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An Identity-Based Approach to Social Enterprise

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An Identity-Based Approach to Social Enterprise

Abstract

Social enterprise has gained widespread acclaim as a tool for addressing social and environmental problems. Yet because social enterprises integrate social welfare and commercial logics, they face the challenge of pursuing frequently conflicting goals. Studies have begun to address how established social enterprises can manage these tensions, but we know little about how, why, and with what consequences social entrepreneurs mix competing logics as they create new organizations. To address this gap, we develop a theoretical model based in identity theory that helps to explain (1) how commercial and social welfare logics become relevant to entrepreneurship, (2) how different types of entrepreneurs perceive the tension between these logics, and (3) what implications this has for how entrepreneurs recognize and develop social enterprise opportunities. Our approach responds to calls from organizational and entrepreneurship scholars to extend existing frameworks of opportunity recognition and development to better account for social enterprise creation.

Keywords

social enterprise, social entrepreneurship, hybrid organizations, identity, institutional logics, sustainability, entrepreneurship

Disciplines

Entrepreneurial and Small Business Operations | Management Sciences and Quantitative Methods

An Identity-Based Approach to Social Enterprise

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An Identity-Based Approach to Social Enterprise

ABSTRACT

Social enterprise has gained widespread acclaim as a tool for addressing social and environmental problems. Yet, because social enterprises integrate social welfare and commercial logics, they face the challenge of pursuing goals that frequently conflict with each other. Studies have begun to address how established social enterprises can manage these tensions, but we know little about how, why, and with what consequences social entrepreneurs mix competing logics as they create new organizations. To address this gap, we develop a theoretical model based in identity theory that helps to explain: (1) how commercial and social welfare logics become relevant to entrepreneurship, (2) how different types of entrepreneurs perceive the tension between these logics, and (3) the implications this has for how entrepreneurs recognize and develop social enterprise opportunities. Our approach responds to calls from organizational and entrepreneurship scholars to extend existing frameworks of opportunity recognition and development to better account for social enterprise creation.

Keywords: Social Enterprise, Social Entrepreneurship, Hybrid Organizations, Identity, Institutional Logics, Sustainability, Entrepreneurship

An Identity-Based Approach to Social Enterprise

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Social enterprise has gained widespread acclaim as a tool for addressing problems such as poverty, inequality, and environmental degradation (Dacin, Dacin, & Tracey, 2011; Mair & Marti, 2006; Short, Moss, & Lumpkin, 2009). While a single definition has yet to emerge, most agree that social enterprise entails the integration of social welfare and commercial aims in an organization's core (Battilana & Lee, 2014; Miller, Grimes, McMullen, & Vogus, 2012). For example, Work Integration Social Enterprises create income by moving at-risk populations into employment (Pache & Santos, 2013), microfinance generates revenue by extending loans to the poor (Battilana & Dorado, 2010), and renewable energy firms create profitable and ecologically beneficial electricity (Pacheco, York, & Hargrave, 2014). The joint pursuit of social and financial aims distinguishes social enterprises from commercial organizations where social responsibilities are ancillary to financial concerns, and from non-profits that rely on donor support to pursue social welfare aims (Besharov & Smith, 2014; Dacin et al., 2011).

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Following an early focus on the unique features of social enterprises and their founders (see Dacin et al., 2011; Short et al., 2009 for reviews) the most sustained research efforts in this area have been from organizational scholars (see Battilana & Lee, 2014 for a review). From this perspective, social enterprise exemplifies hybrid organizing, in which rival institutional logics – shared meaning systems that confer legitimacy upon particular goals and practices (Thornton, Ocasio, & Lounsbury, 2012) – are integrated into an organization. This work argues that: (1) social enterprises integrate aspects of commercial and social welfare logics and (2) because it is often difficult to pursue the financial and social goals associated with these logics concurrently, social enterprises are more highly disposed to conflict and tension than other organizations

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3 (Battilana & Lee, 2014; Besharov & Smith, 2014; Smith, Gonin, & Besharov, 2013)¹. In
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5 particular, studies have found that conflicts arise when coalitions within or outside of the
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7 organization support different logics and spar over which should be prioritized (Battilana &
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9 Dorado, 2010; Pache & Santos, 2013). A key challenge for social enterprises is to address these
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11 tensions and find a productive balance between financial and social aims (Battilana, Sengul,
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13 Pache, & Model, 2014).
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17 To this end, a number of studies have endeavored to understand how contesting parties
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19 can transcend (Battilana & Dorado, 2010; York, Hargrave, & Pacheco, 2015), negotiate
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21 (Ashforth & Reinger, 2014; Battilana et al., 2014; Jay, 2013), and selectively integrate (Pache &
22
23 Santos, 2010; 2013) aspects of the commercial and social welfare logics. Yet, while this work
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25 offers useful insight into the internal dynamics of established social enterprises, it tells us little
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27 about their creation. Social enterprises and their external environments are theorized as complex,
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29 but these forces only become relevant once a venture has emerged. Conversely, actors are
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31 portrayed as carriers of a single logic for which they advocate. How then do multiple logics
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33 become relevant to the venturing process during which individual entrepreneurs recognize and
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35 develop plans to address social enterprise opportunities? What accounts for the level of conflict
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37 that an entrepreneur perceives between different logics? How does this perception affect the
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39 ways in which social and financial aims are incorporated within a nascent social enterprise?
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46 Echoing these gaps in their wide-ranging review, Dacin and colleagues (2011) note that
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48 social enterprise research is largely divorced from the core mechanisms of entrepreneurship. As
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53 ¹ Our terminology of “commercial” and “social welfare” logics follows Besharov and Smith, 2014. Still, we
54 recognize that other studies have labeled these meaning systems in different ways. Examples include “business” vs.
55 “charity” logics (Battilana & Lee, 2014), “business” vs. “nonprofit” (Jay, 2013); “for-profit” vs. “non-profit”
56 (Tracey et al., 2011); “banking” vs. “development” (Battilana & Dorado, 2010), “market” vs. “social welfare”
57 (Pache & Santos, 2010) and “economizing” vs. “ecologizing” (York et al., 2015).
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3 such, they argue there is a need for theory building that extends frameworks in the
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5 entrepreneurship literature to account for the unique features of social enterprise. Mirroring this
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7 argument, Shepherd and colleagues (2015) suggest that the study of entrepreneurial opportunity
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9 should be elaborated to understand how entrepreneurs make decisions related to the recognition
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11 and pursuit of not only commercial, but also social enterprise opportunities.
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15 Heeding these calls, we develop a theoretical approach that links institutional logics,
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17 identity theory, and social enterprise creation. In doing so, we argue that actors have varied
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19 identities, and these may be associated with the commercial logic or the social welfare logic
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21 (Stryker, 2008; Thornton & Ocasio, 2008). We then consider how multiple identities may
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23 become relevant to the venturing process and develop a typology of entrepreneurs who prioritize
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25 social versus financial aims in different ways. Thus, to the extent that there is conflict in social
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27 venture creation, we argue that it is inherently an identity conflict. Building on studies of bi-
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29 cultural individuals – defined as people with salient identities that rationalize divergent goals
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31 (Tadmor, Tetlock, & Peng 2009) – we develop propositions about how identity conflict may: (1)
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33 affect the recognition of social enterprise opportunities, and (2) lead entrepreneurs to integrate
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35 social and financial aims in different, but patterned ways through the process of opportunity
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37 development. We conclude by discussing the implications of our theory for research on social
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39 enterprise and entrepreneurship.
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46 **IDENTITY, LOGICS, AND SOCIAL ENTERPRISE**

