responsibility for all communication, in Germany and in neighbouring countries as well. (Martina)

Martina expresses her social identity as a "creative philologist" by involving herself in the role I defined as "the voice of Mama Oclo." The prototype qualities for philologists – such as the ability to communicate with others in a very comprehensive and effective way, both in written text and verbally – are fundamental to her and at the same time represent one of the most desired roles in the venture. As "the voice of Mama Oclo" Martina draws customers and the venture closer together by communicating with them in every channel, especially including social media.

In a similar vein, Martina's categorizes herself as a "LOHAS devotee" (lifestyle of health and sustainability), as she expresses by following statements:

I buy from smaller labels. I buy the special products before I buy the cheap ones, because the quality is questionable so the purchase makes me feel badly. (Martina)

I belong to minimalistic thinking consumers. I say, 'I don't need the closet full of baby kimonos, what for?' (Martina)

The social identity of a "LOHAS devotee" is translated, as she says, into her lifetime role as a "sustainable entrepreneur," who, apart from aiming at creating economic value, also pursues social and ecologic objectives.

Fairness, sustainability, health, well-being, vegan, social – everything that goes in the direction of a green lifestyle. Mama Oclo should be a green-lifestyle label. It is what I would connect with my entrepreneurship. (Martina)

Throughout the interview, Martina articulated her wish to make a positive contribution to the society and emphasized how important it is for her to positively influence the well-being of others – especially including the babies who use Mama Oclo's clothing, but also the Peruvian society. Take, for instance, the following statement:

But I would like to be perceived as somebody who makes a valuable contribution to society. It is how I would like to be perceived by others. (Martina)

The more you enter there [the business world], the more you realize that there are a lot of social evils detected or that a sustainability department is being developed in companies that has always been irresponsible. And also, the BIO labels that promote something that they are not at all. There is so much illusion. And this is something I didn't want. I have always told myself to be transparent. (Martina)

Responsible and transparent behavior towards others is also consistent with the "missionary" social identity defined by Fauchart and Gruber (2011). Missionaries are driven by a social or environmental cause when they create a venture; they value their responsible behavior as founders and provide good examples for others in the society. Martina's missionary social identity is regarded as source of aspiration for the role she currently occupies as "Peruvian community patron." Venture creation is essential to translating her social identity into a congruent role identity, as the venture's offerings are connected with a social project that enables Martina to make a positive contribution to Peruvian society.

Similarly, Gustavo's membership in the social group of industrial engineers, which as he explains, is characterized by,

...good planning ability, structured thinking, and an ability to sacrifice some of your life spheres.

provides a basis for engaging in the role of the "keeper of the bottom line" in Mama Oclo. Gustavo's function – to manage efficient financial planning and production in the venture – is congruent with the prototype qualities of his industrial-engineering social identity.

Moreover, Gustavo's strong connection to his mother country, Peru, which is embedded in the "patriot" social identity, has guided his aspiration to engage in the role of, as he puts it, "Peruvian marginal areas supporter." As in the case of Martina, so also for Gustavo, the venture creation was crucial to enabling him to express his social identity in a new role.

Social identities such as "creative philologist," "industrial engineer," or "LOHAS devotee" motivate founders to act consistently with those groups and to engage in desired role identities like the "voice of Mama Oclo," "keeper of the bottom line" or "sustainable entrepreneur." Particularly, new venture creation process facilitates the founder to engage in new role identities in the venture, which are an expression of currently held social identities.

## 6. Core Strategic Decisions

### 6.1. Products

First of all, vocational groups that are represented by founder social identities are strongly motivational and may predetermine the engagement of the founder in the product development. The motivation to engage in product creation may be twofold. First, my data demonstrates that founders

who have social identities associated with creative qualities such as drawing, designing, writing, or structuring, actively engage and are motivated in the creation of a product. Secondly, a founder's engagement in product development is also influenced by the degree to which the product reflects the founder and his or her necessities.

For instance, Martina actively participates in the product creation process because engaging herself in activities, which include her creative qualities is congruent with her social identity as a "creative philologist." On the other hand, baby clothing, the venture's offering, is strongly tied to Martina's salient role identity as a mother, which predetermines her engagement in the product development process.

...But I'm really fascinated with our product development ... I find it exciting to create a product totally on our own. I really enjoy the creative work—actually, I enjoy everything that is creative—and I have the opportunity to visualize what we are doing – writing, drawing, everything in this area. (Martina)

...It was my biggest wish to become a mother at one point in my life. It was just mine and that's why I immediately identified myself with the topic of baby clothing. (Martina)

I also observed Gustavo's motivation to participate in the product development process. His engagement was purely dictated by the fact that he, like other entrepreneurs with a strong creation focus, enjoyed the development process of a product. However, the engagement in product creation does not indicate that the final outcome with all of its characteristics is a reflection of himself.

