WHO AM I NOT? NEGATIONAL CATEGORIZATIONS OF FIRM FOUNDERS AND ITS “IMPRINT” ON NEW VENTURES (INTERACTIVE PAPER)

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WHO AM I NOT? NEGATIONAL CATEGORIZATIONS OF FIRM FOUNDERS AND ITS “IMPRINT” ON NEW VENTURES

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Principal Topic

Founder identity plays an important role in entrepreneurship, affecting core strategic decisions. Drawing on social identity theory (Tajfel & Turner, 1979; Tajfel, 1981) and social categorization theory (Turner et al, 1987) the burgeoning literature on founder identity mainly focuses on in-groups and affirmational categorization, raising the fundamental question “Who am I?” (e.g. Fauchart & Gruber, 2011; Powell & Baker, 2014). In this paper we emphasize out-groups and negational categorization trying to answer the question “Who am I Not?” We propose that the dual perspective of affirmational and negational categorizations provides a more nuanced picture of the founder’s distinct self-concepts, and enhances our understanding as to why differences in firm creation processes and outcomes exist.

Research Method

We employed a multiple case study design (Eisenhardt, 1989; Yin, 2013) for theory elaboration (Lee, Mitchell & Sablonski, 1999). We selected six founders of new sustainable ventures, pursuing the triple bottom line of economic, ecological and social goals (Patzelt & Shepherd, 2011). For data collection we used two series of semi-structured interviews with firm founders and multiple sources of empirical evidence (e.g. blogs, company websites, press releases and print articles on firm founders).

Results and Implications

The empirical results indicate that negational categorization of firm founder is not just a derivate of affirmation categorization. Our exploration suggest three forms of negational categorizations, including out-group separation, out-group mitigation, and in-group differentiation, which goes beyond the simple dichotomy of out-groups and in-groups. While out-group separation and in-group affirmation represent two extremes of the entire spectrum, out-group mitigation and in-group differentiation are shades in between. The latter can be explained by optimal distinctiveness theory, describing a form of self-categorization in which social identity is viewed as a reconciliation of opposing needs for assimilation and differentiation from others (Brewer, 1991). According to our results the different forms of negational categorization affect entrepreneurial decision-making in new firm creation. Apparently it influences: which products firm founders offer, and which products they do not offer; which market segments they serve, and which market segments they do not serve; and which governance they choose, and which governance they do not choose.

A theoretical implication of our study is that negational categorization of firm founders provides a different and yet complementary perspective to affirmational categorization. Optimal distinctiveness theory along with social identity and social categorization theories helps us getting a richer and more nuanced understanding of the interesting phenomenon of founder identity.

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