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48 We argue that identity theory provides a useful lens to account for social enterprise
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50 creation (Stryker, 2000; Stryker & Burke, 2000). Rather than examining conflicting goals as
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52 linked to groups within a social enterprise (e.g. Battilana & Lee, 2014; Pache & Santos, 2010),
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54 an identity-based approach endogenizes conflicting logics within the individual. To this end, we
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3 argue that identities are related to an entrepreneur's knowledge, competencies, and social
4 relations, and that each of these is relevant to the social enterprise creation process. Moreover,
5 identity theory links these mechanisms to institutional logics, helping to explain how social
6 welfare and commercial logics may become variably relevant to the recognition and
7 development of social enterprise opportunities.
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15 Identity theory, based in symbolic interactionism, follows the dictum that "society shapes
16 self shapes social behavior" (Mead, 1934; Stryker, 1980). From this perspective, identities are
17 broadly recognized and meaningful categories that people apply to themselves and others as role
18 players (e.g., doctor, lawyer, parent), group members (e.g., Asian, Catholic) and individuals
19 (e.g., moral, powerful) (Stryker & Burke, 2000)². Each identity has a behavioral standard that
20 reflects commonly understood expectations for how the identity should be enacted (Stryker,
21 1980). For instance, the parent identity carries expectations to nurture, discipline, and provide for
22 one's children, while the professor identity is defined around practices such as teaching,
23 research, and academic service (Stryker, 2000). In addition, behavioral standards rationalize why
24 the practices related to an identity are appropriate and desirable; this evaluative function is where
25 identity theory and institutional logics intersect (Stryker, 2008; Thornton et al., 2012).
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41 Identities and logics are distinct, but related, constructs (Creed, DeJordy, & Lok, 2010;
42 Glynn, 2008; Lok, 2010). Logics are shared meaning systems that rationalize the legitimacy of
43 particular values and goals; as such, they provide a basis for meaningful action. Identities are
44 affiliated with logics and specify practices through which these values and goals are pursued
45 (Thornton et al., 2012: 85-90). Rao and colleagues (2003) laid the foundation for this integration
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54 ² It is important to clarify that our approach is based in identity theory (Stryker, 2000) as opposed to social identity
55 theory (Hogg & Abrams, 1988). In both perspectives, an individual draws meaning from her association with
56 particular social categories. However, social identity theory focuses primarily on in-group / out-group
57 categorization and its consequences, while identity theory regards groups as sets of interrelated individuals and
58 considers how behavior is motivated and takes place through roles that are embedded in these groups.
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3 by reasoning that logics are enacted through identities and that identity movements can lead to
4 institutional change. Capturing this relationship directly, Misangyi, Weaver, and Elms (2008:
5 754) note that, “institutions provide the shared meaning that gives coherence to social life
6 through the creation of social identities... that define the cognitive schemas and roles governing
7 behavior in a given situation.” Offering an illustration, Lok (2010) showed that the manager
8 identity in the United Kingdom is tied to a commercial logic and carries behavioral expectations
9 related to profit-maximization. Dunn and Jones (2010) similarly found that physician identities
10 are linked to a scientific logic, and public health worker identities to a patient-care logic. As a
11 result the two groups often disagree over the meaning and practices of medical education.
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24 As well as being meaningful, identities are motivational. When a person adopts an
25 identity, she internalizes its behavioral standard as an evaluative framework that is utilized to
26 interpret and organize information (Markus, 1977). People feel internally accountable to enact
27 their identities because doing so produces feelings of authenticity and self-esteem, while
28 discordant acts lead to negative emotions (Stets & Burke, 2000; Thoits, 1991). Further, identities
29 are enacted in and validated through social relations, creating external accountability pressures.
30 Identity-consistent behavior leads to positive feedback, while violation elicits derision, scorn,
31 and even the breaking of social ties (Stryker, 1980). The strength of these external forces varies
32 with the number and depth of social relations associated with an identity. As Stryker (2008: 20)
33 notes, “when one’s relationships... depend on being a particular kind of person and playing out
34 particular roles, one is committed to being that kind of person.” Taken together, these internal
35 and external accountability pressures predict identity *saliency*, which is defined as the likelihood
36 that a person will enact an identity in situations that allow for discretion (Callero, 1985; Stets &
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3 Burke, 2000). People choose to spend more time in their salient identities and thus tend to amass
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5 knowledge and competencies related to their enactment (Benet-Martinez, Lee, & Leu, 2006).
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8 While social enterprise research has yet to deeply engage with identity theory, a number
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10 of studies have implied that a single identity – and its associated logic – is salient to different
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12 members of these organizations. Battilana and Dorado (2010) found that microfinance loan
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14 officers who identified as teachers or social workers carried the social welfare logic, whereas
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16 those who identified as accountants and lawyers carried the commercial logic. Jay (2013) found
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18 similar dynamics in the Cambridge Energy Alliance, and Pache and Santos (2010) theorized that
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20 occupational groups react differently to external demands because they are socialized into
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22 different logics. In each case, the central premise is that actors prioritize values and goals that
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24 align with their salient identities, so that some advocate for the pursuit of social welfare and
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26 others for efficiency and profit. Conflict within a social enterprise is thus theorized as *inter-*
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28 personal, with the integration of social and financial aims resulting from compromises among
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30 internal factions (Battilana et al., 2014; Jay, 2013). However, while this is reasonable for
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32 established organizations, it is of little relevance to social enterprise creation, where an
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34 entrepreneur values and integrates social and financial aims through the venture creation process
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36 (Dacin et al., 2011; Shepherd et al., 2015).
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44 **The Influence of Multiple Identities in Venture Creation**

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46 We argue that understanding social enterprise creation requires moving away from a
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48 conception of actors as unitary and instead adopting a view that accounts for plurality in an
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50 entrepreneur's values and goals (Dacin et al., 2011). Identity theory is useful here as it accepts
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52 that actors hold multiple identities by virtue of their varied roles and individual self-meanings,
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54 and that these can align with different logics (Stryker, 2008; Thornton et al., 2012). Applied to
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3 social enterprise, we argue that insight can be gained by attending to an entrepreneur's salient
4 role and personal identities (Burke, 2004; Hitlin, 2003) because these may align with social
5 welfare or commercial logics and are likely to be jointly relevant to venture creation.
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10 **Role identities.** Within society, each person is involved in multiple sets of social
11 relationships in which they occupy positions and play roles. Each role carries a specific
12 behavioral standard that, when internalized, forms the basis for a *role identity* (Stryker & Burke,
13 2000)³. When salient, such identities carry strong internal and external accountability pressures
14 because they comprise important self-meanings and are enacted within specific sets of social
15 relations. Competent enactment leads to positive internal affect and external praise (Stryker &
16 Burke, 2000). For instance, organizational scholars have aptly illustrated this in the context of
17 work roles. Such identities have specific behavioral expectations and help to define “who one is
18 in society” (Bidwell, Won, Barbulesu, & Mollick, 2014). They also provide a foundation for the
19 formation of deep professional and peer relations that are tied to the role (Chua, Ingram, &
20 Morris, 2008). As such, these identities tend to carry strong internal and external accountability
21 pressures – and are thus salient – resulting in frequent enactment and the development of focused
22 knowledge and competencies (Beyer & Hannah, 2002; Dokko, Wilk & Rothbard, 2009).
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40 Relevant to our theorizing, studies have linked certain role identities to both social
41 welfare and commercial logics. While not an exhaustive list, clergy (Tracey, 2012), community
42 organizer (Lounsbury, Ventresca, & Hirsch, 2003), parent (Cardon et al., 2005), social worker,
43 and teacher (Battilana & Dorado, 2010) have been tied to the social welfare logic. Accountant,
44 corporate lawyer (Battilana & Dorado, 2010), manager (Glynn, 2000), and venture capitalist
45 (Wry et al., 2014) role identities, on the other hand, align with commercial logic.
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58 ³ We use the terms ‘role’ and ‘role identity’ interchangeably through the remainder of the paper (e.g., Stryker, 2008).
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Personal identities. In addition to their role identities, individuals have personal identities that comprise self-meanings about who they are *across* situations and relationships (Burke, 2004; McCall & Simons, 1978). These identities entail beliefs about desirable behaviors that are experienced as fundamental to one's self and create feelings of authenticity when enacted (Hitlin, 2003). Rather than being linked to a specific role, personal identities are enacted through other identities. This may take place through customization, where an actor tailors a role to better align with her personal identity (Ibarra, 1999), or through adoption, where she adopts an aligned role (Hitlin, 2003). For example, a person who defines herself as "caring" will likely act as such in her spouse identity, and may also adopt roles such as "homeless shelter volunteer" that align with this personal identity (Stets & Carter, 2012). It is important to note, though, that in the absence of a specific aligned role, the behavioral expectations of a personal identity are quite broad and are enacted within varied social relationships. As such, knowledge, competencies and social relations are more diffuse for personal than for role identities, which have specific behavioral expectations and are enacted in focused sets of social relations (Stets & Biga, 2003).

As with role identities, studies have validated the existence of personal identities related to social welfare and commercial logics. Examples of the former include benevolence, caring, environmental protection, and social justice; conversely, identities related to power, wealth, and hedonism align with the commercial logic (Hitlin, 2003; Stets & Biga, 2003; Stets & Carter, 2012). Building on these observations, we argue that role and personal identities may provide a pathway through which commercial and/or social welfare logics are infused into the venture creation process, and are thus relevant to understanding the emergence of social enterprises.

