

Individuating: how founder's social identities shape their evaluation of opportunities

Farsan Madjdi and Badri Zolfaghari

Graduate School of Business, University of Cape Town, Cape Town, South Africa

Abstract

Purpose – This paper adds to the ongoing debate on judgements, opportunity evaluation and founder identity theory and shows that founders vary in their prioritisation and combination of judgement criteria, linked to their respective social founder identity. It further reveals how this variation among founder identity types shapes their perception of distinct entrepreneurial opportunities and the forming of first-person opportunity beliefs.

Design/methodology/approach – This study uses a qualitative approach by presenting three business scenarios to a sample of 34 first-time founders. It adopts a first-person perspective on their cognitive processes during the evaluation of entrepreneurial opportunities using verbal protocol and content analysis techniques.

Findings – The theorised model highlights the use of similar categories of judgement criteria by individual founders during opportunity evaluation that followed two distinct stages, namely search and validation. Yet, founders individualised their judgement process through the prioritisation of different judgement criteria.

Originality/value – The authors provide new insights into how individuals individuate entrepreneurial opportunities through the choice of different judgement criteria that enable them to develop opportunity confidence during opportunity evaluation. The study also shows that first-time founders depict variations in their cognitive frames that are based on their social identity types as they assess opportunity-related information and elicit variations in reciprocal relationships emerging between emotion and cognition. Exposing these subjective cognitive evaluative processes provides theoretical and practical implications that are discussed as well.

Keywords Opportunity evaluation, Social founder identity, Individuation, Judgement, Opportunity confidence, Content analysis

Paper type Research paper

Introduction

Entrepreneurial activity towards new value generation depends on founders and the meanings they associate with new venture creation and venture characteristics. Entrepreneurial opportunities, taking their existence for granted, are an integral part of the venture creation process that results in entrepreneurial action when considered attractive enough to pursue. Reflecting on the ideas from Austrian economics on the dispersed nature of knowledge as well as different willingness to bear uncertainty, some scholars have focused on the subjective process of opportunity recognition (McMullen and Shepherd, 2006). Individual entrepreneurs lack insights into the future and therefore make decisions in relation to the available knowledge they possess. The significance thereby being on judgements – a decision to employ resources made under uncertainty – that entrepreneurs form (Foss and Klein, 2012), and the expression of future-focused representations or cognitions of what can be (Haynie *et al.*, 2009; Wood and McKelvie, 2015).



Hastie (2001) suggests that “judgements are based on the combination of desires and beliefs to decide on a course of action” (p. 655). McMullen and Shepherd’s (2006) framework distinguished between third- and first-person opportunities to understand how entrepreneurs act under uncertainty. The evaluation stage in their framework comprises action-specific uncertainty and involves first-person opportunity beliefs that are shaped by knowledge (feasibility) and motivation (desirability) assessments (McMullen and Shepherd, 2006; Shepherd *et al.*, 2007).

Since judgements reflect specific desires and beliefs about an opportunity that are affected by the relatedness between the opportunity and the founder’s subjective goals and motivations, the understanding of how these judgements influence first-person opportunity beliefs is critical to advance insights into entrepreneurial behaviours at the nascent venture stage.

Yet, it remains unclear how individuals subjectively prioritise and combine judgement criteria during opportunity evaluation and how these vary among individuals and influence their cognitive interpretations and impressions (Wood *et al.*, 2014; Wood and McKelvie, 2015). These subjective cognitive evaluations might be more important than objective characteristics of entrepreneurial opportunities (Baron and Ensley, 2006; Grégoire *et al.*, 2011; Welpe *et al.*, 2012).

Social identities reflect individuals’ needs for assimilation and differentiation from others through different levels of inclusiveness (Brewer, 1991; Brewer and Gardner, 1996) and are formed through varying feelings, values and beliefs that influence goals and motivations. These goals and motivations drive individual action in line with the meanings (beliefs of appropriate behaviour) that are integral to their social identities (Fauchart and Gruber, 2011; Gruber and MacMillan, 2017; Hogg and Terry, 2000). Hence, an operationalisation of the social founder identity perspective allows us to address the gap in our understanding of the prioritisation and combination of judgement criteria that take place during opportunity evaluation.

Building on this, the study therefore asks *how does social founder identity influence the evaluation of entrepreneurial opportunities?* To address this question, the authors adopt Fauchart and Gruber’s (2011) social founder identity typology as it specifically allows for the examination of the influence of social identities on entrepreneurial decisions (Mmbaga *et al.*, 2020). 34 interviews were conducted as part of an abductive, qualitative study of first-time founders (Van Maanen *et al.*, 2007) using verbal protocol analysis techniques to evoke verbal reports as a probe for the delineation of thought sequences (Ericsson and Simon, 1993).

