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WEED, WORDS AND WINNING: ENTREPRENEURIAL STORYTELLING IN A STIGMATIZED INDUSTRY

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ABSTRACT

In this paper, we examine how nascent firms configure their language use with their existing resources to affect their outcomes. We found that firms that configured their language to compliment instead of substitute for their existing resources, as well as the level of support in their external environments, were more successful in garnering positive evaluations from critical stakeholders. This study contributes to the literatures on entrepreneurial storytelling.

INTRODUCTION

Entrepreneurs need resources to survive and grow, and must often convince the resource holders that they are worthy of support (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002; Zott & Huy, 2007). For new firms, this can be a daunting task, as they lack a performance record that would reduce stakeholders' uncertainties enough to make the resources available. The challenge is even greater for firms that are joining a "stigmatized" industry, as these firms lack "broad-base social approval" (Hudson & Okhuysen, 2009; 135), and the legitimacy that they need to acquire resources and secure their survival (Aldrich & Fiol, 1994; Suchman, 1995; Zott & Huy, 2007). The question, then, is how do new entrepreneurs convey their worth to stakeholders, particularly in an industry where there are no established templates for how those interactions should unfold (Zimmerman & Zeitz, 2002)?

"*Institutions are built upon language*" (Berger & Luckmann, 1966: 64), and through 'sensegiving' language can influence stakeholders' cognitions in desirable ways (Gioia & Chittipeddi, 1991). Sensegiving refers to attempts to influence and/or control how others interpret a subjective social phenomenon and shape the "meaning construction of others towards a preferred redefinition of organizational reality" (Gioia & Chittipeddi, 1991: 442). As such, language is a valuable tool for a firm's survival, as it allows entrepreneurial firms to procure audience support (Lounsbury & Glynn, 2001; Martens, Jennings & Jennings, 2007; Porac, Mishina & Pollock, 2002; Santos & Eisenhardt, 2009; Suddaby & Greenwood, 2005; Zott & Huy, 2007). Porac and colleagues stated, "entrepreneurial leaders must create compelling 'stories' to reduce ambiguity and uncertainty for their stakeholders and thereby gain credibility and legitimation for their new conceptualizations" (Porac et al., 2002; 113).

Research interest in how firms construct meaning through the use of language, symbols and other organizational discourse is growing (Chen, et al., 2008; Martens, et al., 2007; Porac, et al., 2002; Zott & Huy, 2007). There is strong evidence that the framing (Martens, et al., 2007; Zott & Huy, 2007) and content of entrepreneurs' stories are important (Lounsbury & Glynn, 2001), and that a firm's resources—such as financial indicators—help with its success (Wiklund, Baker, & Shepherd, 2010). However, we lack knowledge of how firms jointly use their substantive resources and stories

to convince stakeholders to provide support. New firms often have limited resources, but stories that leverage those resources are more effective for resource acquisition (Martens, et al., 2007). However, firms do not possess homogenous resource stocks. As such, insights into how firms are able to configure their stories in accordance with their resources and constraints would have both theoretical and practical implications. This study contributes to the literatures on entrepreneurial storytelling, with empirical evidence of the multiplicity of stories that entrepreneurs simultaneous tell. In this exploratory study, we examine how nascent firms combine their available resources with stories that are intended to influence important stakeholders. Formally, we ask the question, "How do firms configure their resources and storytelling to influence external stakeholders?" As such, we hope to contribute to the literatures on entrepreneurial storytelling.

Entrepreneurs and the Social Construction of Meaning

A critical task of nascent firms is to communicate their worth to external stakeholders and convince them to extend their support. Since stakeholders can confer legitimacy and other invaluable resources, entrepreneurs must carefully consider the content and form of their interactions. During its formative stages a firm has the opportunity to help others understand what the firm is and how it will carry out its mission (Lounsbury & Glynn, 2001). This can be an especially daunting task, since nascent entrepreneurs, particularly those in a new industry, often lack pre-existing guidelines on what will appeal to stakeholders. They also have sparse resources to dedicate to their sensegiving efforts. For resource-poor firms, symbolic action provides a viable and accessible option (Zott & Huy, 2007). Symbolic actions are behaviors intended to communicate "subjective social meanings" (Zott & Huy, 2007: 71), and can be verbal, as in entrepreneurial stories (Martens et al., 2007) or non-verbal, as in affiliations with prestigious parties (Chen, et al., 2008).