56 **Identities and Opportunity**

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3 **Opportunity recognition.** The first step in the creation of any new venture is opportunity
4 recognition; a potential entrepreneur spots an unmet need, or uncovers patterns that yield a new
5 business idea (Alvarez & Barney, 2007; Venkataraman, 1997; Shane & Venkataraman, 2000). In
6 either case, the opportunities an actor recognizes are related to issues, information, and
7 environmental shifts that she observes in a particular domain. As Ozgen and Baron (2007: 175)
8 note, “to identify opportunities for viable new ventures, entrepreneurs must gather, interpret, and
9 apply information about... technologies, markets... and other factors.” This process is driven by
10 two key mechanisms: knowledge and social relationships. Actors are more likely to become
11 aware of opportunities in areas where they are knowledgeable (Aldrich & Ruef, 2005; Baron,
12 2004), and apply their knowledge to assess the appeal (McMullen & Shepherd, 2006) and
13 viability of an opportunity (Dimov, 2007). There is also evidence that an entrepreneur’s social
14 relationships serve as information conduits that direct attention toward some opportunities and
15 not others (De Carolis & Saporito, 2006; Ozgen & Baron, 2004). Salient identities relate to both
16 mechanisms, and thus likely affect the types of opportunities an entrepreneur recognizes. The
17 behavioral standard of a salient identity works as a perceptual filter that increases sensitivity to
18 particular cues (Markus, 1977), and the knowledge associated with a salient identity focuses an
19 actor’s attention on identity-consistent stimuli (Stryker & Burke, 2000). People are thus more
20 highly attuned to issues and information that they perceive as consistent with their salient
21 identities (Mills, 1999; Swann, 1997). This is reinforced by the tendency for social relations
22 associated with an identity to selectively channel particular types of information to the identity
23 holder (Stryker & Serpe, 1994).
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52 While entrepreneurship scholars have not directly linked identity theory to opportunity
53 recognition, a number of studies have implied that role and personal identities affect the types of
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3 opportunities an entrepreneur recognizes. There is a consistent finding that work roles and other
4 salient role identities provide the knowledge that actors use to identify market gaps and evaluate
5 opportunities in aligned domains (Baron, 2004; Fauchart & Gruber, 2011; Sarasvathy, 2008;
6 Short et al., 2009). The information channeled to an entrepreneur through industry networks and
7 professional contacts has also been shown to direct attention to specific types of opportunities
8 (Ardichvili, Cardozo, & Ray, 2003; Hoang & Antoncic, 2003). Personal identities may also
9 affect opportunity recognition to the extent that actors attend to identity-consistent cues and
10 receive like information through a broad array of social relationships (Hitlin, 2003). Illustrating
11 this, Weber and colleagues (2008: 534) found that entrepreneurs came to recognize opportunities
12 in grass-fed ranching because they viewed “production as a commercial and moral enterprise
13 congruent with personal... identities.” Choi and Gray (2008) also showed that many
14 entrepreneurs evaluated potential opportunities in relation to their personal environmentalist
15 identity (Stets & Biga, 2003).
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34 **Opportunity development.** Once an opportunity is recognized, the next step for an
35 entrepreneur is to detail how the opportunity will be pursued (Ardichvili et al., 2003; Zott &
36 Amit, 2007). This involves drawing together insights about target markets, resources, revenue
37 streams, and costs to develop a model for how a venture will create and capture value. These
38 efforts evolve through an iterative process of internal development and evaluation, through
39 which an entrepreneur applies her knowledge and competencies to develop a business model
40 (Mitchell et al., 2007), and external feedback, where she seeks advice on the quality and
41 potential of the nascent venture (Sarasvathy, 2001; 2008).
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53 Studies have found that knowledge and competencies in a particular domain are key
54 factors in opportunity development (see Zott & Amit, 2007). Salient role identities are thus
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3 germane to this process. Illustrating this, Shane (2000) found that many entrepreneurs recognized
4 an opportunity related to a single technology innovation, yet each developed it in a different way
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6 by applying knowledge from their previous work role. Cardon and colleagues (2009) similarly
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8 theorized that entrepreneurs apply competencies associated with their inventor, founder, or
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10 developer roles as they pursue an opportunity. Role identities provide relevant knowledge to
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12 assess whether the effort required to pursue an opportunity is worth the potential payoff (Choi &
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14 Shepherd, 2004; Farmer, Yao, & Kung-McIntyre, 2011; Hoang & Gimeno, 2010; McMullen &
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16 Shepherd, 2006; Powell & Baker, 2014).
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22 In addition, there is evidence that personal identities may be relevant to entrepreneurs as
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24 they develop an opportunity. Unlike work contexts that often allow little discretion for the
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26 enactment of personal identities (Grant & Rothbard, 2013), entrepreneurship entails breaking
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28 free from such constraints (Rindova et al., 2009). This latitude has been shown to shape the goals
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30 that an entrepreneur pursues in a venture, and the criteria by which she evaluates its success. For
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32 example, Fauchart and Gruber (2011) linked variation in the identities of sporting goods
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34 entrepreneurs to the commercial versus social welfare focus of their ventures. Choi and Gray
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36 (2008) also found that many entrepreneurs saw business creation as a vehicle to accommodate
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38 social and environmental goals, and used these as criteria to assess their venture's performance.
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40 However, unlike salient role identities, personal identities are not associated with knowledge and
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42 competencies that are relevant to a specific domain (Hitlin, 2003), likely limiting their influence
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44 on the opportunity development process (e.g., Zott & Amit, 2007).
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50 In addition to providing resources for the internal development and assessment of an
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52 opportunity, salient identities may affect the external feedback that an entrepreneur seeks. While
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54 the types of feedback received become less discretionary as a venture enrolls stakeholders such
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3 as employees and investors, feedback is generally confined to extant social relations during
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5 opportunity development (Sarasvarthy, 2001; 2008). At this stage, entrepreneurs rely most
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7 heavily on industry contacts linked to salient role identities, and personal contacts associated
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9 with long-term, valued relationships (Ardichvili et al., 2003; Hoang & Antoncic, 2003). A
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11 venture is likely to evolve based on this feedback, with development efforts stopping only when
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13 internal and external evaluations are favorable, or the entrepreneur decides to abandon the
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15 opportunity (Sarasvathy, 2001). Yet, as with knowledge and competencies, social relationships
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17 tend to be more diffuse for personal versus role identities (Burke, 2003). As a result, the
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19 feedback received through a personal identity will likely be less focused and incisive, and the
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21 entrepreneur will feel less external accountability pressure to enact such identities during
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23 opportunity development.
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30 **Identity Configurations that Integrate the Commercial and Social Welfare Logics**

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32 Up to this point we have argued that: 1) role and personal identities can be linked to
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34 social welfare or commercial logics and 2) opportunity recognition and development may be
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36 affected by the knowledge, competencies, and social relations associated with such identities.
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39 With the recognition that an entrepreneur may hold role and personal identities that are variously
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41 aligned with commercial or social welfare logics, we next develop a typology of identity
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43 configurations that captures the relevance of each logic to different types of entrepreneurs. Table
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45 1 shows configurations that incorporate both logics in ways that are differently relevant to an
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47 entrepreneur as she goes through the opportunity recognition and development process.
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3 For some entrepreneurs, salient role and personal identities will align with the same logic;
4 we call these *single-minded* entrepreneurs. When both identities align with the commercial logic,
5 financial aims will likely be prioritized and the entrepreneur will fit the mold of the economic
6 profit-seeker frequently portrayed in the extant “traditional” entrepreneurship literature (e.g.
7 Companys & McMullen, 2007; Shane, 2004). Conversely, social aims will be prioritized when
8 role and personal identities are associated with the social welfare logic. Such entrepreneurs will
9 fit the mold of the compassionate “missionary” whose primary goal is to address social problems
10 through venture creation, as detailed in the social entrepreneurship literature (Fauchart & Gruber,
11 2011; Grimes, McMullen, Vogus, & Miller, 2013; Miller et al., 2012; Zahra et al., 2009).

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25 When salient role and personal identities align with different logics we call these *mixed*
26 entrepreneurs. We differentiate between mixed entrepreneurs based on the logic associated with
27 the salient role identity. A *mixed-commercial* entrepreneur might work as venture capitalist (role
28 identity) and view herself as an environmentalist (personal identity) who recycles and drives a
29 hybrid vehicle. In comparison, a *mixed-social welfare* entrepreneur might hold a role identity as
30 a non-profit executive and have a personal identity that values wealth and power. It may seem
31 counterintuitive for personal and role identities to be misaligned in this way, but it is common for
32 actors to hold conflicting identities (Stryker, 1980), and for work and personal identities to be
33 segregated (Grant & Rothbard, 2013). Because people feel internally accountable to their salient
34 role and personal identities, we expect mixed entrepreneurs will be motivated to pursue social
35 *and* financial aims in their ventures. However, salient role identities also have strong external
36 accountability pressures, and are associated with more focused knowledge, competencies, and
37 social relations. Therefore, an entrepreneur will likely feel greater pressure to pursue goals that
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3 align with her salient role identity during opportunity recognition and development, and will
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5 possess more resources that are germane to this pursuit.
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8 To round out our typology we draw on the insight that actors may hold multiple role
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10 identities that align with different logics (Stryker, 2008; Tetlock, 1986); we call these *balanced*
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12 entrepreneurs. For instance, a person may concurrently hold role identities as a management
13
14 consultant (commercial logic) and Sierra Club organizer (social welfare logic). The sequential
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16 holding of role identities that align with different logics may have a similar effect. Studies have
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18 found that past work roles often remain salient because actors retain the associated knowledge,
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20 competencies, and social relationships (Beyer & Hannah, 2002; Dokko, Wilk, & Rothbard,
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22 2009). Balanced are distinguished from mixed entrepreneurs because each logic is associated
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24 with a salient *role* identity, and thus carries similarly strong internal and external accountability
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26 pressures, as well as focused knowledge, competencies, and social relations.
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32 Alternatively, a person may hold personal identities that align with different logics (see
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34 Tetlock, 1986 for a discussion of value pluralism). As we outline in Table 1, when each logic is
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36 associated with a personal identity, we expect there will be minimal impact on the development
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38 of social enterprise opportunities. As discussed above, personal identities affect how an actor
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40 behaves in other identities, and may thus shape how an individual behaves as an entrepreneur
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42 and evaluates potential ventures (Hitlin, 2003; Rindova et al., 2009). However, these identities
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44 do not furnish the requisite knowledge and competencies to develop an opportunity in a specific
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46 domain (Zott & Amit, 2007). In such situations, it is more likely that a person will choose to
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48 adopt an aligned role (or roles) (Stets & Carter, 2012), and thus become a mixed or balanced
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50 entrepreneur.
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55 56 **IDENTITY CONFIGURATIONS AND SOCIAL ENTERPRISE OPPORTUNITY** 57 58 59 60

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3 A key implication of our typology is that, by linking social welfare and commercial
4 logics to identities held by an entrepreneur, tensions between the two can be expected to play out
5 endogenously within the self. Thus, understanding the recognition and development of social
6 enterprise opportunity requires consideration of how different types of entrepreneurs experience
7 and attempt to resolve the tension between these two logics. Building on insights from the study
8 of bi-cultural identity integration (Tadmor & Tetlock, 2006; Tadmor et al., 2009), we argue that
9 identity processes will affect the types of opportunities that are recognized by single-minded,
10 mixed, and balanced entrepreneurs, while also leading to different types of attempts to integrate
11 social and financial aims through opportunity development. Table 2 summarizes our argument.
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25 Insert Table 2 about here
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28 29 **Single-minded Entrepreneurs**