The findings and resultant model offer the following contributions to the opportunity evaluation, founder identity and entrepreneurial action literature. First, the paper contributes to the debate about judgements and cognitive evaluative processes, which are manifested through the forming of subjective impressions filtered through the lens of person-specific factors (Fiske and Neuberg, 1990; Wood *et al.*, 2014). The study shows how these subjective impressions are informed by the social identity of founders and affect their individuation process – the degree to which the choice of judgement criteria is related to someone’s goals, motivations or futures states – at two distinct stages, search and validation. The search stage constituted the initial cognitive search for certain opportunity attributes through the prioritisation of certain judgment criteria and was followed by validations using other judgment criteria. As such, individuals’ individuating during their opportunity evaluation follows a process model of decision making that resembles a temporal order (Mintzberg *et al.*, 1976; Saunders and Jones, 1990).

Second, the close empirical investigation of the evaluation process reveals how motivations, based on founders’ social identities, influence the development of their opportunity confidence, which constitutes a finding that is separate from other factors discussed in the literature thus far, such as prior knowledge, entrepreneurial and industry experience, and different cognitive abilities (Dimov, 2010; Scheaf, 2018; Shane and Eckhardt, 2003; Shane and Venkataraman, 2000; Wood *et al.*, 2014). They further illustrate that distinct

social founder identities contain variations in reciprocal relationships between cognition and emotions. This adds to the understanding of the role of emotions during cognitive evaluative processes and highlights the importance of emotion-related behaviours during the entrepreneurial process and new venture creation (Huy and Zott, 2017; Miller *et al.*, 2012).

Theoretical framework

Judgements as part of opportunity evaluation

Opportunities play a central role in entrepreneurship theory and new venture creation. The question regarding the origin and development of entrepreneurial opportunities has attracted a lot of attention in the academic dialogue (Short *et al.*, 2010). Although there is discussion and disagreement as to the meaning, role and nature of opportunities (Alvarez *et al.*, 2013; Davidsson, 2021; Korsgaard, 2013; Ramoglou and Tsang, 2016), entrepreneurship has often been considered as an opportunity-directed activity under uncertainty depending on enterprising individuals (McMullen and Shepherd, 2006; Sarasvathy, 2001).

An opportunity is perceived as a venture idea (Davidsson, 2006) that emerges through continuous development and adaptation through the entrepreneurial process (discovery, evaluation and exploitation) (Dimov, 2007; Dimov, 2020; Shane and Venkataraman, 2000). Entrepreneurs are confronted with the decision to judge whether an opportunity is attractive enough to be pursued (McMullen and Shepherd, 2006; Williams and Wood, 2015). They thereby express future-focused representations or cognitions of what can be (Haynie *et al.*, 2009; Wood and McKelvie, 2015), and form first-person opportunity beliefs (Haynie *et al.*, 2009; McMullen and Shepherd, 2006; Wood and Williams, 2014). Hence, opportunity evaluation comprises judgements and beliefs that characterise a personally desirable and feasible action path regarding entrepreneurial opportunities (Foss and Klein, 2012; Grégoire and Shepherd, 2012; Haynie *et al.*, 2009; Shepherd *et al.*, 2007).

Judgement criteria substantiate the overall opportunity attractiveness (Baron and Ensley, 2006; Corbett, 2005; McMullen and Shepherd, 2006). In a recent synthesis of the opportunity evaluation, Scheaf *et al.* (2020) captured and aggregated the most frequently used judgement criteria employed by individuals during opportunity evaluation, namely “gain estimation”, “loss estimation”, “perceived desirability” and “perceived feasibility”. These criteria reflect the level of personal opportunity attractiveness that are conducive to the engagement of individuals during opportunity evaluation (McMullen and Shepherd, 2006; Shepherd *et al.*, 2007). Gain estimation is defined as “individuals’ assessments of the personal monetary benefits resulting from pursuing a specific opportunity” but can also relate to aspects that directly influence the magnitude of anticipated profits, for example market newness, market size and competitive advantage (Scheaf *et al.*, 2020, p. 7). Perceived feasibility denotes the consideration of “individual’s ability and capacity to execute the tasks associated with pursuing a specific opportunity” (Scheaf *et al.*, 2020, p. 7). This is inclusive of the relatedness between the individual’s existing knowledge and the opportunity (Haynie *et al.*, 2009), and the general belief of individuals in their capability to start a business (Dimov, 2010). Perceived desirability reflects on “individual’s assessment in their interest towards undertaking the tasks necessary for pursuit of a specific opportunity”. Finally, loss estimation is premised on “individuals’ assessments of the potential monetary and non-monetary costs resulting from failed venturing in pursuit of a specific opportunity” (Scheaf *et al.*, 2020, p. 7). Though these judgement criteria have been presented in aggregate, it remains unclear how individuals choose these judgement criteria, prioritise and combine them to form first-person opportunity beliefs.