...I have always known that I want to produce something. When I was in Peru, I was looking for diverse ideas. I even prepared provisional business plans in different areas. (Gustavo)

I think so [I identify myself with the product] but not completely because I am a man. At the beginning, I had thought that I would develop my company in a more manly sector. (Gustavo)

Regarding the particular attributes of the products, the main offering of Mama Oclo is organic baby clothing that ranges from kimono baby suits, rompers, shirts, trousers, dresses, and boots. Every product is manufactured exclusively from natural Peruvian fibres, including diverse, world renowned organic cotton types or ivory nuts from the Amazon rainforest, which contribute to the protection of Peruvian soil from exploitation by the conventional textile industry. Furthermore, each piece of clothing is entirely produced in Peru by family-led small businesses or non-profit organizations that support socio-economic development in marginal regions of Peru and the emancipation of women in political,



economic and family dimensions. Figure 2 illustrates the diversity of Mama Ocllo's offerings in terms of their main characteristics. The findings of this thesis reveal that none of these characteristics are implemented in the product incidentally but are instead an expression of the interplay between social and role identities.

First, the collected data constitute preliminary evidence to suggest that social identities inspire the initial decisions about which consumer needs to address, while role identities function as drivers to implement the products. Social identities may thus be regarded as more inspirational. However, when implementing particular product characteristics, founders are tied to the expectations of the roles that they occupy ("Who I am") or the roles that they currently strive for ("Who I want to be"). For instance, Martina was experienced and trained in the organic industry, and, like other organic-product specialists she is convinced of its advantages in comparison to conventional mass products, which provided an inspiration for developing particularly organic product. However, as she explains, the role of "mother," for which she was striving, motivated her to implement the product for her baby. From the moment that Martina and Gustavo decided to found Mama Ocllo, Martina has not doubted her decision to offer baby clothing because of her very strong "mother" role identity, to which she was tied to when taking the decision. As expected from this role, she has always wanted the best for her baby; that is why she decided to address the needs of the youngest by offering organic clothing consistently with the "mother" role identity.

The first thought I had was, we have perfect baby clothing for our child ... Well, when we launched our first collection, Miguelito [Martina's and Gustavo's son] was not yet born, but it was my biggest wish to become a mother at one point in my life. It was just mine, and that's why I immediately identified myself with the topic of baby clothing. (Martina)

The necessities of the youngest were most important for us. As I said, it fits also with our life phase. We can also be authentic through that [the product], if we try it simultaneously. (Martina)

In comparison to Martina, Gustavo was trained as an industrial engineer with experience in textiles. His vocational group gave him the direction of the venture's offering. However, what really drove him to realize the product consistent with his social identity, was the wish to occupy the role of a "textile industry manufacturer." Additionally, he underlines his strong wish to simply create products and to be independent, which is prototypical for the social group of entrepreneurs. Nevertheless, the entrepreneurial social identity did only determine the decision about developing a product rather than about which particular customer needs to address.

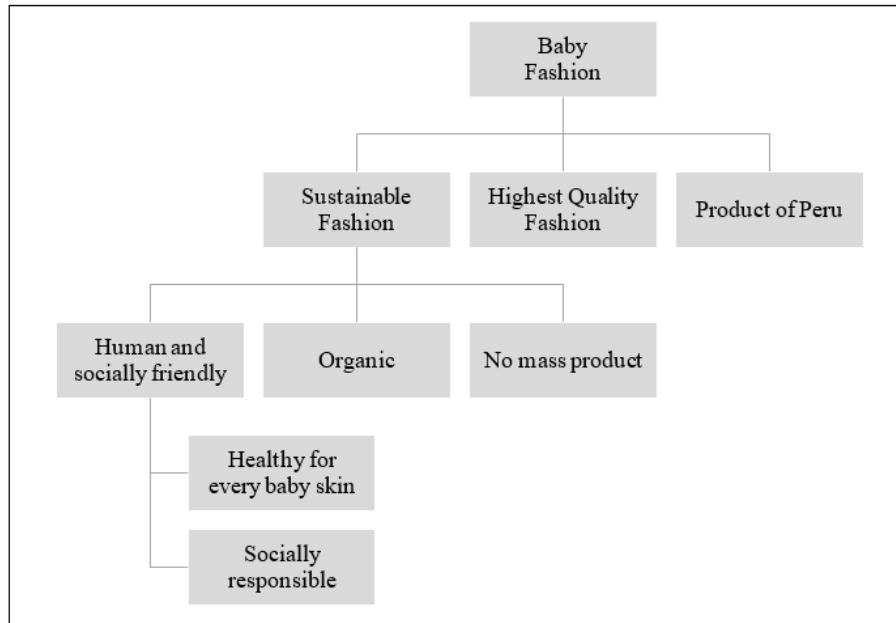
To be honest, at the beginning I only wanted to produce something that I knew about. I just thought about venture creation, independence, and specialization in the textile industry. (Gustavo)