Ashforth and Gibbs (1990: 182) noted, "All else equal, managers prefer to offer symbolic assurances rather than substantive action since the former usually preserves flexibility and resources." Suchman (1995) further suggested that access to legitimacy depends largely on the skill with which the organization communicates through traditional discourse and meaning-laden actions. These symbolic actions affect resource holders' cognitions, guiding them to make sense of issues in a particular way (Gioia & Chittipeddi, 1991). Particularly in the case of legitimacy, which is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions" (Suchman, 1995: 574), entrepreneurs that are able to help create meaning for stakeholders and prompt favorable perceptions increase their legitimacy, and thus their chances of survival. Several streams of literature have examined how organizational members use symbolism to construct meaning for their audiences.

Sensegiving and Organizational Framing

The concept of sensegiving helps elucidate how organizational members are able to shape others' perceptions. A vital component of sensegiving is framing (Fiss & Zajac, 2006), or the process of meaning construction that involves creating interpretations that are often at odds with the status quo (Benford & Snow, 2000). "Frames help to render events or occurrences meaningful and thereby function to organize experience and guide action" (Benford & Snow, 2000: 614). Organizations can often choose from multiple frames, and that choice can ultimately influence the organization's effectiveness in achieving its desired outcomes (Nutt, 1998). As such, frames are powerful devices for inciting stakeholders to action.

Scholars have explored how entrepreneurs use symbolism—particularly language—to frame issues in ways that help them generate benefits for the firm (Allison, McKenny & Short, 2013; Jones, Livne-Tarandach & Balachandra, 2010; Lounsbury & Glynn, 2001; Martens, et al., 2007; Porac, et al., 2002). Lounsbury and Glynn's (2001) theoretical discussion of "cultural entrepreneurship," in particular, contended that entrepreneurial stories must account for what is distinctive about the firm, and must resonate with stakeholders (Lounsbury & Glynn, 2001). To facilitate how others make sense of who they are and what they do, firms must construct plausible narratives about their identities (Navis & Glynn, 2011), qualifications (Martens et al., 2007), and how they plan to succeed and the basis for that belief (Lounsbury & Glynn, 2001). Aldrich and Fiol (1994) also theorized that entrepreneurial firms that framed their innovations broadly were likely to acquire cognitive legitimacy more quickly. However, much of the work on entrepreneurial storytelling is conceptual in nature, leaving us without a clear understanding of how nascent firms effectively present themselves to stakeholders.

Empirical work on this topic has also not answered this question. Allison and colleagues (2013) looked at how language emphasizing such sentiments as blame, accomplishment and tenacity affected funding outcomes for firms in a microfinance context. They found that blame and present concern (emphasizing an immediate need for action) narrative categories led to faster funding. This study is useful for showing that narrative categories can have varying effects on firm outcomes, but it does not consider that firms may simultaneously use of multiple language categories. It also does not examine how firms use those narratives given their resources and constraints. Similarly, Martens and colleagues (2007) looked at the effectiveness of narrative categories, but used a "forced-choice method" (2007: 1111) to ensure that each firm was only assigned to a single language category. In their study of architectural firms, Jones and colleagues (2010) also showed that narrative categories can vary in their ability to affect firm outcomes. Again, the authors did not consider the narratives in conjunction with the resources of the firms, or that the firms could use multiple narratives at once. Furthermore, the authors suggested that an avenue for future research would be to examine how multiple narrative categories combine, and if so, whether they create ambiguity. The authors stated, "By using Qualitative Comparative Analysis (QCA), scholars may examine how the combinations of logics within a text shape audiences' reactions and perceptions" (Jones, et al., 2010: 206). In this paper, we respond to that call.