The creation of first-person opportunity beliefs through individuation

Beliefs about the existence and attractiveness of opportunities support entrepreneurial action. McMullen and Shepherd (2006) followed a pragmatic approach and conceptualised a

framework that differentiated between a third-person and first-person opportunity to explore how entrepreneurs manage uncertainty and examine entrepreneurial action. The evaluation stage contains the assessment of first-person opportunity beliefs that are said to be influenced by knowledge (feasibility) and motivation (desirability) assessments (McMullen and Shepherd, 2006; Shepherd *et al.*, 2007).

First-person opportunity beliefs are formed through mental models (Johnson-Laird, 1983; Scheaf, 2018; Wood and McKelvie, 2015; Wood *et al.*, 2014). Mental models describe the idea that entrepreneurs create cognitive images of the environmental context that accentuate beliefs and judgements that are not “evenly appealing” (Dimov, 2010, p. 1124). This means that the perception and judgement of the attractiveness of certain opportunity attributes will vary among individuals (Wood *et al.*, 2014), and is influenced by their interpretations and impressions (Wood *et al.*, 2014; Wood and McKelvie, 2015). If formed impressions are relevant to the individual – the degree to which opportunity characteristics are perceived as relevant to someone’s goals, motivations, or future states – then it can be attributed to an individuation process with heightened attention instead of simple categorisation as stated in the literature on social cognition (Fiske and Pavelchack, 1986; Fiske and Neuberg, 1990). Such that, “individuated” opportunities can be seen as subjective situations that are aligned with entrepreneurs’ own aspired ends, i.e. they are blueprints for action (Dimov, 2011). Hence, individuation can be operationalised as mental models being influenced by person-specific factors (Fiske and Pavelchack, 1986; Wood *et al.*, 2014). These person-specific factors “alter the individuation process and lead individuals through their judgements to either over- or underestimate gains, losses and perceived feasibility of opportunities” (Scheaf, 2018, p. 17; Wood and McKelvie, 2015). The study, therefore, adopts a social-psychological perspective on individuation (Tajfel and Turner, 1979), which is in line with entrepreneurship literature (Fauchart and Gruber, 2011; Powell and Baker, 2014). Though, noting that individuation has its roots in multiple disciplines such as social psychology, psychology and economics (Boulu-Reshef, 2015).

Based on the above, the study looked at identity theories proven to be valuable as a person-specific factor that mediate subjective cognitive evaluations and shed light on substantial self-meanings that individuals experience through their pursuit of entrepreneurial activities (Mmbaga *et al.*, 2020), given that individuals tend to act and behave in line with the meanings integral to their identity (Gruber and MacMillan, 2017; Hogg and Terry, 2000). Within the scope of theoretical approaches taken towards identity research in entrepreneurship (e.g. role identity, social identity, personal identity), the social identity perspective is well suited to tap into how various motivations are driving the thinking, judgements and decision-making of founders, and influence their entrepreneurial behaviour (Mmbaga *et al.*, 2020). This perspective accounts for the assimilation to and differentiation from others through the consideration of different levels of inclusiveness as opposed to only portraying the individual self as differentiated from others through the personal identity perspective (Brewer, 1991; Brewer and Gardner, 1996). Hence, social identity theory can be used to construct a relevant theoretical link between the entrepreneur’s identity and their behaviour during new venture formation (Gruber and MacMillan, 2017).

Social founder identity

Recent scholarly work has shed light on how founder identities evolve and take shape (O’Neil *et al.*, 2022) to influence key motivations (Cardon *et al.*, 2009), behaviours (Murnieks *et al.*, 2014; Powell and Baker, 2017), decisions (Fauchart and Gruber, 2011), strategic responses (Powell and Baker, 2014) and other factors (Navis and Glynn, 2011; Wry and York, 2017; Zuzul and Tripsas, 2020).

An identity is a set of meanings that represent the understandings, feelings and expectations that are related to the self as an occupant of a social position (Stets and Burke, 2000).

Identity theories comprise three basic aspects: (1) the social identity, (2) the role identity and (3) the self-identity (also described as the self, self-concept or personal identity) (Brush and Gale, 2015). Social identity theory focuses on the part of an individual's self-concept originating from the knowledge, value and social significance of membership of a social group (s) (Tajfel and Turner, 2001). It represents a "core defining feature of an individual that shapes his/her behaviour and actions in encompassing ways" (Gruber and MacMillan, 2017, p. 275) and provides a promising point of departure to explore major phenomena in entrepreneurship.