Taken together, the initial decision to produce baby clothing was inspired by social in- groups that the founders belong to but was driven by an interplay of role identities held or desired by both founders, Martina and Gustavo. While the decision to address the needs of the youngest was shaped by Martina's strong role identity as a future mother who wants the best for her baby, the selection of the textile industry was mainly driven by Gustavo's role identity as a "textile manufacturer," which he was striving for. Upon analyzing the interconnection between the venture's offerings and the founders' social and role identities still further, a significant association between Martina's identities and the product's characteristics can be observed. Expressed in quantitative terms, Martina's social and role identities shaped seven of seven main characteristics of Mama Ocllo's products. On the other hand, Gustavo influences only two of the main aspects. For instance, the decision to specialize in sustainable fashion arose from Martina's missionary social identity, as Martina highlights her wish to make a positive contribution to the society, which is now possible thanks to Mama Ocllo's offerings, which provide a positive social and environmental example for other fashion brands. However, the role of a "Peruvian community supporter," which is congruent with her missionary social identity, drove Martina to actively support Peruvian socio-economic development by deciding to produce strictly organic clothing without a negative impact on Peruvian agriculture and farmers.

It would have been contradictory, having said that my wish is to make a positive contribution in Peru, if I at the same time manufactured conventional cotton. It wouldn't have any added value in Peru. (Martina)

I have always been very enthusiastic about showing people here all the treasures that Peru has to offer. In Peru, there are not only ponchos or Andinos walking around ... That's why at the beginning we put the emphasis on Peru, which I now think was not really reasonable, because it's only me who has this kind of feeling. I know what meaning Peru has for me and what is so special there, but somebody else associates it with a developing country. (Martina)

Additionally, Martina's strong commitment to the expectations tied to her role as a mother supported her decision to produce clothing that is healthy for babies in terms of its breathability, silky softness, and thermal characteristics, which ensure maximal skin tolerability. The company's production of healthy clothing for the youngest consumers may be explained by Martina's desire for positive appraisals of her



**Figure 2:** Main Characteristics of Mama Ocllo's Offerings

role performance, as is expected from a mother who wants to assure the best for her baby:

...We have to be consequent and we say, 'We want the best for the babies, the best for their skins ...' (Martina)

We were sitting at the source and we could do what we wanted, what we really wished for our baby. This is a necessity of every mother. (Martina)

Moreover, the data points to an interesting pattern: a bidirectional relationship between founder identities and venture offerings. Not only did Martina's identities influence Mama Ocllo's products, but the product shaped the identities currently held by Martina. According to Martina, she wants to transmit through her product what she is currently living to be authentic to herself and her audience. Because in her private life she identifies herself with LOHAS consumers by purchasing mainly organic and fair products, she wanted her own product to be sustainable too. Engaging herself in the production of organic and socially responsible products has allowed Martina to translate her LOHAS social identity into the role of a "sustainable entrepreneur":

I wish people to know that we are specialists in high-quality baby fashion from pima cotton. Everything is sustainable, organic and fair. (Martina)

[Referring to products] The authenticity is for me most important. I am Mama Ocllo. It is not a company out of a hundred companies, because I am not a typical entrepreneur. It is now what you see, and this is a part of us. (Martina)

In the case of Gustavo, the data reveals that Martina's social and role identities have dominated those held or strived for by Gustavo. This finding is consistent with previous research on founder identity in sustainable entrepreneurship (Powell and Baker, 2011), which claims that sustainable entrepreneurs are motivated by a variety of social and role identities to pursue economic, social, and ecologic value. In contrast, conventional entrepreneurs are driven mainly by pure entrepreneurial identities such as investor, creator, profit-maximizer, etc. Their ventures are not necessarily reflections of themselves because their products are meant to be profitable and to address widely known customer needs. This argument applies well to Gustavo and his influence on the initial decision concerning Mama Ocllo's offerings. Apart from shaping the decision about producing clothing – which is consistent with the synergy of the congruent social and role identities he derived from experience in the textile area - Gustavo's wish to engage actively in the socio-economic development of Peru through the role of a "Peruvian community supporter" guided him to create a product representing the treasures of his country and allowing him to engage in the desired role.

I can also say that I am a supporter of Peru's marginal areas. In general, we support the Peruvian economy with our venture... (Gustavo)

Interestingly, Gustavo's perception of the initial product differs from the actual offering and is strongly influenced by his self-categorization as an "entrepreneur," which is expressed by the congruent role of a "keeper of the bottom line" in the venture of Mama Ocllo. Although Martina has never doubted the final outcome of Mama Ocllo, Gustavo was neither sure about the baby aspect of the clothing, nor about the

organic aspect of the product. His entrepreneurial identity was about to shape his decision to create a mass product, for all age groups, from conventional cotton. Ultimately, it was Martina and her identities that shaped the final attributes of the product, which Gustavo himself confirms in the following statement:

At the beginning I thought about offering both conventional and organic cotton. Later, Martina – actually both of us – decided to offer only organic clothing. Why baby clothing? I cannot really remember. I think it just arose through our long conversations. I actually thought about every age group, but we finally decided to specialize in baby clothing. And as we started developing the first collection, we wanted both cotton types for two different target markets. At one moment, Martina decided to sell exclusively organic baby clothing. (Gustavo)