METHODS

We explore these questions in a sample of 100 nascent firms competing for a limited number of licenses to operate dispensaries in the highly uncertain and emerging medical cannabis industry in Massachusetts, where the practice was newly legalized, and where the state ran a two-stage application process to award up to thirty-five licenses. This is an ideal context for studying the development of entrepreneurial stories, because as Lounsbury and Glynn (2001: 550) pointed out, "a focus on entrepreneurial stories is also well suited for the study of the early moments of the entrepreneurial conception and venture formation since it is during these periods when entrepreneurial legitimacy tends to be the most pressing issue." For these firms, stigma further complicates the situation, making their self-presentation even more critical for gaining audience support. We examine how their choice of language combines with their available resources to affect the likelihood they secured dispensary licenses. We use content analysis (Krippendorf, 2004) and fuzzy set Qualitative Comparative Analysis (fsQCA) (Fiss, 2011; Ragin, 2008) to explore the configurations of rhetoric and resources that lead to successful outcomes for nascent firms.

Findings

One of the great strengths of fsQCA is its ability to illuminate causal complexity, defined as "a situation in which a given outcome may follow from several different combinations of causal conditions" (Ragin, 2000: 124). In other words, there are a number of paths to the same outcome, known as "equifinality." Fiss (2011) advocated for this approach by arguing that the best way to understand cases is through their component configurations of attributes. In this study, we are interested in those "recipes" of resources and rhetoric that result in success for nascent firms, measured here as receiving a license(s) to operate a medical cannabis dispensary. Accordingly, a configurational case approach was necessary. Figure 1 illustrates our findings.

Solutions 1a and 1b are neutral permutations. They show that firms that have hired an industry consultant, had a CEO with executive experience, and were applying for a license in a town with no moratoriums, would be successful when they also used financial assets language and community-oriented language (1a). The 1b configuration also exhibited the same patterns, with the exception that when the firm has financial assets instead of CEO executive experience, health and wellness language has to be added to the success configuration. In these two configurations, consultant was the sole core resource that was present. This means that if the firm had both access to industry knowledge in the form of a consultant and a favorable environment with no moratoriums, then the internal resources were substitutable when using language that further highlighted the firms' financial resources and its focus on the local community. If the firm had large financial assets, it then also needed to use health and wellness language, creating a link to a more established favorable entity—in this case, the medical industry.

In solution 2, when firms have access to favorable resources with the exception of CEO experience, they have a successful outcome when they incorporate values language with community-oriented language and financial assets language. This tells us that when the firm lacks the human assets that would position it favorably, it's beneficial to mix exemplification tactics with promotion tactics, which portrays the firm as competent (Mohamed et al., 1999).

Finally, in solutions 3a and 3b, when all firm resources are present as core conditions, but the firm is in an unfavorable environment, success happens when the firms excludes operations language, and use either financial assets or community orientation language. Safety language is peripheral in both solutions, as are financial and community orientation language. Community support is very important in this context and the lack of community support presents an uphill battle for the firms. As such, firms that use financial language will communicate to the local community as well as government evaluators that the firm has the necessary resources to shield itself from the failure that regularly befalls new firms as a result of their lack of resources. Safety language addresses the deep-seated perception that cannabis leads to violence and crime (Chicago Daily Tribune, 1927; New York Times, 1934; Wegman, 2014). Community oriented language signals that the firms care about the community and are committed to being responsible neighbors. However, values language is the only core language category in both solutions. This suggests that those firms that attribute the lack of community support to a contestation of values and choose to focus their narratives accordingly, are more likely to succeed.

A firm that focused on values identified this factor as important for obtaining a positive social evaluation when community support was lacking; that those firms were rewarded with a license is evidence that they were correct. This suggests an interesting dynamic between the firms and their evaluations. The government entity responsible for the evaluation process laid out clear guidelines

on those factors that would be judged. Values were not mentioned. These findings suggest that values were nevertheless important to the government evaluators, likely because they believed that it was also important to the communities. As such, firms that signaled that they shared common values with the community were rewarded. This suggests that in affecting social evaluations, entrepreneurs had to be skilled in analyzing their environment, beyond what is explicit. Overall, when community support is lacking, firms will use language that is expected to resonate with the local community. They must address what they believe to be concerns, fears, and perhaps most importantly, values.