To explore how social founder identity shapes the evaluation of entrepreneurial opportunities, the study adopted Fauchart and Gruber's (2011) social identity typology since it specifically allows for the depiction of social identities being influential on entrepreneurial behaviour and decisions. This typology, developed based on the work of Brewer and Gardner (1996), depicts how distinctive types of social identities, namely Darwinians, Communitarians and Missionaries, influence founders' decisions and entrepreneurial behaviour leading them to create different types of firms (Gruber and MacMillan, 2017). Specifically, they identified variations between these founder identity types based on (1) their social motivation for starting a venture, (2) how they evaluate themselves as founders and (3) their frame of reference (the relevant others) when deciding on their behaviours and actions (Gruber and MacMillan, 2017; Sieger *et al.*, 2016). The three identities thereby encompass the spectrum of founder identities, reflecting their social relationships with others in relation to their level of social inclusiveness. While Darwinians follow a "business-driven logic" and focus on themselves, Communitarians pursue "community-driven logic" focusing on "known others. Yet, Missionaries follow a" "mission-driven logic", that contains a strong sense of responsibility for the world and focus on society at large (Gruber and MacMillan, 2017, p. 278). Although these three social founder identity types of Darwinian, Communitarian and Missionary do not constitute an exhaustive set of potential identity types, they delineate theoretically relevant and significant facets of social founder identities. The operationalisation of this typology can offer a promising avenue for research on entrepreneurial behaviour at the nascent stage (Powell and Baker, 2017).

Methods

To examine how founder identity influences the evaluation of opportunities, this study undertook an abductive, qualitative research approach (Van Maanen *et al.*, 2007). The research design initially involved an online survey to identify and group the founder identities into distinct categories to form a theoretical sample (Glaser and Strauss, 1967). The survey was based on a 15-item scale which measured the social identity of founders (Darwinian, Communitarians, Missionaries) (Sieger *et al.*, 2016), in line with prior studies that aimed to describe the salient social identities of founders (Fauchart and Gruber, 2011; Brewer and Gardner, 1996). After this categorisation, an abductive, qualitative approach was carried out as the main part of the study by using decision scenarios along with verbal protocol and content analysis techniques.

Verbal protocol analysis techniques "think out loud" (Ericsson and Simon, 1993) were used as a rigorous methodology for evoking verbal reports of thought sequences which provides a valid source of data on thinking. This allowed for the examination of how entrepreneurs reflect about opportunities and focus on perceived behavioural control and not the actual behaviour associated with subsequent action. Verbal protocols have been previously used by several entrepreneurship researchers (Choi and Shepherd, 2005; Dew *et al.*, 2009; Grégoire *et al.*, 2010; Sarasvathy, 2001) and are best suited to tap into cognitive and decisional elements of opportunity (McMullen and Shepherd, 2006). We asked our founders to participate in an exercise in which different business situations were presented as unspecific entrepreneurial opportunities and to "think out loud" their vision of founding a venture based

on one of these scenarios. Following from this, content analysis techniques were applied to the data generated from the verbal protocols to examine what lines of reasoning founders use when facing situations and interpreting them as opportunities.

Data collection and sampling

Survey. A purposive sample was selected based on a pool of 448 students with different educational and professional backgrounds that were enrolled at a triple accredited business school in South Africa. The Darwinian, Communitarian and Missionary identities each were represented by 5 – items as part of the 15-item founder social identity scale (Sieger *et al.*, 2016). Every item was measured on a 7-point Likert scale including a neutral mid-point, ranging from “Strongly Disagree” to “Strongly Agree”. A sample item is: “As a firm founder, it will be very important to me . . . to operate my firm on the basis of solid management practices”. The survey yielded 173 responses resulting in an effective overall response rate of 38.4%.

Qualitative process. The survey concluded with a request to participants to state if they have experience as a founder and to provide their email address if they were willing to participate in a follow-up interview. Of the 173 respondents, 54 provided their email addresses for follow up interviews. These respondents were selected based on their experience as a founder and their availability and willingness to partake in the study. The final sample for the qualitative part of the study consisted of 34 *first-time founders*. This compares favourably with prior verbal protocol research (e.g. Choi and Shepherd, 2005: 11 individuals; Grégoire *et al.*, 2010: 9 entrepreneurs; Sarasvathy *et al.*, 1998: 8 individuals).