All of the characteristics of the product that the consumers of Mama Ocllo know today are therefore a reflection of Martina's identities, which are derived from her profession but also from her sustainable lifestyle and family orientation. Gustavo's entrepreneurial identities remained in the initial business ideas. Today, the product reflects mainly his role identity as a "Peruvian community supporter." Take, for instance, following statements of the founders about their connection with the products:

But the product line or what we want to do, it was actually all clear. We have never doubted the products. (Martina)

Yes, they do [reflect] me. (Martina, speaking about the products)

Well, I think yes, but not completely because I am a man. I thought at the beginning that I would develop a venture in a more male area. (Gustavo on whether the products are a reflection of himself)

[I identify myself] especially with the fact that they are manufactured in Peru... (Gustavo)

When analyzing the impact of founder identities on the venture's products, I expected the results to be consistent with previous research on founder identity, which mainly describes the relationship as a straightforward path in which the founder with a strong confidence shapes his or her venture according to his or her self-definition. This does not seem to be the case with Gustavo's identities, which went through a transformation when the decision was made concerning Mama Ocllo's offerings. As previously mentioned, the product would have had different properties if the decision depended exclusively on Gustavo. However, it was Martina and her strong commitment to both social and role identities that

shaped the final product. Through perceived differences between Gustavo's and Martina's identities, and because of the knowledge about sustainability that Gustavo gathered from Martina, Gustavo started to adjust his identities towards a LOHAS social identity, which is also more congruent with the venture's offerings. Moreover, today Gustavo translates his LOHAS social identity into the role of a "sustainable textile manufacturer," which motivates him to implement Mama Ocllo's products:

Well, if I have to be honest, the sustainability concept was new for me. I have never heard about it in Peru. I only had experience in the textile area, and I learned about organic agriculture here in Germany. Actually, thanks to Martina, I could learn about sustainability. (Gustavo)

[Interviewer: After the decision about Mama Ocllo's offerings was made, what kept you motivated to realize the product?]

It cost me a lot to understand the positive impact of ecological agriculture. All the time, I couldn't decide between the two product ideas ... And for me the sustainability concept was totally new ... However, after making the decision about the product, I understood that this is the right path. I learned about the positive impact of ecological agriculture and understood that it is the best for a Peruvian farmer. Now I want to contribute to the development of a sustainable textile industry in Peru. Now there is motivation to move something in this sector. (Gustavo)

#### 6.1.1. Market Segments

Considering the association between market segments served and founder identities, my interview data first indicates that the target markets addressed consist of members of social groups that the founders belong to. Second, this indication applies to sustainable entrepreneurs rather than to for-profit entrepreneurs. Sustainable entrepreneurs dedicate their offerings to their in-groups; that is, they dedicate them to those people who share similar perceptions and behaviors. Such consumers give particular attention to the social and environmental performance of the product rather than to its price. On the other hand, conventional entrepreneurs identify the most profitable markets as the suitable targets for the company's offerings (Fauchart and Gruber, 2011); however, this does not mean that conventional entrepreneurs belong to those groups.

For instance, Martina has chosen the LOHAS consumer group, as she is also devoted to sustainable living. Therefore, she defines the adequate market segment as one that is congruent with her pro-social and environmental perceptions, behaviors, and vision.

Consider her following statements about the market segments addressed by Mama Ocllo:

Yes, LOHAS [about the target market]. I want people to be interested in our concept. I want people to know what is so special about our products ... I think of a target market, which apart from looking at the quality of the product, also gives attention to the actual idea, to the fact that it is not a mass product – a target market that wants something you cannot find in every department store. (Martina)

Interestingly, the decision to address LOHAS consumers was also driven by her negational categorization; thus, her separation from her respective out-group of affluent consumers, who do not put attention to the social and environmental performance of the product and are characterized by hyperconsumption:

I don't want our market to consist of the old nobility who only pay attention to expensive products. I don't want it because it is a society of, I don't know, the typical fur-bearing people. I don't belong to them. (Martina)

This result supports the conclusion of [Belz and Binder \(2017\)](#), who indicate that sustainable entrepreneurs, apart from defining their venture's market segments, also underline the market segments that are not served by the offerings.

Consequently, Martina's social identity – particularly her affirmational categorization of the LOHAS in-group and her negational categorization of the out-group of the affluent consumer class – shaped the initial decision to address LOHAS consumers as the adequate market segment for Mama Ocllo's offerings. Interestingly, the decision to identify the LOHAS market segment was not that straightforward for Gustavo. Initially, his social identity as a conventional entrepreneur – defined by [Fauchart and Gruber \(2011\)](#) as a Darwinian identity – led him to the choice of the most profitable market segment: the consumer class with high purchasing power:

Yes, at the beginning, I thought that this [affluent class] is the right market segment. (Gustavo)

And when we started the first development, we wanted to offer both cotton types— organic and conventional – for different market segments. (Gustavo)

This finding is consistent with the previous results of [Fauchart and Gruber \(2011\)](#), who argue that traditional entrepreneurs do not necessarily produce for consumers like themselves, but instead identify the average or most profitable consumer.