DISCUSSION

Scholars have shown that entrepreneurial firms benefit from storytelling (Aldrich & Fiol, 1994; Allison et al., 2013; Jones et al., 2010; Lounsbury & Glynn, 2001; Martens et al., 2007; O'Connor, 2004; Porac et al., 2002). These studies have either contributed conceptually to scholarship on entrepreneurial storytelling, or have looked at the effects of a firm telling a single story. That is, the general assumption of this body of work is that of all the possible stories, a firm picks just one when interacting with a particular resource provider. This study shows otherwise.

Entrepreneurs that successfully use storytelling to acquire resources do so by taking stock of their internal and external resource endowments and constraints and configuring their stories accordingly. To illustrate, Commonwealth Therapeutics Centers, Inc., one of the applicants for a license, was applying in a town with no moratoriums. That firm also had a CEO with executive experience, had substantial capital and had hired an industry consultant. Furthermore, the CEO of the company had medical and law degrees. That firm was not awarded a license. This illustrates that the presence of resources without the right language configurations is insufficient for success. That firm focused on financial and safety language, but should have instead substituted safety language for health and wellness and community-oriented language. Conversely, The Greenway Wellness Foundation submitted two applications, possessed all of the necessary resources but was applying in communities that had implemented moratoriums. By emphasizing values language, both of the firm's applications were successful.

This study adds to the work of Martens and colleagues (2007), who empirically established that both resources and narratives are important for firm outcomes. They found that "a narrative format does influence external resource providers above and beyond more purely factual information about the firm's resource stock" (2007: 1123). We extend this work by showing that the manner in which stories are configured—given their resource endowments—matters. That is, successful storytellers do not limit themselves to a single story, but instead use multiple stories that are tailored to their particular resource context.

Furthermore, we know that entrepreneurial firms must balance the needs of multiple audiences; for example, the general public, government officials, and funders (Aldrich & Fiol, 1994). However, research on entrepreneurial storytelling has generally looked at stories that are tailored to a specific audience (Allison et al., 2013; Jones et al., 2010; Porac et al., 2002). Our study shows that even when interacting with a single audience, stories must be configured to address the concerns of several audiences. This suggests that entrepreneurs must be skilled at understanding the linkages among various audiences. That is to say, nascent entrepreneurs in a new market do not have the luxury of tailoring stories to a single resource provider. Those entrepreneurs must recognize that primary resource providers are also accountable to other audiences, such as the

general public. Accordingly, though directed at a single stakeholder, entrepreneurial stories must be configured to address the needs and interests of multiple audiences.

Another insight of this study is that when firms experience a blatant lack of social support, their stories must exhibiting an understanding of the root of those sentiments, and must account for them. In particular, a lack of audience support may be linked to a perceived incongruity in values. Those firms that are able to recognize that, and configure their stories accordingly have a better chance of increasing their support. This supports the idea that entrepreneurial stories must align with normative beliefs (Lounsbury & Glynn, 2001).

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Figure 1

Entrepreneurial Storytelling combined with Firm Resources - Sufficient for Success					
	Success - Awarded License				
	1a	1b	2	3a	3b
Language combined with Resources					
CEO Executive Experience (ceowork2)	•		⊗	●	●
Industry Consultant (consult)	●	●	●	●	●
Moratorium Passed (morapass)	⊘	⊘	⊗	●	●
Financial Assets (calassets)		•	●	•	•
Heath and Wellness Language (calhw)	⊘	•	⊘	•	•
Operations Language (calop)	⊗	⊗	⊗	⊗	⊗
Safety Language (calsaf)	⊗	⊗	⊗	•	•
Financial Assets Language (calfin)	●	●	●	•	⊘
Values Language (calvalue)	⊗	⊗	•	●	●
Community-oriented language (calloc)	●	●	•	⊘	•
Consistency	0.95	0.83	1	1	0.97
Raw Coverage	0.09	0.04	0.04	0.03	0.02
Unique Solution Consistency	0.09	0.03	0.04	0.03	0.02
Overall Solution Consistency	0.97				
Overall Solution Coverage	0.22				

*Note: Following Misangyi & Acharya (2014), large dark circles represent presence central condition, large crossed circle the absence, small dark circles the presence of contributing conditions, and small crossed circles the absence of those.