Interviews that lasted between 60–110 min were arranged with 15 “Missionaries”, 13 “Darwinians” and six “Communitarians”. Participants were considered as having a “pure” identity “when their agreement to all five items of the three constructs that collapse to one main component/identity type was at 5 or higher (on the founder social identity 1–7 scale), with no such agreement to other identity types” (Sieger *et al.*, 2016, p. 39). It is important to mention that the results from the survey showed that fewer participants typed as Communitarians in the sample. This is consistent with prior observations that the Communitarian social identity is generally not as common among founders (Sieger *et al.*, 2016). Demographic data from each interviewee and his/her respective founder identity type are presented in [Supplementary material](#). To protect our respondents’ anonymity, pseudonyms have been assigned to each interview participant.

Three decision scenarios were created, each one designed to reflect a realistic business situation, to explore how founders might interpret them as entrepreneurial opportunities. It is important to clarify that the opportunity scenarios were *not* designed to appeal to a specific social founder identity type. Indeed, pilot interviews were conducted with one representative of each identity type, and these revealed no gravitation towards a specific scenario. This pattern was again observed with participants of the main study. In addition, to prevent subtle affective framing effects arising from differences in the descriptions of the three scenarios via the recollection of prior events and associated recall and outcome biases, each scenario was embedded with a hypothetical grounding. [Table 1](#) includes the full text of each scenario. Each protocol interview was digitally recorded and transcribed verbatim for subsequent analysis.

Data analysis

Verbal protocols. The initial data analysis involved abductive coding of the data (Glaser and Strauss, 1967; Miles *et al.*, 2014; Van Maanen *et al.*, 2007). The authors read through interviewees’ verbalised responses to each opportunity scenario, trying to find commonalities and differences across cases. Thus, coding and analysing concurrently, thereby labelling and sorting fragments of text from the transcripts (coding) while interpreting these fragments’ meaning (Locke, 2001). To further explore, validate and develop theoretical insights, content

Business scenarios Scenario	Text presented to each participant
Scenario 1 – Coffee Capsules	<i>Imagine that you can be the founder of a new venture/business that produces coffee capsules (coffee pods) that are compatible with Nespresso™ machines</i> Nespresso™ coffee capsules and capsules from other brands represent a multi-billion \$US business opportunity. 7 billion Nespresso™ capsules and 2 billion alternative capsules are very profitably sold every year on a global level while the overall market size for capsules is still increasing. The demand for alternative capsules in comparison to Nespresso capsules has grown faster in recent years. Niche market segments based on preferred tastes are opening up and consumers look for more differentiation and alternatives to the original Nespresso™ capsules The vision of the business is to offer coffee capsules with exceptional flavour sourced from different regions in Africa to cater for the South African and the global market, and all of the coffee is organic and of high quality <i>Imagine that you can be the founder of a new venture/business that builds a platform to connect landlords with student tenants around the globe (“the Airbnb of student accommodation”)</i> Students can visit the website or download the free app, and are able to search through listings and contact landlords directly on the platform, which offer anything from a spare room to a whole house to students The vision of the business is to become a serious player for student accommodation in a \$US multi-billion market environment with the intention to provide additional value-adding services around student accommodation and to become the experts for “the needs” of the student community
Scenario 2 – Student Accommodation	<i>Imagine that you can be the founder of a new venture/business that develop and produces film and television projects that are at the same time engaging, entertaining and have a relevance in our world today (reflecting people, stories and issues of the 21st century</i> There is an unrelenting global demand for this kind of content due to Video on Demand (VoD) streaming service providers like Netflix, Apple, Disney, Amazon Prime, etc., which creates an opportunity to produce more creative, value-driven and purpose-led content for these providers The vision is to be a leading producer of purposeful storytelling, through the creation of socially impactful “must see” film and TV productions, for example purposeful children’s tv, awareness raising documentaries about inequality, social justice and environmental issues
Scenario 3 – Content production	

Table 1.
Business scenarios **Source(s):** Author’s own work

analysis was employed. This served the purpose of counting the number of codes used per second-order themes as well as the aggregated theoretical categories to determine the frequency of their usage (Krippendorff, 2004). Based on this, the authors were able to illustrate the prioritisation of judgement criteria categories in relation to the distinct founder identity types.

After reading through the responses, in vivo codes were assigned to sections of the text, subsequently subordinated under themes (Saldaña, 2013). Sometimes these sections of text were phrases, in other cases, full sentences, and in others, clusters of sentences (Ericsson and Simon, 1993). For example, if a participant said, “The critical thing there would be to understand the competition” the authors took this sentence as a first-order code which relates to “competition and differentiation” as a second-order theme. Or if a respondent said, “I guess as a sector, it’s just not my kind of thing”, this sentence was taken as a first-order code which relates to the second-order theme of ‘personal appeal. Process coding was also simultaneously started as part of the initial coding to delineate the thought sequences as actions (Saldaña, 2013).