Like the decision about Mama Ocllo's products, the decision about market segments also implicated the incongruence of Gustavo's Darwinian identity with Martina's LOHAS social identity. Over time, Gustavo started to feel an attraction to the group of sustainable-living devotees by gaining awareness of the advantages for society and the environment that

are provided by this lifestyle. As a consequence, he attempted to gain a psychological entry to the social group of LOHAS by thinking and acting like the prototypical group members. Although the decision concerning which market to enter activated both of his social identities – namely, the Darwinian and later the LOHAS identities – Gustavo felt more tied to the social group of LOHAS and decided to serve more aware consumers rather than the most profitable ones. Like Martina's, Gustavo's negational categorization of the affluent consumer class is also reflected in the decision about which market segment not to address.

Yes, in some aspects, yes [I identify myself with LOHAS]. But I think I am still in the process of transition. We do not buy or consume 100% organically yet. (Gustavo)

But I went through different stages in my life, and now I see the things a little bit differently. I understand that it's good to identify yourself with the market segment that you offer your products to. If you identify yourself with your market segment, you can talk to the people from your market; you can interact with them. The market segment you mentioned [the affluent consumer class]—I don't belong to them. I don't know their wants, necessities, etc. And I even have the impression that this market segment is not interested in the organic or fair aspects of a product. I think branding is more important for them ... I definitely do not identify with consumers with the highest purchasing power. That's why I don't think it is the right market segment for our products. (Gustavo)

Taken together, these findings suggest that Martina's strong pro-social and environmental orientation, represented by her LOHAS group membership, influenced the decision to address essentially socially and environmentally aware consumers. On the other hand, she also shaped her co-founder's social mobility into the group of LOHAS devotees, which makes him think and act consistent with the group's prototype, dominates his entrepreneurial identity, and finally convinced him to identify LOHAS consumers over the average or most profitable consumers as the best market segment for Mama Ocllo's offerings.

#### 6.1.2. Resources and Capabilities

With regard to the resources and capabilities deployed to produce Mama Ocllo's offerings, the venture cooperates with small, family-run businesses in Peru and with a non-profit organization that aims at women's emancipation in Peruvian marginal areas. The selection of suppliers was based on transparency, premium quality, and shared vision about socially and environmentally responsible production methods. As a sustainable venture, Mama Ocllo builds long-term relationships with its suppliers and aims at shared growth.

Considering the association between the resources and capabilities deployed by the venture and the founder identities, my data provides evidence to suggest that these aspects are a reflection of founder identities that are tied to the roles that the founders currently take on in life or strive for. Interestingly, the founders of Mama Oclo felt commitment to divergent roles, which congruently reinforced the decision concerning which resources to deploy and what supplier cooperation to build. However, overall, the majority of aspects taken into account when deciding on resources and capabilities – such as shared vision, building sustainable relationships with suppliers, and working exclusively with organically cultivated and processed fibers – reflect Martina's role identities as “sustainable entrepreneur,” “mother,” and “Peruvian community patron.” For instance, Martina, as a convinced “Peruvian community patron,” decided to build valuable cooperation with Peruvian suppliers on the basis of shared growth and responsibility towards society and environment. Accordingly, Mama Oclo cooperates exclusively with family-run businesses in Peru. Moreover, her life mission to do good for Peru encouraged Martina to cooperate with a non-governmental organization that supports socially excluded women in Peru:

We have chosen our suppliers very carefully. It is again a family-run business... (Martina)

And a feminist NGO that has existed for 30 years produces our toys. It is a big organization that stands for women rights. They want women to become more independent in society, especially women from the Andes who don't have much to say and do not have equal rights in politics. They developed a project called La Casa de la Mujer Artesana, which also aims to make women independent economically. We have worked with them since the beginning, and we will maintain this cooperation because there is a full transparency. This is a beautiful cooperation and the quality is perfect too. (Martina)

Additionally, the exclusive use of organically cultivated fibers and chemical-free processing are both a result of Martina's strong commitment to her role as a mother who wants the purest and healthiest materials for her baby. Martina's commitment to the “mother” role is not only influenced by the importance of her relationship with her son but also by the expectations of other mothers who buy Mama Oclo's clothing:

We have to be consistent. We say we have the best clothing for babies, the best clothing for baby skin and not a product that must be returned ... because the baby gets an allergy. (Martina)

The general picture that emerges from the data oscillating between Martina's identities and the resources and capabilities employed by Mama Oclo is that Martina's role as

a “sustainable entrepreneur” permeates basically every decision about which resources to employ and what criteria to use in selecting appropriate suppliers. Consistent with the expectations of that role, Martina drew special attention to her social responsibility in the production country but also to the minimal negative impact on the natural environment throughout the whole value chain. Take, for instance, her statement regarding the printing technique:

Currently we want to start with textile printing. Plastic is the most important printing technique in the textile industry. This totally contradicts our concept ... Another printing technique is water-based. This printing technique is more expensive, but the water-based ink vaporizes. This means that it is neither harmful to the printer nor to the environment. And if there is some ink released, it is automatically sieved. So, nothing comes to the cycle. (Martina)

Comparing the influence of the founder identities on resources and the capabilities employed, the findings suggest again that Martina seemed to know the direction and destination in which she needed to go when choosing sustainable resources and focusing on long-term relationships. Gustavo however, experienced identity adjustment consistent with Martina's self-definition and vision for the venture.