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31 Based on their identities, we expect single-minded entrepreneurs to have knowledge,
32 competencies, and social relationships that direct attention to issues, information, and
33 environmental shifts in either commercial or social welfare domains. Thus, per the extant
34 literature, single-minded commercial entrepreneurs will likely recognize opportunities related to
35 the introduction of goods and services with the potential to profitably address a market gap or
36 create a competitive advantage (Eckhardt & Shane, 2003). Conversely, single-minded social
37 welfare entrepreneurs are more likely to recognize opportunities related to the social or
38 environmental issues that they attend to (Corner & Ho, 2010).
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50 Building on this, we expect that single-minded entrepreneurs will focus on how to create
51 either social or commercial value as they develop models to address an opportunity. Those who
52 only feel accountable to the social welfare logic will be motivated to develop the social benefits
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3 of an opportunity. Based on their salient role identities, such entrepreneurs are also likely to have
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5 knowledge and competencies that are relevant to addressing social issues, as well as social
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7 relations who share this view. These factors suggest that, for single-minded social welfare
8
9 entrepreneurs, opportunity development is most likely to take place through a non-profit or
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11 charitable model. Conversely, single-minded entrepreneurs with role and personal identities
12
13 linked to the commercial logic are likely to have knowledge and competencies that are germane
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15 to developing the financial aspects of an opportunity, and will seek feedback from similar others,
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17 resulting in business models geared toward financial aims. In either case, single-minded
18
19 entrepreneurs will develop an opportunity using knowledge and competencies that align with a
20
21 single logic, and will seek feedback from social relations that share the same view. Because
22
23 purely social welfare or commercially driven organizations are not the focus of our theory, we
24
25 now turn to understanding when a single-minded entrepreneur may create a social enterprise.
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32 We expect that single-minded entrepreneurs will develop an opportunity using a social
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34 enterprise model only when others have demonstrated how social and financial aims can be
35
36 productively united. As with other ventures, social enterprises face a liability of newness that
37
38 threatens their early survival; this threat is amplified by the mixing of social and financial aims
39
40 (Tracey et al., 2011). Yet, over time, market categories may emerge around certain social
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42 enterprises leading to legitimacy, supportive resource flows, and what Battilana and Dorado
43
44 (2010) call “ready to wear” models that integrate social and financial aims. For example, the
45
46 relationship between social and financial aims in microfinance was far more uncertain in 1983
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48 when Muhammad Yunus founded Grameen Bank than it was in 2006, when he received the
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50 Nobel Prize for his efforts to develop and spread this model (Ledgerwood, 2011). Work
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3 Integration Social Enterprises have similarly emerged as a legitimate and fiscally viable model in
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5 France (Pache & Santos, 2013).
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8 Single-minded entrepreneurs with identities linked to the social welfare logic will likely
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10 pay attention to information about social enterprises that target valued social issues (Lee &
11
12 Battilana, 2014). Even if a commercial logic is not viewed as desirable, it may be enticing for
13
14 such entrepreneurs to copy a model when revenue generation has been shown to support social
15
16 welfare aims. For instance, in the early days of renewable energy, social movement organizations
17
18 sought to reduce carbon consumption through social activism. Many of their members, however,
19
20 began to develop the opportunity using a commercial model once there was evidence that this
21
22 was required to legitimize renewables (York, et al., 2015). Likewise, many activists, aid workers,
23
24 and government employees imitated the Grameen microfinance model once there was evidence
25
26 that loan repayment could financially support poverty alleviation (Ledgerwood, 2011). Others
27
28 have noted that non-profit organizations increasingly adopted earned income strategies to
29
30 support their social mission goals, once the viability of this approach had been demonstrated by
31
32 other organizations (Peredo & McLean, 2006). Thus, we expect:
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38 *Proposition 1a: Single-minded social welfare entrepreneurs may develop an opportunity*
39 *through social enterprise, but they will do so by copying “ready to wear” models that*
40 *have demonstrated the use of commercial practices can effectively support a given social*
41 *welfare need.*
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44 Single-minded commercial entrepreneurs are unlikely to be interested in opportunities
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46 where commercial practices support social aims. Yet, in some cases, social enterprise models
47
48 may emerge where the pursuit of social aims creates financial profits. Single-minded commercial
49
50 entrepreneurs will likely be aware of such models in domains where they are knowledgeable and
51
52 have social relationships. Indeed, there is evidence that finance professionals became highly
53
54 attuned to microfinance after the Banco Compartamos initial public offering clearly showed the
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3 profit potential of this model (Legerwood, 2011). Construction, cleaning, and recycling workers
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5 in France have similarly taken note of Work Integration Social Enterprises in their sectors (Pache
6
7 & Santos, 2013). The diffuse knowledge and relationships associated with a personal identity
8
9 may also draw the attention of these entrepreneurs to models that are outside of their sector, but
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11 covered in the financial press. For example, Marquis and Park (2014) suggested that extensive
12
13 coverage of TOMS Shoes contributed to broad awareness of the “buy-one, give-one” model –
14
15 and its potential financial benefits – among actors in varied commercial sectors. More broadly,
16
17 there is evidence of profit-seeking entrepreneurs entering green building (York & Lennox, 2014),
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19 microfinance (Battilana & Dorado, 2010), and recycling (Lounsbury, Ventresca, & Hirsch, 2003)
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21 once the profit potential of these models had been shown. As such, single-minded commercial
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23 entrepreneurs may engage in ceremonial adoption to co-opt social welfare goals to achieve
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25 commercial aims (Meyer & Rowan, 1977). Still, we expect such adoption will only occur once a
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27 social enterprise model has been shown to be profitable. We propose:

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34 *Proposition 1b: Single-minded commercial entrepreneurs may develop an opportunity*
35 *through social enterprise, but they will do so by copying “ready to wear” models that*
36 *have demonstrated the profitability of pursuing social welfare aims.*
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38 **Mixed Entrepreneurs**

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41 Mixed entrepreneurs have knowledge, competencies, and social relations related to a role
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43 identity that aligns with one logic, and a personal identity that aligns with another. As such, we
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45 expect mixed entrepreneurs will recognize opportunities in either social welfare or commercial
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47 domains because they will be attuned to issues, information, and environmental shifts in both.
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49 The more diffuse knowledge and social relationships associated with a personal identity should
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51 create relatively broad coverage of information that is consistent with one logic, while the more
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53 focused knowledge and relations of a work identity will convey targeted information related to
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3 the other. However, once such entrepreneurs move into developing an opportunity, they are
4 likely to encounter discrepancies between the prescriptions of each identity. We turn to the
5 literature on bi-cultural identity integration for insight into how actors manage conflicting
6 behavioral expectations associated with salient identities that are linked to different meaning
7 systems (Benet-Martinez et al., 2006; Tadmor & Tetlock, 2006; Tadmor et al., 2009).

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15 Bi-cultural individuals identify with two cultures, recognize the legitimacy of their
16 different perspectives, and feel accountable to act in ways that are consistent with each (Benet-
17 Martinez et al., 2006). To date, studies have primarily focused on the context of national or
18 ethnic cultures – for example, Asian and American (Benet-Martinez et al., 2006) – but this
19 literature’s conceptual underpinnings generalize to social enterprise. Both recognize that
20 identities may align with different meaning systems and, as such, carry conflicting behavioral
21 expectations (Battilana & Lee, 2014; Tadmor et al., 2009). Social enterprise studies link these
22 identities to different actors within an organization, while bi-culturalism recognizes that they
23 may be endogenous to a person. Bi-cultural studies have focused on three linked issues: (1) the
24 role of internal and external accountability pressures in creating perceptions of tension between
25 identities (e.g., Tadmor & Tetlock, 2006), (2) the relationship between perceived tension and
26 identity integration attempts (e.g. Tetlock, 1986), and (3) how knowledge, competencies, and
27 social relations affect an actor’s practical ability to pursue these attempts (e.g., Maddux, Adam,
28 & Galinsky, 2010). Each is germane to understanding how mixed and balanced entrepreneurs
29 perceive the relationship between the commercial and social welfare logics.

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51 By virtue of holding salient role and personal identities that align with different logics,
52 mixed entrepreneurs will likely feel internally accountable to pursue both social and financial
53 aims as they develop an opportunity. This may happen when an opportunity is recognized in a
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3 commercial sector, but developed in ways that simultaneously create social value (Dacin et al.,
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5 2010) or when an opportunity is recognized in a social welfare domain, but developed in ways
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7 that are also designed to generate profits (Lounsbury et al., 2003; Marquis & Park, 2014). Both
8
9 may be achieved by copying an extant social enterprise model, so long as the entrepreneur
10
11 believes it can deliver her desired level of social and financial value. Yet, in the absence of a
12
13 “ready to wear” model, the bi-culturalism research suggests that mixed entrepreneurs will feel
14
15 tension between social and financial aims because they feel internally accountable to both, but it
16
17 is not immediately clear how they can be integrated (Tadmor & Tetlock, 2006; Tadmor et al.,
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19 2009). Before an entrepreneur favorably evaluates an opportunity, she needs to address this
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21 tension and find a personally meaningful integration of social and financial aims. We propose:
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27 *Proposition 2a: Mixed entrepreneurs may recognize commercially-oriented opportunities*
28 *or social welfare-oriented opportunities, but will work to develop them in ways that*
29 *integrate both financial and social aims.*
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31 Bi-cultural studies have shown that to ameliorate perceived tension actors look for ways
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33 to reconcile the behavioral demands of their conflicting identities. In such cases, a person is
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35 forced to consider both identities, weigh the merits of each, and try to form reasonable tradeoffs
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37 or connections between them (Tadmor & Tetlock, 2006). Integration attempts generally take the
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39 form of *negotiation*, where an actor recognizes that aims cannot be concurrently maximized and
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41 tradeoffs are required to reach a resolution. Alternatively, actors may engage in *synthesis*, which
42
43 seeks a novel integration of the two identities (Baker-Brown et al., 1992). Extant research makes
44
45 no systematic predictions about when one of these forms of resolution is more likely than the
46
47 other. Rather, each is associated with perceived tension between competing behavioral demands
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49 and is arrived at through internal processing (see Baker-Brown et al., 1992). While we expect
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51 that mixed entrepreneurs will engage in both of these strategies, they will do so in a way that
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53 favors the salient role identity.
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3 For mixed entrepreneurs, negotiation entails thinking about how the social and financial
4 aims of a venture relate to each other and what sacrifices they are willing to make to pursue both
5 simultaneously. Illustrating this internal evaluative frame, Choi and Gray (2008) found in a study
6 of 30 entrepreneurs – all of whom held work roles in traditional business and personal identities
7 linked to social or environmental values – that while each recognized an opportunity related to
8 consumer goods, they also “often made deliberate and carefully considered decisions that would
9 potentially reduce profits [to pursue social aims]” (Choi & Gray, 2008: 347). Marquis and Park
10 (2014) offer similar examples of entrepreneurs with personal values that made them attentive to
11 social issues; these entrepreneurs utilized their business expertise to develop models designed to
12 generate revenue for these causes. In many cases, profits were sacrificed in favor of social
13 welfare because this resonated with the entrepreneur’s personal identity.
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29 Of course, there will be variation in the nature and extent of the tradeoffs that different
30 entrepreneurs are willing to accept. In this regard, we expect systematic differences between
31 mixed-commercial and mixed-social welfare entrepreneurs. While both internally value social
32 and financial aims, external accountability pressures are more acute for role versus personal
33 identities (Burke, 2004). In such situations, studies have shown that actors engage in preemptive
34 self-criticism, anticipating the reactions of external parties and thinking proactively about how
35 they might act to increase the prospect of favorable reactions (Tadmor & Tetlock, 2006; Tadmor
36 et al., 2009; Tetlock, 1986). For mixed-commercial entrepreneurs, the implication is that
37 tradeoffs will likely be weighted toward the creation of financial value, based on the expectation
38 that this will articulate with the evaluative frames being used by feedback providers. Mixed-
39 social welfare entrepreneurs should display the opposite pattern, seeking to align with the social
40 welfare logic expected by those familiar with their role identity. Thus, we propose:
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Proposition 2b: When pursuing a negotiation approach, mixed-commercial entrepreneurs will be more likely to tradeoff social for financial value when developing an opportunity, while mixed-social welfare entrepreneurs will show the opposite pattern.