This allowed for the depiction of time dynamics as part of the order or sequence in which first-order codes and second-order themes were used by participants during the evaluation (Corbin and Strauss, 2015; Saldaña, 2013).

Consistent with the standards of verbal protocol and content analysis (Krippendorff, 2004), the authors attempted to reflect on their own biases in relation to the interpretation of the data by engaging independent coders who were unfamiliar with the study to code portions of the data. The intercoder agreement was calculated using the Kappa Coefficient in NVivo 12 Pro and resulted in a value of ($k = 0.83$).

With the in vivo codes used for the first-order coding, the authors tried to adhere faithfully to the terms of the participants. Looking for similarities and differences among the many codes like Strauss and Corbin's (1998) notion of axial coding, the number of first-order codes was then reduced to a more manageable number (Gioia et al., 2013). For the second-order themes, the authors moved towards the theoretical area, and tried to question if the emerging themes suggest concepts that might help describe and explain the opportunity evaluation process. Working with these in vivo codes and themes, theoretical categories which were from the opportunity evaluation literature were then aligned with these (Scheaf et al., 2020) to form the basis for building a data structure (Gioia et al., 2013). Going back-and-forth between the data and the emerging framework, the coding scheme was finalised through a highly iterative process. In doing so, the literature in entrepreneurship, opportunity evaluation and decision making was used as a theoretically driven guide for concepts, constructs and labels as theoretical categories for the lines of reasoning expressed by the interviewees. This data structure-moving from first-order, in vivo quotes to third-order categories is presented in Figure 1.

Findings

In Figure 2, the overarching patterns are depicted as founders revealed variations among their identity types during their opportunity evaluation. These patterns emerged empirically from the data analysis and reflect different prioritisations of judgement criteria based on cognitive assessments during two distinct stages, search and validation. The search stage constituted the participants initial cognitive search for certain opportunity attributes. The following validation stage represented the reconciliation and verification of impressions from the search stage. In doing so, participants were cognitively following a process model of decision making that resembled a temporal order (Saunders and Jones, 1990).

The subsections that follow highlight the response patterns towards the evaluation of entrepreneurial opportunities for each individual founder identity type, and the differences in response patterns across the three types. The focus thereby lied on analysing (1) how social founder identity affected their opportunity selection and (2) how the prioritisation of judgement criteria represented their cognitive assessments in relation to their opportunity confidence.

Variations in individuation among founder identity types

Founders varied in how they advanced through the search and validation stages by using different prioritisations of judgement criteria that were based on their social motivation and self-evaluation, illustrated in Figure 2. Table 2, which supports Figure 2 above, shows the frequency of codes alluded to by participants in relation to their founder identity type. These frequencies reflect the prioritisation of judgement criteria that resemble the broad patterns depicted in Figure 2.

Darwinians' main motivation was to find an opportunity for self-focused wealth generation. Hence their initial efforts focused on an outward search for a need that could be substantiated based on objective judgement criteria in relation to gain estimation. They did