With regard to the employment of resources, the decision to manufacture exclusively from organic cotton was made by Martina. Gustavo wanted to act consistent with his previous experience in the role of a “textile manufacturer.” As I explained previously, after Martina made the decision about natural fibers, Gustavo shifted his role as a “textile manufacturer” to that of a “sustainable textile manufacturer,” which is inspired by the LOHAS social identity.

Gustavo's stronger commitment to sustainability recently became salient when the founders had to decide about the appropriate printing technique for the newest clothing collection. Taking two different printing techniques into consideration, the orientation towards social and environmental responsibility embedded in his role as a “sustainable textile manufacturer” dominated Gustavo's Darwinian identity:

Well, the water-based printing technique has a smaller negative impact on the environment. There is always an impact on the environment, but water-based printing has a minimal impact in comparison to the plastic-based technique. (Gustavo)

Interestingly, although Gustavo mentions size as an important criterion for choosing the right supplier, which is consistent with his role identity as “keeper of the bottom line,” he agreed to give a chance to a small family business in Peru. Consequently, despite the strong entrepreneurial orientation, Gustavo is more tied to his life mission to support Peruvian marginal areas and make a positive contribution to the textile industry by providing an example to follow.

## 7. Discussion

### 7.1. Discussion of the Results

I conducted this study for the purpose of my thesis by noticing the gap in previous research about founder identity (Fauchart and Gruber, 2011; York et al., 2016; Belz and Binder, 2017; Hoang and Gimeno, 2008), which treat social and role identities separately when investigating their impacts on a venture. Taking into consideration that each founder is at once a member of diverse social groups and a performer of multiple roles, I have aimed in this paper to explore how the social and role identities of a founder simultaneously influence core strategic decisions made in the venture-creation process, particularly concerning which customer needs to address, which market segments to serve, and which resources and capabilities to deploy. The general picture emerging from the analysis of the venture-creation process is that social and role identities have different yet complementary impacts on shaping the venture. Specifically, the identities complement each other in such a manner that founder's social identities stimulate his or her aspirations for engaging in roles, which in turn drive him or her to shape the venture through the process of decision making. Additionally, my findings suggest that each decision shaping the venture is a result of different interplays between social and role identities. While products are mainly a result of the complementary impact of social and role identities, the market segments served reflect the founder's social identities. Resources and capabilities are in turn driven by the expectations tied to the roles that are occupied or desired by founders, which in most cases are an expression of the social groups that they identify with.

*Products.* Previous studies (Fauchart and Gruber, 2011; Belz and Binder, 2017) demonstrate that the social identities of a founder are reflected in a venture's offerings, where affirmational (and negational) categorization provides a positive (and negative) frame of reference about a good (and a bad) products. Consistent with these results, my findings demonstrate that the initial decision about which products to offer is driven especially by the vocational groups to which the founders belong. Consider Gustavo and Martina, who decided to produce organic clothing as a result of Gustavo's identification with other textile specialists and Martina's vocation in the organic industry. Furthermore, my results extend the understanding of the interrelation between founder identities and a venture's offerings by suggesting that the roles that founders currently occupy or strive for also shape decisions about the final product. Particularly, I observed that founders feel highly committed to the roles they occupy ("Who I am") or desire ("Who I want to be") and behave in accordance with the expectations tied to those roles when they must implement the venture's final outcome. Martina, for instance, felt a strong attachment to her role identity as a mother when she designed organic clothing for babies, while Gustavo felt a commitment to his Peruvian community, which he wanted to support by developing a product that will be manufactured in his mother country. Given social and role

identities together, the data presented in this study suggests that social identities fulfil an inspirational function in comparison with expectations towards the behavior tied to role identities, which have a motivating effect.

*Market Segments.* My key finding emphasizes that the decision about which market segments to serve is significantly related to the social identities held by the founder. First, founders tend to address market segments that are based on the uniformity of perceptions and behavior between the founder and customers. In other words, selected market segments consist of customers who belong to the same social groups as the founders. Take, for instance, Martina, who has a hybrid identity that consists of communitarian and missionary social identities. She addresses her offerings to LOHAS consumers who, like her, are also interested in the ecological and social performance of the product apart from its quality and price. This data gives additional support to the results obtained by Fauchart and Gruber (2011), who claim that founders with a communitarian social identity serve market segments that match the attitudinal and behavioral lines of the founders. Although Gustavo, first tied to his Darwinian identity, wanted to address the most profitable market segment, which is congruent with the findings of Fauchart and Gruber (2011), he later obtained a LOHAS social identity and realised the importance of addressing consumers who think and act like him, which in turn supports my claim about the uniformity of perceptions and behaviors as a criterion for choosing the right market segments in the context of sustainable entrepreneurship. Second, founders define their market segments based on their separation from social outgroups, which are characterized by unsustainable consumption patterns. For instance, consider Martina, who defines her customers in sharp contrast to the affluent consumer class that is characterized by mass consumption of luxury goods produced in a socially and environmentally irresponsible way. This statement is congruent with previous research of Belz and Binder (2017) on the negational categorization of sustainable entrepreneurs.