In addition to negotiation, mixed entrepreneurs may pursue a *synthesis* approach during opportunity development, in which they look for points of intersection between social and financial aims that enable both to be pursued simultaneously (Baker-Brown et al., 1992; Tadmor et al., 2009). As with negotiation, though, we expect differences in how this is approached by mixed-commercial versus mixed-social welfare entrepreneurs. The ability to synthesize discordant behavioral expectations has been shown to vary based on the level of perceived tension between identities and the amount of knowledge associated with each (Maddux et al., 2009; Tetlock, 1986). When the knowledge associated with different identities is unequal, studies suggest that resolution attempts will focus where an actor has greater expertise and competence (Kim, 1988; Maddux et al., 2009).

Because knowledge and competencies are deeper and more focused for role versus personal identities, mixed-social welfare entrepreneurs will be better equipped to develop the social aspects of an opportunity as they look for a personally resonant integration, while mixed-commercial entrepreneurs are better equipped to develop its financial aspects (Kim, 1988; Maddux et al., 2009). Illustrating the latter, Tom Arnold, founder of carbon offsets retailer TerraPass, was a strident environmentalist (personal identity) who worked as a technology consultant (role identity) (Liu, 2007). During his MBA, Arnold was exposed to carbon offset trading, which he recognized as environmentally beneficial as well as a commodity that people might pay for. To develop the opportunity and find a personally acceptable relationship between its social and financial aspects, Arnold reported to the first author that:

I thought really hard about how to balance revenues and impact... I had about 14 ideas simultaneously for about 8 weeks. I wanted to use my [expertise] to make this thing profitable, but it had to deliver impact. [I] spent a lot of time thinking about price,

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3 *margins, customers; gnawing, really. Maybe you make different decisions if you're a*
4 *non-profit [but] ... I arrived at the belief that being profitable would allow us to scale and*
5 *make a bigger impact. I spent a lot of time working through pricing models.*
6
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8 In comparison, one of TerraPass's main competitors – Carbonfund – was founded by Eric
9
10 Carlson, who had observed companies becoming more environmentally conscious through his
11
12 role at the US Environmental Protection Agency, and recognized they would need to respond to
13
14 emerging 'cap and trade' legislation (Chumley, 2011). While focused on the same opportunity as
15
16 TerraPass, Carlson sought to integrate social and financial aims through a model that focused on
17
18 social mission (Chumley, 2011; Earth Share, 2013). As Arnold discussed with the first author:
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22 *They went about it in a different way... the approach was to really maximize impact of*
23 *the different offset projects... full transparency... and ramping up legitimacy and*
24 *authenticity on the environmental side to appeal to [customers] ... at the end of the day,*
25 *they probably deliver more impact per project, but they've priced themselves on the high*
26 *end of the market.*
27
28

29 Based on these arguments, we propose:
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31 *Proposition 2c: When pursuing a synthesis approach, mixed-commercial entrepreneurs*
32 *will focus on developing the financial aspects of an opportunity, whereas mixed social*
33 *welfare-entrepreneurs will focus on developing its social/environmental aspects.*
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36 Propositions 2a-2c are summarized in second column of Table 2 as the internal processes
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38 of opportunity development. However, as with any venture, opportunity development for mixed
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40 entrepreneurs will also be shaped through the external feedback that an entrepreneur solicits and
41
42 receives on her model (Aldrich & Ruef, 2005; Sarasvathy, 2001, 2008). This is likely straight-
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44 forward for a single-minded entrepreneur, because the entrepreneur and feedback providers share
45
46 the same orientation. Yet, mixed entrepreneurs may encounter feedback that does not accord so
47
48 neatly with a single logic. Because role identities carry more focused behavioral expectations and
49
50 social relations, though, venture feedback will likely be weighted toward financial considerations
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52 for mixed-commercial entrepreneurs and social aims for mixed-social welfare entrepreneurs.
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57 This should reinforce the internal tendencies of these entrepreneurs to focus more strongly on
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3 either social or financial aims. While a mixed entrepreneur may launch a venture in the face of
4 negative feedback, a more likely outcome is that she will spend more time developing the
5 opportunity (Sarasvarthy, 2001). Efforts will likely continue to focus in areas that align with the
6 entrepreneur's greatest knowledge and competencies in the hopes of finding an integration of
7 social and financial aims that is personally resonant and amenable to feedback providers.
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15 However, there will be limits to the amount of creativity – and thus number of model
16 iterations – that a mixed entrepreneur can pursue when trying to integrate social and financial
17 aims. Knowledge and competencies are stronger for one identity than the other, thus constraining
18 the number of potential matching points that the entrepreneur will be able to spot (Benet-
19 Martinez et al., 2006; Maddux et al., 2009). If successive integration attempts do not yield
20 positive feedback, the entrepreneur faces a decision: proceed anyway, abandon the venture, or,
21 segregate their personal identity from opportunity development efforts and focus on building a
22 model that pursues social *or* financial aims, in accordance with their salient role identity. While
23 any of these are possible, bi-cultural studies suggest that, before abandoning a venture, mixed
24 entrepreneurs will first segregate their personal identity from opportunity development.
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39 Evidence suggests that persistently negative reactions to identity integration attempts
40 foster the perception that cultural orientations are indeed incompatible. When this happens, a
41 typical response is to segregate identities, enact them in different contexts, and abandon
42 integration attempts (Benet-Martinez et al., 2006; Cheng & Lee, 2009). In this regard, the diffuse
43 external accountability pressures associated with personal identities make it unlikely that an actor
44 will be criticized for not enacting the identity in contexts that do not call for such behavior
45 directly. Thus, for mixed entrepreneurs, developing an opportunity in ways that do not directly
46 engage a personal identity is unlikely to elicit scorn. Supporting this, studies show that actors
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3 routinely segregate their personal and work role identities (Grant & Rothbard, 2013) and this is
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5 not problematic so long as enacting one does not mean contradicting the other (Creed et al.,
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8 2011). We expect that the same applies to opportunity development. As such, we propose:

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10 *Proposition 2d: External feedback for mixed-commercial entrepreneurs will focus on the*
11 *financial aspects of an opportunity, whereas feedback for mixed social welfare-*
12 *entrepreneurs will focus on its social/environmental aspects; an inability to secure*
13 *positive feedback increases the likelihood of identity segregation, in which the personal*
14 *identity becomes no longer relevant to the opportunity development process.*
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16

17 **Balanced Entrepreneurs**

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19 As with mixed entrepreneurs, we expect that balanced entrepreneurs are attentive to, and
20
21 may recognize, opportunities in either social welfare or commercial domains. The commercial
22
23 and social welfare logics are each associated with a salient role identity and, as a result, the
24
25 knowledge and social relations associated with each will be evenly matched (Burke, 2004;
26
27 Tadmor & Tetlock, 2006). Balanced entrepreneurs are thus likely to be similarly aware of issues,
28
29 information, and environmental shifts in both commercial and social welfare domains, making
30
31 them equally prone to recognize opportunities in either. Also like mixed entrepreneurs, the plural
32
33 identities of balanced entrepreneurs will likely motivate them to integrate social and financial
34
35 aims as they engage in the opportunity development process. Thus, we propose:

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37 *Proposition 3a: Balanced entrepreneurs are equally likely to recognize commercially-*
38 *oriented opportunities or social welfare-oriented opportunities, and will work to develop*
39 *them in ways that integrate both financial and social aims.*
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43 However, while mixed and balanced entrepreneurs may both recognize commercial or
44
45 social welfare opportunities, we expect the two will differ with regard to the integration of
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47 financial and social goals during opportunity development. While balanced entrepreneurs may
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49 develop an opportunity through an existing social enterprise model, they are more likely than
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51 single-minded or mixed entrepreneurs to develop novel ways to integrate the commercial and
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3 social welfare logics because each is associated with a salient role identity. As such, the
4
5 accountability pressures associated with each are evenly matched, and both entail focused
6
7 knowledge, capabilities, and social relations. These differences are summarized in Table 2.
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10 Studies of bi-cultural individuals show that when the accountability pressures associated
11
12 with different identities are similar and strong – as they are for a balanced entrepreneur –
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14 dissonance is maximized and actors perceive considerable tension between their identities
15
16 (Tadmor & Tetlock, 2006). In such situations, an individual is unwilling to tradeoff one identity
17
18 for the other, implying that balanced entrepreneurs are unlikely to compromise social for
19
20 financial aims as they work to develop an opportunity. There is evidence that this will lead to
21
22 longer and more creative integration attempts, as it creates a higher bar for bringing identities
23
24 into alignment (Tadmor et al., 2009). This tendency may be reinforced by anticipated feedback
25
26 from two sets of social relations – one that primarily values the commercial logic, and one that
27
28 primarily values the social welfare logic – as this will motivate the entrepreneur to develop an
29
30 opportunity in ways that they think will be amenable to both groups (Tadmor & Tetlock, 2006;
31
32 Tadmor et al., 2009). The practical ability to pursue this integration is facilitated by the level of
33
34 knowledge that a person has about her identities, with deeper and more focused knowledge
35
36 enabling a wider array of matching points to be discerned (Benet-Martinez et al., 2006). As such,
37
38 we expect that balanced entrepreneurs will be capable of thinking in more integratively complex
39
40 ways than mixed entrepreneurs when integrating social and financial aims because their salient
41
42 role identities furnish knowledge that is similarly deep and focused for each (Tetlock, 1986).
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50 Applied to a negotiation approach, bi-culturalism studies have shown that actors who
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52 perceive high levels of tension between their identities will hold both sets of aims in focus, view
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54 them interactively, and consider how various changes to one might affect the other (Baker-
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3 Brown et al., 1992). When a simple solution to integrate the two cannot be identified, an
4
5 individual progresses into more complex forms of reasoning enabled by her knowledge of each
6
7 identity. When this happens, a typical outcome is that the actor will begin to consider tradeoffs as
8
9 temporal rather than absolute (Baker-Brown et al., 1992; Tetlock 1986). Thus, in the context of
10
11 opportunity development, a balanced entrepreneur may conclude that social and financial aims
12
13 cannot be jointly maximized at the present time, but still view an opportunity favorably based on
14
15 the insight that short-term tradeoffs will lead to long-term alignment. Eloquently capturing this
16
17 when discussing her venture, Professor Word, Betty Hsu (2013), a Wharton MBA with a work
18
19 history as an education reformer, noted that:
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25 *It can be easy for an aspiring social entrepreneur to get caught up in how to create social*
26 *value rather than profits, but doing so can be a great disservice to your venture... the key*
27 *to [my] success has been to launch in markets that offer less social impact but deeper*
28 *pockets. This allows the venture to test the concept and to subsidize future service to the*
29 *target market. While the social worker in you may balk at this, the business school brain*
30 *[reminds] that short-term trade-offs are often needed to achieve your long-term vision.*
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33 Based on this, we propose:
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35 *Proposition 3b: When pursuing a negotiation approach, balanced entrepreneurs will be*
36 *unlikely to sacrifice social or financial aims, potentially leading to more creative*
37 *integration attempts such as temporal tradeoffs.*
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40 While negotiation may be a fruitful approach for some balanced entrepreneurs to
41
42 reconcile social and financial aims during opportunity development, others will look to resolve
43
44 the tension through synthesis. Because salient role identities are associated with knowledge and
45
46 competencies that are germane to pursuing social and financial aims, balanced entrepreneurs are
47
48 well equipped to consider both as they develop an opportunity. Thus, they should be able to spot
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50 more nuanced, and potentially more novel, points of intersection between the two (Tetlock,
51
52 1986). As a result, we expect that balanced entrepreneurs are highly likely to create new types of
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54 social enterprise models as they develop an opportunity.
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3 For example, Joey Hundert – founder of Sustainival, a carnival promoting sustainable
4 technologies – had previously worked as a venture capitalist and was also a community organizer
5 and environmental activist (Kelly, 2012). Discussing the process of developing this opportunity,
6
7 Hundert reported to the first author that the pressure he felt to integrate social and financial aims
8
9 initiated intense reflection on both aspects of the opportunity:
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15 *I had to think for a really long time about how I was going to do this. It's not an easy*
16 *thing to make real money and really hammer on environmental advocacy. I kept on*
17 *running through my head the tradeoffs with different options. You've got to educate*
18 *people, but they need to pay you to do it.... you could charge admission, but that would*
19 *interfere with outreach... you could look for sponsors, but that's a partial solution and*
20 *not really scalable... I just couldn't get it. After a long time of banging my head on the*
21 *wall, it struck me. Biodiesel Gravitron [a carnival ride powered by waste vegetable oil].*
22 *People line up to pay for carnival rides. Carnival rides are fun. People are more open to*
23 *learning when they're having a good time. Sustainival was born.*
24
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26

27 Muhammad Yunus – microfinance pioneer and the founder of Grameen Bank – offers
28 another useful example. Fitting our definition of a balanced entrepreneur, Yunus held sequential
29 work role identities as a profit-seeking entrepreneur and then as a professor of development
30 economics (Yunus, 1999). Through the knowledge and social relationships associated with his
31 professor identity, Yunus was aware of rural poverty in Bangladesh as well as the failure of
32 previous interventions that aimed to address this through subsidized credit (Hollis & Sweetman,
33 1998). While the commercial logic suggested that the poor were not 'bankable', Yunus reasoned
34 that there may be an entrepreneurial opportunity if transaction costs could be reduced and
35 repayments ensured. Actively considering both the social and financial aspects of the opportunity
36 over a period of multiple years, Yunus developed a model where group lending facilitated larger
37 loans (and thus lower transaction costs), peer monitoring encouraged repayment while also
38 providing social support to borrowers, and organizational governance by loan beneficiaries
39 provided work opportunities while guarding against opportunism (Yunus, 1999). These examples
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3 each illustrate how balanced entrepreneurs can potentially leverage role identities linked to
4
5 conflicting logics as resources to create new models. As such, we propose:
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8 *Proposition 3c: When pursuing a synthesis approach, balanced entrepreneurs will*
9 *develop both the financial and social welfare aspects of an opportunity, potentially*
10 *leading to the creation of new social enterprise models.*
11

12 In addition, the types of social relationships associated with social and financial aims will be
13
14 broadly similar for balanced entrepreneurs. As such, the external feedback that balanced
15
16 entrepreneurs receive as they develop an opportunity will likely be from social relations aligned
17
18 with the commercial and social welfare logics, exposing the entrepreneur to criticism from both
19
20 sides. While we expect that balanced entrepreneurs will face pressures to reconcile financial
21
22 and social aims without sacrificing either – and have the ability to work through multiple
23
24 iterations as they develop an opportunity – they may still arrive at a point where they have
25
26 exhausted their efforts without arriving at a satisfactory model. While mixed entrepreneurs may
27
28 segregate social and financial aims in this situation, focused sets of social relationships
29
30 associated with each identity mean that balanced entrepreneurs are likely to face external
31
32 criticism if they take this approach. Identity research suggests that abandonment of the venture is
33
34 a very real possibility in such situations (Benet-Martinez et al., 2005; 2006). Yet, because
35
36 balanced entrepreneurs have knowledge and competencies that are relevant to both social and
37
38 financial aims, they should be well equipped to work through multiple, progressively more
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40 creative integration attempts (Benet-Martinez et al., 2006; Maddux et al., 2009).
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48 However, persistent negative feedback may lead an entrepreneur to conclude that social
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50 and financial aims can only be made compatible by pursuing broader contextual changes.
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52 Whereas mixed entrepreneurs may simply shift their focus to the goals (commercial or social
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54 welfare) associated with their salient role identity (Proposition 2d), this is not an option for
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3 balanced entrepreneurs. Studies suggest that when an actor highly values multiple courses of
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5 action, feels similarly strong accountability pressures associated with each, and is unable to spot
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7 areas where the two might intersect, they may seek to resolve the conflict through higher-order
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9 integration attempts (Tetlock, 1986). Applied to entrepreneurship, this fits with the argument that
10
11 the creation of a supportive institutional environment is required for ventures that pursue novel
12
13 business models (Aldrich & Fiol, 1994; Navis & Glynn, 2010). It also mirrors a consistent
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15 finding among microfinance (Ledgerwood, 2011), recycling (Lounsbury et al., 2003), green-
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17 building (York & Lennox, 2014), and wind energy (Sine & Lee, 2009) studies where early
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19 entrepreneurs engaged in efforts to not only develop, but also garner social support for, novel
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21 business models. We argue that the roots of such efforts may be found within the tensions
22
23 experienced by balanced entrepreneurs, who have salient role identities that carry conflicting
24
25 behavioral demands. Because such individuals have knowledge, competencies, and a focused
26
27 social network aligned within each logic, they are uniquely positioned to initiate industry change.
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34 For example David Gottfried, a pioneer of green building, was a real-estate developer by
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36 trade and had a salient role identity as an environmental organization organizer. Gottfreid noted
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38 the resistance he faced when he attempted to mix environmental concerns with commercial
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40 building in his role as a real estate developer (Gottfried, 2004: 4-5):
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43 *“What about installing solar hot water in the apartments?” I asked Diane at one of our*
44 *management meetings. “That’s cute,” she said. “But this isn’t California. People don’t*
45 *go for that stuff out here.”*
46
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48 However, Gottfried’s formal roles in environmental organizations fostered knowledge of
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50 green building that complemented his knowledge of the financial realities of the construction
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52 industry. Frustrated with his inability to move his firm towards green building, he realized that
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54 shifts in the institutional environment were needed to create viable opportunity. To this end, he
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3 co-founded the US Green Building Council (USGBC) in 1993, uniting non-profit environmental
4 organizations and construction suppliers to engage in standard setting, education, and lobbying
5
6 for green building regulation (York & Lenox, 2014). Simultaneously, Gottfried founded
7
8 Regenerative Ventures, a profit-seeking venture capital firm investing in green building product
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10 manufacturers. This example illustrates how balanced entrepreneurs may develop and utilize
11
12 multiple role identities to develop not only unique models for social enterprise, but also foster
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14 broader institutional support for such models.
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20 *Proposition 3d: External feedback for balanced entrepreneurs will focus on both the*
21 *financial and social aspects of an opportunity; given their ability to resolve conflicts*
22 *through higher order reasoning balanced entrepreneurs are highly likely to pursue*
23 *broader institutional change in the development of opportunities.*
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26 27 **DISCUSSION AND CONCLUSION**