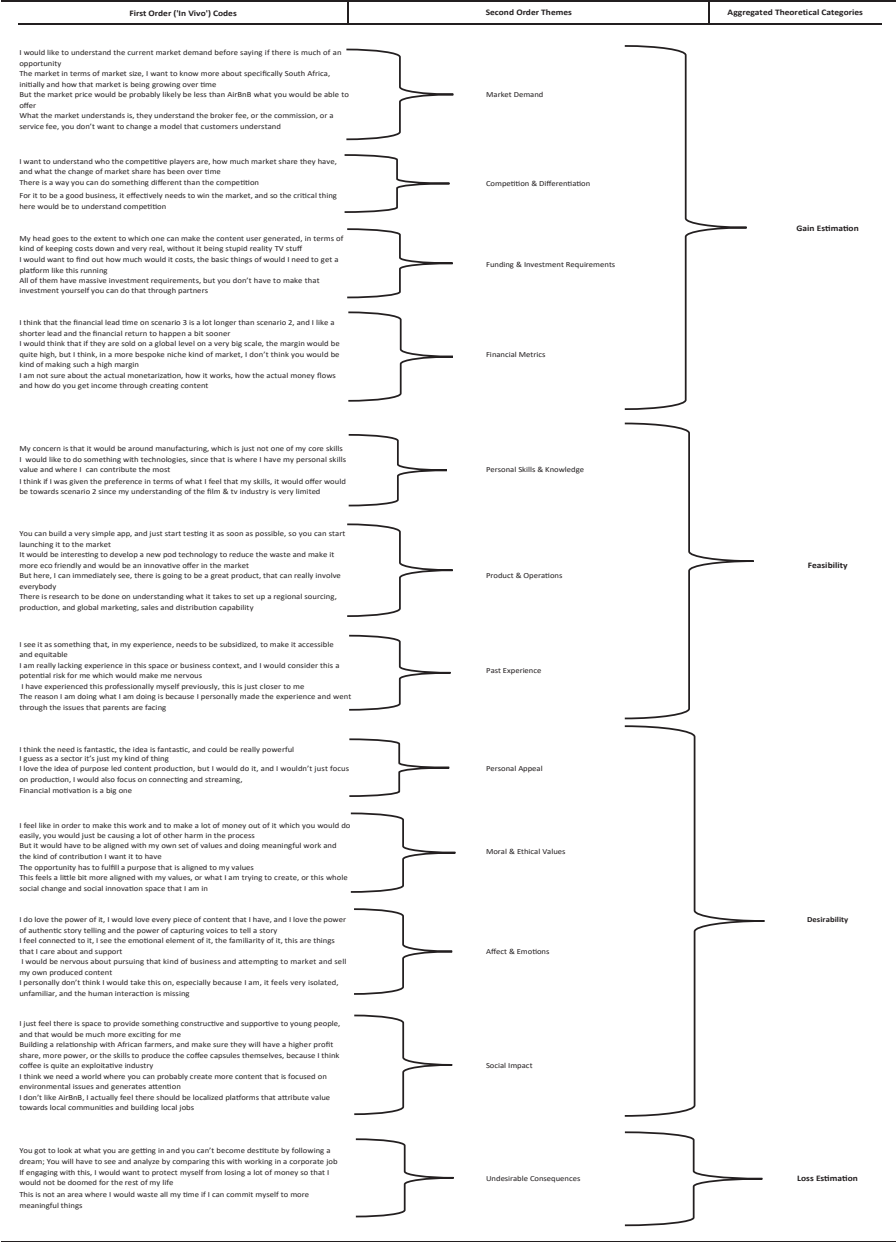
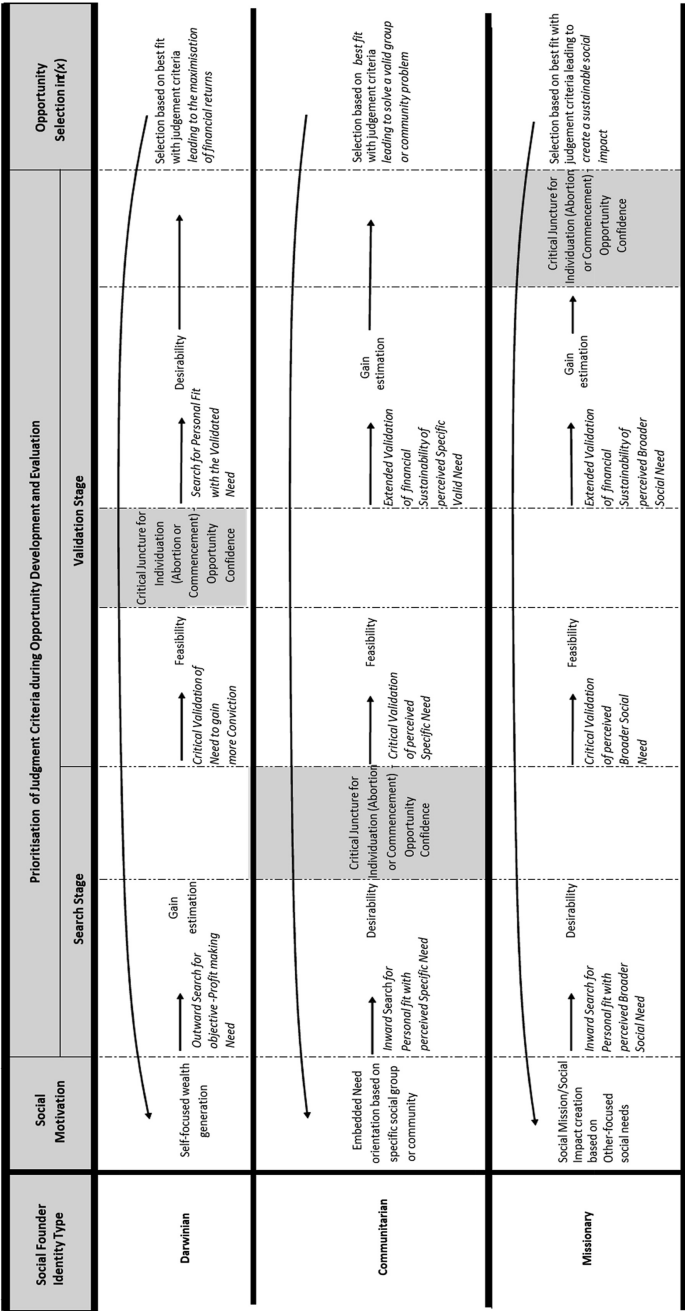