*Resources and Capabilities.* Interestingly, when making decisions about resources and capabilities that have to be deployed to produce a venture's offerings, founders feel especially committed to their roles in comparison with their social groups. My finding indicates that expectations tied to roles drive founders to behave in a manner that is consistent with those roles, as in the case of Martina, who, driven by her role of a Peruvian community supporter, emphasizes the importance of socially and environmentally responsible production methods in Peru. A possible interpretation of this finding may be the strong commitment to the roles defined by number and importance of relationships that are tied to the roles that founders engage in. Because the activation of a particular role depends on commitment to that role (Hogg et al., 1995; Stets and Burke, 2000), I indicated that founder's roles – especially roles as Peruvian community patrons or sustainable textile manufacturers – are associated with a very high number of persons – like the whole community or industry – to whom the founders are tied through these roles, which

makes these roles highly relevant to the decisions about resources and capabilities. On the other hand, one must not forget that these roles are often expressions of a founder's social identities. For example, Martina's missionary identity is translated into the role of a "Peruvian community supporter," while Gustavo's increasing identification with LOHAS devotees is expressed by his role as a "sustainable textile manufacturer." Moreover Martina's role identity as a mother is, as she says, the most important role in her life, which also explains her commitment to that role when making decisions about which resources and capabilities to deploy to produce an offering that she will also use for her baby.

## 7.2. Theoretical Contributions

*SIDT and IDT isolation versus SIDT and IDT integration.* My findings complement prior research on identity in entrepreneurship by integrating social and role identities as core foundations of founder identity. While the vast majority of previous studies (Hoang and Gimeno, 2008; Cardon et al., 2009; Fauchart and Gruber, 2011; Mathias and William, 2014; Murnieks et al., 2014; Belz and Binder, 2017) adopt an unilateral perspective on founder identity – such that either social or role identities are investigated to have a potential influence on founder's behavior in his or her day-to-day work – my findings demonstrate that founders are simultaneously tied to their social groups and to currently occupied or desired roles when shaping their ventures. This result provided me with a framework that is relevant to various observations. First, I observed a more heterogeneous interrelation between founder identity and the decision-making process where core strategic decisions shaping the venture may reflect either social identities or role identities or a synergy of the role and social identities of a founder. This finding substantiates previous results obtained by Powell and Baker (2011), who, apart from highlighting the importance of bridging SIDT with IDT, also demonstrate that entrepreneurial decision making, particularly responses to adversity, is reflected by different combinations of founder's social and role identities. Second, I realized that a clear separation of founder's social and role identities is not always possible because social categories and roles complement each other such that social identities provide an inspiration to engage in congruent roles in the venture, which in turn drive the founder to act in a manner that is consistent with those roles when implementing a decision. However, this does not mean that my study opposes previous studies; on the contrary, the social identities derived by Fauchart and Gruber (2011), or the different shades of founder's social identities delivered by Belz and Binder (2017) should be regarded as among the pillars of founder identity theory. Finally, my case expands the understanding of founder identity, which may also be composed of multiple identities that are derived from the founder's vocation, education, interests, relationships with others, world perception, etc., and which guide or drive the founder to shape his or her venture accordingly rather than being always constructed by a single identity (Fauchart and Gruber, 2011;

Mathias and William, 2014) that becomes salient in decision making process.

*Single versus multi-founder ventures.* While previous research (Fauchart and Gruber, 2011; Powell and Baker, 2011; Belz and Binder, 2017; Mathias and William, 2014) has relied primarily on companies that are created by a single founder, my findings add to a growing body of literature on founder identity by gaining insight into a multi-founder venture in which the decision-making process is influenced by diverse sets of social and role identities held by multiple founders. The investigation of a multi-founder venture provided me with a base for understanding the identity processes taking place during the venture-creation process. First, my findings suggest that a founder's path towards venture creation is not always a straightforward one in which the founder, aware of his or her identities, simply translates them into the venture through the decision-making process. Rather, founders may experience various identity transitions in the venture-creation process, particularly when a conflict of identities arises between founders with regard to strategic decisions that shape the venture. The conflict of identities results in turn in each founder's individual efforts to shape the venture in a manner that is consistent with held identities, as happened in the case of Martina and Gustavo, who initially did not agree about producing conventional or organic clothing. Various identity conflicts that arose between Martina and Gustavo in the initial phase of venture development shaped the pattern through which Martina – with her strong commitment to sustainability, Peruvian community and her role as a mother – significantly dominated the identities oriented towards conventional entrepreneurship held by Gustavo. Finally, the incongruence in the strategic decision-making process led Gustavo to adjust his identities towards those held by Martina, which were then transmitted into the venture. This finding is particularly congruent with the newest research conducted by Powell and Baker (2017), who demonstrate how individual social identities become adjusted into a collective identity prototype that describes "who we are" in a venture created by multiple founders holding diverse identities. Secondly, the direct comparison of the identity processes taking place between Martina and Gustavo allowed me to notice that identities embedded in entrepreneurs who pursue social, economic, and ecological objectives are less flexible than those held by conventional entrepreneurs.