28
29 Research on social enterprise is critical for understanding how entrepreneurship may
30 contribute to resolving serious societal and environmental challenges. Extant work on social
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32 enterprise links the pursuit of social and financial aims to conflicting institutional logics, and
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34 thus provides a foundation to theorize about internal tensions within the social enterprise and the
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36 challenges that this creates (Battilana & Dorado, 2010; Pache & Santos, 2010, 2013). While this
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38 literature offers useful insight into the challenges of established social enterprises, it does not
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40 address the processes through which entrepreneurs create these organizations. This gap is
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42 mirrored in the entrepreneurship literature, which concedes that entrepreneurs may have non-
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44 pecuniary motives (Rindova et al., 2009) potentially related to social welfare aims (Miller et al.,
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46 2012), but says little about how, why, or with what consequence different entrepreneurs might
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48 combine these with financial goals. As such, existing knowledge of social enterprise is largely
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50 disconnected from the core mechanisms of entrepreneurship.
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3 This divide has led to calls for entrepreneurship frameworks to be extended in ways that
4 account for social enterprise (Dacin et al, 2010; Shepherd et al., 2015; Shepherd, 2015), perhaps
5 through the integration of identity theory (Dacin et al., 2011). Heeding this call, we developed an
6 approach based in identity theory that helps to explain the recognition of social welfare versus
7 commercially oriented opportunities, as well as the ways in which different entrepreneurs may
8 work to integrate social and financial aims through the process of opportunity development.
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11 We argued that identity theory offers useful insight because it directly addresses attention
12 and evaluation through knowledge and competencies, and external feedback through social
13 relations (Stryker, 1980; Stryker & Burke, 2000); the key mechanisms of opportunity recognition
14 and development (Mitchell et al., 2007; Shane, 2003). There is considerable evidence that actors'
15 salient role and personal identities are concurrently relevant to entrepreneurship and may also be
16 linked to the commercial and/or social welfare logics (e.g., Choi & Gray, 2008). Based on
17 different configurations of these identities, we developed a typology of entrepreneurs whom will
18 feel different internal and external pressures related to the pursuit of social and financial aims
19 and have varied levels of knowledge related to each. Building on insights from the study of bi-
20 cultural individuals, we then linked our typology to the opportunity recognition and development
21 process to predict why and how different entrepreneurs pursue the creation of social enterprises.
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43 **Contributions to Social Enterprise Theory**

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46 Our integrated model makes two distinct contributions to theory on social enterprise
47 creation. First, we offer insight into the initial stages of social enterprise creation when an
48 entrepreneur recognizes and begins to develop an opportunity in ways that integrate social and
49 financial aims. We suggest that this process may play out in different ways depending on the
50 types of identities that an entrepreneur holds, and the knowledge, competencies, and social
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3 relations that are associated with each. Our theory thus addresses an inconsistency in the extant
4 literature where social enterprise is theorized as the integration of social *and* commercial aims
5 (Dacin et al., 2011; Short et al., 2009), but studies focus on financial *or* social motives (Fauchart
6 & Gruber, 2011; Miller et al., 2012). Our model suggests that both approaches may be accurate.
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12 Single-minded entrepreneurs whose work and personal identities align with the social
13 welfare *or* commercial logic may start a social enterprise, but are more likely to recognize an
14 opportunity to do so after a symbiotic link between social and financial aims has been shown. In
15 comparison, mixed and balanced entrepreneurs, who have salient identities associated with both
16 logics, are more likely to engage in active integration attempts and thus develop more novel and
17 creative social enterprise models. However, mixed entrepreneurs favor role over personal
18 identities, whereas balanced entrepreneurs will engage in higher order integrative reasoning to
19 align each. Thus, we expect that new, innovative models are more likely to result from the efforts
20 of balanced entrepreneurs. Further, large-scale institutional change is more likely to be pursued
21 by balanced entrepreneurs when they face challenges aligning social welfare and commercial
22 logics. Our theory thus addresses processes that are associated with the creation of not only new
23 social enterprises, but also new types of social enterprise models and institutional change to
24 support such models. We argue that these outcomes are related to the knowledge and external
25 accountability pressures associated with each identity, and this makes balanced entrepreneurs the
26 most likely to pioneer such models.
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48 Second, our approach complements research on how social enterprises manage rival
49 logics. To date, studies have focused on the conflicting institutional demands placed on extant
50 social enterprises and the internal conflicts that arise within these organizations as a result of
51 internal factions identifying with one logic or the other (e.g. Battilana & Dorado, 2010; Pache &
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3 Santos, 2013). In comparison, we develop a social-psychological theory that explains how plural
4 logics influence the early stages of venture emergence through individual founder identities. By
5
6 limiting our theorizing to the pre-launch phase of the entrepreneurial process, we highlight the
7
8 period where the entrepreneur has the highest level of discretion and control over the direction of
9
10 her venture (Sarasvathy, 2001, 2008). While we expect that the influence of founder identities
11
12 will be most relevant during opportunity recognition and development, our approach may also
13
14 offer useful insight into how social enterprises manage institutional complexity post-launch.
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16 While studies have argued that internal strife between stakeholders aligned with conflicting
17
18 logics can be generative (Ashforth & Reingen, 2014; Battilana et al., 2015) or destructive
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20 (Besharov & Smith, 2014), the role of founder identity in resolving such conflict has been
21
22 relatively unexamined. Our model suggests that future research on how organizations deal with
23
24 institutional complexity (Greenwood et al., 2011; Wry, Cobb, & Aldrich, 2013) may be informed
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26 by incorporating an understanding of the entrepreneur's salient identities and how this affects
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28 their approach to integrating conflicting aims.
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37 There is also evidence that, over time, bi-cultural individuals develop competencies in
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39 dealing with stakeholders originating from different logics, and translating goals in ways that are
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41 tailored to resonate with each (Benet-Martinez et al., 2006; Cheng, 2005). This may help a social
42
43 enterprise to navigate between conflicting external demands and avoid capitulating in the face of
44
45 growing pressures associated with one logic or another. Thus, just as a balanced entrepreneur is
46
47 capable of creatively reconciling social and financial aims during opportunity development, her
48
49 evolving competencies may also help guard against mission-drift post-launch. Related to this,
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51 studies have also found that actors who feel accountable to a single logic may over-conform
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53 when faced with external pressures to behave in ways that are consistent with another. This is
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3 known as a “contrast effect” (Benet-Martinez et al., 2005; 2006) and it may help to explain
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5 Pache and Santos’s (2013) surprising finding that social enterprises that originated in the
6
7 commercial logic were more likely to adopt features associated with the social welfare logic and
8
9 those that originated in the social welfare logic were more likely to adopt commercial features.
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11 While we agree that legitimacy-seeking behavior is likely part of the explanation, our approach
12
13 suggests that identity processes may be a complementary mechanism.
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16 17 18 **Contribution to Identity and Entrepreneurship Theory**

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20 Our theory also has implications for the study of entrepreneurship and identity, offering
21
22 two connected contributions to this emerging research stream. First, our typology and integrated
23
24 model extend studies that have defined singular entrepreneurial role identities without
25
26 considering the impact of identities beyond those of “founder,” “inventor,” or “developer”
27
28 (Cardon et al., 2009; Murnieks, Mosakowski, & Cardon, 2014). Such identities are theorized as
29
30 motivational because they lead entrepreneurs to “[engage] in something that relates to a
31
32 meaningful and salient self-identity” (Cardon, 2009: 516). Without disputing that entrepreneurs
33
34 may develop role identities linked to the various stages of venture development, our model goes
35
36 well beyond such a typology. We draw out the linkages between role identities and opportunity
37
38 recognition and development that have been implicit in the entrepreneurship literature
39
40 (McMullen & Shepherd, 2006; Shane, 2003), and extend consideration to personal identities as
41
42 well. We suggest that not only salience, but also identity type (role vs. personal), may variously
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44 impact opportunity recognition and development. Our theory also highlights perceived tension
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46 between logics as a key mechanism in this process. Greater perceived tension makes an
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48 entrepreneur more likely to attend to, derive knowledge from, and have focused sets of social
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50 relations linked to social welfare and/or commercial logics.
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3 Building on this insight, we extend previous studies that distinguish between social and
4 commercial entrepreneurs, but treat the former as homogenous. For instance, Fauchart and
5
6 Gruber (2011) argue that “missionary” entrepreneurs create ventures to serve a social cause, and
7
8 “Darwinians” create ventures to serve themselves. Others have argued that social entrepreneurs
9
10 are distinguished by heightened compassion or a desire to affect social change (Mair & Marti,
11
12 2006; Miller et al., 2012; Tracy et al., 2011). While these studies help to explain the origins of
13
14 social welfare aims, they do not specify the roots of such motivations, nor do they account for
15
16 variation in how such aims are pursued alongside commercial goals. We address this gap by
17
18 recognizing that actors may variably hold both role and/or personal identities tied to the social
19
20 welfare and/or commercial logics. By attending to the cognitive processes associated with
21
22 particular identity configurations, our theory reminds that actors may create social enterprises for
23
24 varied reasons, and suggests that the propensity and capability of different types of entrepreneurs
25
26 to create social value may differ in non-trivial ways. Thus, we de-couple the link between an
27
28 actor’s desire to foster social welfare, and the capability to effectively do so.
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36 **Contribution to Entrepreneurship Theory**