*Unilateral versus bilateral relationship between founder identity and venture.* While previous studies (Hoang and Gimeno, 2008; Cardon et al., 2009; Fauchart and Gruber, 2011; Powell and Baker, 2011; Murnieks et al., 2014; Belz and Binder, 2017) have shed light on the impact of founder identities on ventures in their nascent stage of development, my research provides additional insight into the link between founder identity and the venture by providing preliminary evidence for the existence of a bidirectional relationship such that the venture has an impact on the founder's identities. In essence, I have noticed that venture creation allows founders to translate their social identities into new roles in the ven-

ture, as happened in case of Martina, who could express her belonging to the vocational group of philologists through her role identity as the “voice of Mama Ocllo.” Powell and Baker (2011) emphasize that social identities usually provide a source of aspiration for new role construction if there is an incongruence between currently held social and role identities. My findings demonstrate that engagement in ventures provides a favorable context to create new roles that are congruent with currently held social identities, even if there is not an explicit identity conflict embedded in the founder. Moreover, involvement in the process of venture creation may also result in identity transitions, especially given a growing disparity between other founder’s identities and the venture, which is what happened in case of Gustavo, who adjusted his role of a textile manufacturer into a role of a sustainable textile manufacturer congruently with Martina’s identities and the venture.

### 7.3. Limitations and Opportunities for Future Research

The aim of this thesis is to explore how a founder’s social and role identities influence core strategic decisions in the venture-creation process. As in every study, a number of potential weaknesses must be considered as well.

First, due to the exploratory nature of this study and the limited time available to conduct it, my dataset is limited to a single venture. This limitation makes my findings not generalizable beyond this case study. I acknowledge the lack of generalizability as a weakness of this thesis, though I focused on gaining an in-depth understanding of the link between founder identities and the venture, which justifies my selection of a single case (Yin, 2014). Although the results I have obtained demonstrate how idiosyncratic founder identities may be – a fact that makes the empirical study of the phenomenon more complex – my paper should be regarded as a stimulus for futures studies to continue exploring the dual impact of a founder’s social and role identities on the venture by including more samples in the investigation. To gain insight into more ventures would not only guarantee the generalizability of the findings but may also identify different types of interplay between a founder’s social and role identities than what are presented in this study. Second, when I decided to analyze the founder’s social and role identities in the venture-creation process, I defined the context of this research as sustainable entrepreneurship because I assumed, as have previous researchers (Powell and Baker, 2011; Belz and Binder, 2017), that sustainable entrepreneurs hold a diversity of identities that they translate into their ventures such that they will provide more interesting insights into the phenomenon studied. However, the example of Gustavo – who at the beginning seemed to behave mostly in accordance with his Darwinian identity but later revealed a variety of social and role identities derived from his vocation, origin, and family that drive his decisions in day-to-day work – should encourage future research to extend the context of the investigation by taking into account not only diverse industries, but also non-sustainable entrepreneurs.

Furthermore, I believe that my thesis will serve as a basis for future studies on multi-founder ventures, particularly those that seek to determine how diverse founders that hold different sets of social and role identities influence each other mutually and influence the venture-creation process. Future research should also address identity transitions of founders and how identity dynamics are reflected in the venture. Finally, the results obtained in this thesis should also encourage researchers to meet the challenge of exploring a dual relationship between founder identities and the venture, where the venture may also influence the identities embedded in the founder’s self-definition.

## 8. Conclusion

Sustainable ventures are a reflection of founder identities. Drawing on social identity theory and identity theory, my single-case analysis allowed me to explore how founder identities derived from his or her social group memberships and occupied roles simultaneously influence core strategic decisions about which customer needs to address, which market segments to serve, and which resources and capabilities to employ. Social and role identities have different yet complementary impact on new venture creation process. The difference in their impact refers to the fact that each strategic decision is interrelated to either social or role identity, or to an interplay of both. Social and role identities complement each other in their impact on new venture creation process in such a manner that founder’s social identities stimulate his or her aspirations for engaging in roles, which in turn drive him or her to shape the venture through the process of decision making. With this bachelor thesis I would like to encourage researchers to further investigate the synergy of social and role identities in organizational contexts by putting special attention to broader study settings together with multi-founder ventures and identity transition processes.



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