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38 In this article we did not focus on the ontological debate regarding the nature of
39
40 opportunity (see Alvarez & Barney, 2007; 2010; Sarasvathy, Dew, Velamuri, & Venkatarman,
41
42 2005). Ongoing discussions question whether opportunities are discovered by astute individuals
43
44 (Eckhardt & Shane, 2013; Shane, 2012) or created through agentic enactment processes (Alvarez
45
46 & Young, 2015; Sarasvathy, 2001; 2008; Venkataraman, Sarasvathy, Dew, & Forester, 2012).
47
48 Our model raises implications for this dispute, and thus the broader field of entrepreneurship. We
49
50 suggest a more useful question may be, *what are the individual and situational factors that*
51
52 *differentially motivate entrepreneurs to engage in discovery or creation processes?* We take an
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3 initial step in this direction by theorizing that single-minded entrepreneurs are unlikely to
4
5 “create” opportunities for social enterprise because their knowledge and social relationships are
6
7 aligned with either commercial or social welfare logic. Such entrepreneurs are ill-equipped to
8
9 engage in creative integration attempts designed to link social to financial aims, and will only
10
11 pursue social enterprise creation when the opportunity has been demonstrated by others. Hence,
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13 they may pursue social enterprise, but through *discovery* rather than fostering new models.
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18 Conversely, our model proposes that mixed, and especially balanced, entrepreneurs are
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20 more likely to recognize and develop opportunities in ways that lead to the *creation* of unique
21
22 models. They do so because they: 1) hold salient identities related to social welfare and
23
24 commercial logics, 2) perceive tension between social welfare and commercial aims, and 3) are
25
26 internally motivated to resolve this tension. Balanced entrepreneurs will not only be more highly
27
28 motivated to resolve the tension through creative models, they will be better equipped to do so
29
30 because they have knowledge, competencies, and social relations associated with each logic by
31
32 virtue of their role identities. As such, we suggest that a fruitful route in opportunity research
33
34 would be to theorize and test specific paths through which identity processes may foster either a
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36 discovery or creation approach to entrepreneurship. Future research could also address how
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38 entrepreneurs might move between the two modes based on their internal evaluative frames as
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40 well as external feedback.
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46 In addition to suggesting cross-sectional variance in the approaches that entrepreneurs
47
48 take when creating social enterprises, our model also implies differences in entry timing into
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50 emerging fields. Creative integration of social welfare and commercial logics by balanced
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52 entrepreneurs may foster the emergence of new models and efforts to catalyze supportive
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54 resource flows (Aldrich & Ruef, 2006). Mixed entrepreneurs should enter next, recognizing
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3 opportunities to elaborate these models while further legitimating a nascent population (Wry et
4 al., 2011). Entry by single-minded entrepreneurs is encouraged once a model is legitimated and a
5 symbiotic relationship between social and financial aims demonstrated. More study is clearly
6 needed to understand this process, but the general pattern is evident in studies of green building
7 (York & Lennox, 2014), microfinance (Ledgerwood, 2011), wind power (Sine & Lee, 2009), and
8 grass-fed ranches (Weber et al., 2008). Given that different types of entrepreneurs variously
9 value social aims, our typology may thus offer insight into the temporal variance of social
10 enterprise populations, and thus the societal impact of entrepreneurship more generally.
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22 **Implications for Entrepreneurs**

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24 For entrepreneurs, our theory suggests that a greater awareness of their own salient
25 identities, as well as how such identities affect decision-making, could be a critical consideration.
26 For example, a single-minded social welfare entrepreneur may struggle to raise resources due to
27 her inability to pursue practices aligned with a commercial logic. Identity theory holds that actors
28 are extremely reluctant to relinquish salient identities, and in fact will only do so under extreme
29 conditions (Burke, 2004; Stryker & Burke, 2000). We posit that developing an opportunity for
30 social enterprise is a context where entrepreneurs may be forced to confront the incongruence of
31 their salient identities. Hence, greater identity awareness may be able to assist entrepreneurs in
32 spotting not only weaknesses in their business models, but also gaps in their knowledge,
33 competencies, and social relationships.
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48 Further, our theory could have implications for firm performance. If we are correct that
49 single-minded entrepreneurs will enter social enterprise only through imitative models, we might
50 expect lower variance in the performance of their organizations. However, because balanced
51 entrepreneurs are more likely to create unique models, we would expect high variance in the
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3 survival and performance of their ventures. Also, to the extent that balanced entrepreneurs are
4 best equipped to guard against mission-drift, our approach suggests that single-minded social
5 welfare entrepreneurs may be well served to engage diverse opinions – and potentially co-
6 founders with identities that are different than their own – if they are serious about maintaining
7 their focus on social aims over time. While our theory scratches the surface of these implications,
8 future studies should thus examine potential linkages between founder identity, social welfare
9 generation, and financial performance for social enterprises.

20 **Limitations & Boundary Conditions**

21
22 As with all theories, there are limitations to our approach. For one, we did not attempt to
23 distinguish between various identities associated with commercial and social welfare logics. This
24 is consistent with extant social enterprise studies – and necessary for tractable theorizing – but in
25 practice there may be differences in the degree to which specific identities are associated with a
26 particular logic. There may also be identities that do not neatly align with one logic, but integrate
27 aspects of multiple logics. For instance, the parent role could be a powerful influence in driving
28 individuals to pursue social welfare through new venture creation, but also create a higher regard
29 for financial stability. In addition, while we focus on individual entrepreneurs, many ventures are
30 co-founded. While our theory should apply to the individual members of a founding team, this
31 nonetheless points to the need for additional research on how different types of identity
32 configurations may affect a team’s communication and decision-making.

33
34 Also, our theory is limited by design to the opportunity recognition and development
35 stages of venture creation. We recognize that the venturing process can be a long and dynamic
36 undertaking, but expect that identity influences will be most evident in the very earliest, pre-
37 emergence stage. While we do not directly address the role of founder identity after a venture is
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3 launched, our approach incorporates dynamism and change by theorizing how external feedback
4 will influence entrepreneurs as they develop opportunities; both by fostering successive rounds
5 of model development and, in some cases, by contributing to identity segregation and venture
6 abandonment. Further, entrepreneurs may shift through our typology over time. For example,
7 while we expect that a person with balanced personal identities related to the social welfare and
8 commercial logics is unlikely to create a social enterprise – as they lack requisite knowledge,
9 competencies, and social relations for opportunity development – this could change. Such actors
10 may adopt salient role identities in the commercial or social welfare realm, and thus move into
11 the mixed category. Alternately, they could adopt plural role identities to become a balanced
12 entrepreneur. The length of time that an actor holds a particular identity may also affect the level
13 of knowledge and competencies that they accrue through its enactment. We were unable to
14 explore such shifts in the current paper, but examining these would be a promising application
15 for our theory in empirical research.
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33 34 **Conclusion**

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36 Social enterprise has the potential to help address critical social and environmental
37 problems. Yet, this potential necessitates understanding the entrepreneurs who create these
38 organizations. By showing how identity theory can extend knowledge about opportunity
39 recognition and development, we develop an approach that contributes understanding about the
40 earliest stages of social enterprise creation, where entrepreneurs initially recognize and develop
41 opportunities that integrate social and financial aims. When entrepreneurs have salient identities
42 that valorize the pursuit of social welfare and commercial aims, they may be empowered to not
43 only create private wealth, but also work creatively for the betterment of society.
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TABLE 1
Entrepreneur Identity Configurations

		Identities associated with the <u>Commercial logic</u>	
		Role Identities	Personal Identities
		Accountant, corporate lawyer, manager, management consultant, venture capitalist <i>(e.g. Battilana & Dorado, 2010; Glynn, 2000; Ruef, 2002; Wry et al., 2014)</i>	Wealth, power, and hedonism <i>(e.g. Hitlin, 2003; Stets & Biga, 2003; Stets & Carter, 2012)</i>
Identities associated with the <u>Social Welfare logic</u>	Role Identities	<p><u>Balanced: strong</u></p> <p>Accountability pressures: <u>Similar and strong</u> for commercial and social welfare logics</p> <p>Knowledge, competencies, and social relationships: <u>Similar and strong</u> for commercial and social welfare logics</p>	<p><u>Mixed: Social Welfare</u></p> <p>External accountability pressures: Stronger for social welfare logic</p> <p>Knowledge, competencies, and social relationships: Deeper and more focused for social welfare logic</p>
	Clergy, parent, non-profit executive, social worker, teacher, social activist <i>(e.g. Battilana & Dorado, 2010; Cardon et al., 2005; Lounsbury et al., 2003; Pache & Santos, 2010)</i>		
	Personal Identities	<p><u>Mixed: Commercial</u></p> <p>External accountability pressures: Stronger for commercial logic</p> <p>Knowledge, competencies, and social relationships: Deeper and more focused for commercial logic</p>	<p>Social enterprise creation unlikely</p> <p>Accountability pressures <u>Similar, but weak</u> for both logics</p> <p>Knowledge, competencies, and social relationships <u>Similar, but weak</u> for both logics</p>
	Social justice, benevolence, equality, care for the environment <i>(e.g. Hitlin, 2003; Stets & Biga, 2003; Stets & Carter, 2012)</i>		

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TABLE 2
Identity Configurations, Opportunity Recognition, and Opportunity Development

	Opportunity Recognition	Opportunity Development		Unique Outcomes
		Internal Processes	External Feedback	
Single-Minded Entrepreneurs	Limited to social-welfare or commercial domains, consistent with the entrepreneur's identities	Focus on creating social <i>or</i> commercial value. Will perceive <i>minimal tension</i> between social and financial aims	Related to social <i>or</i> commercial aspects of the model, consistent with the entrepreneur's identities	Charitable or non-profit models to pursue social aims For-profit models to pursue commercial aims Adoption of "ready to wear" social enterprise models
Mixed Entrepreneurs	In either social-welfare or commercial domains	Focus on creating social <i>and</i> commercial value Will perceive <i>tension between social and financial aims</i> in the absence of a 'ready to wear' model Integration efforts focus on social <i>or</i> financial aims, consistent with the entrepreneur's <i>role identity</i>	More, and more focused, feedback related to the social <i>or</i> commercial aspects of a venture, consistent with the entrepreneur's <i>role identity</i> Contributes to negotiation and synthesis attempts that focus more heavily on social <i>or</i> financial aims	Adoption of 'ready to wear' models that <i>deliver desired levels of social and financial value</i> Models that tradeoff social and financial aims, or synthesize them in <i>novel ways</i> Failure to elicit positive feedback makes <i>identity segregation</i> more likely
Balanced Entrepreneurs	In either social welfare or commercial domains	Focus will be on creating social <i>and</i> commercial value Will perceive <i>more tension between social and financial aims than mixed entrepreneurs</i> Integration efforts focus on social <i>and</i> financial aims Ability to <i>spot more, and more nuanced points of intersection between social and financial aims</i> than mixed entrepreneurs	Related to social <i>and</i> commercial aspects of a model Contributes to negotiation and synthesis attempts that focus on social <i>and</i> financial aims <i>without sacrificing either</i>	<i>Temporal tradeoffs</i> to integrate social and financial aims through negotiation New types of <i>social enterprise models</i> through synthesis Efforts to <i>pursue institutional changes</i> that support new models Failure to elicit positive feedback makes <i>venture abandonment</i> more likely

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