Figure 1.
Data structure

Source(s): Author's own work

not express any conflicts or tensions with themselves during their assessment. Julia, for example, expressed her thoughts about the market demand at the *search stage* in relation to scenario two:



Source(s): Author's own work

Figure 2. Model of judgment criteria prioritisation during opportunity evaluation (Individuation)

Table 2.
Frequency table –
judgement categories

Darwinians				Communitarians				Missionaries			
Second-order themes	Code frequency	Aggregate theoretical categories	Code frequency	Second-order themes	Code frequency	Aggregate theoretical categories	Code frequency	Second-order themes	Code frequency	Aggregate theoretical categories	Code frequency
Market Demand and Competition	121 72	Gain Estimation	332	Market Demand and Competition	14 6	Gain Estimation	51	Market Demand and Competition	60 44	Gain Estimation	191
Differentiation Funding and Investment Requirements Financial Metrics	58 81	Differentiation Funding and Investment Requirements Financial Metrics	17 14	Differentiation Funding and Investment Requirements Financial Metrics	21 43	Feasibility	88	Differentiation Funding and Investment Requirements Financial Metrics	54 33	Differentiation Funding and Investment Requirements Financial Metrics	221
Personal Skills and Knowledge Product and Operations Past Experience Personal Appeal Moral and Ethical Values Affect and Emotions Social Impact Undesirable Consequences	96 60 71 78 20 8 6 34	Feasibility	227	Personal Skills and Knowledge Product and Operations Past Experience Personal Appeal Moral and Ethical Values Affect and Emotions Social Impact Undesirable Consequences	24 47 31 45 61 12	Desirability	184	Personal Skills and Knowledge Product and Operations Past Experience Personal Appeal Moral and Ethical Values Affect and Emotions Social Impact Undesirable Consequences	81 102 51 34 179 31	Desirability	366
N = 13 Darwinians				N = 6 Communitarians				N = 15 Missionaries			
Source(s): Author's own work											

I would like to understand the current market demand before saying if there is much of an opportunity. I would like to see the current market growth numbers before saying if there is much of an opportunity for a new business in the student and housing market (Julia).

Darwinians then continued the validation of the need by trying to understand if the opportunity was feasible for them. They started to consider their own knowledge, experiences, skills or networks to gain more conviction and assessed the involved risks and challenges. They wanted to validate opportunity information as much as they could to reduce their perceived risks and uncertainties and the chance of failure. Hence, they spent most of their time during evaluation on estimating gains and assessing the feasibility as previously shown in [Table 2](#). Moreover, they did not appear to be interested or excited to further develop the idea behind the opportunity. At this point, Darwinians reached what can be considered as a “critical juncture” where they decided whether to abort or commence with an opportunity (see [Figure 2](#)). If Darwinians felt that they can control the uncertainty related to an opportunity scenario and hence confident enough at this stage, they continued with their opportunity assessment, otherwise not. They concluded their validation process by assessing if the opportunity was personally attractive and a personal fit for them. Peter assessed scenario one by stating at the *validation stage* that he would need more information:

If I would be serious about this venture and opportunity, I would do all the market research myself upfront to critically understand where I would be going. To understand what the costs are and how you would go about getting onto platforms, getting funding for these things, and understanding from start to finish how it would look like in terms of return of investment and the time it takes to break even (Peter).

Communitarians, on the other hand, were very socially motivated to find a solution for problems affecting social groups or communities they knew. They did this by initially looking inward, thinking and talking about their personal emotions and motivations (i.e. moral issues). They directed their attention mainly towards subjective, personal and implicit information attributes, and pointed out that they would have to adapt the selected scenario to fit with an embedded need. Embeddedness in this context means that they had an intimate knowledge of, and concern for the needs of the specific social group or community. It appeared as if they would try to build a personal and close connection to the opportunity. They did not try to keep an emotional distance but instead let their emotions play an active part in their evaluation process, which revealed inner conflicts or tensions during their decision process. If the opportunity did not fit with who they are, they stated that in a clear and convinced way and went on to look at the next scenario. Hence, the critical juncture where they decided for or against a scenario occurred rather at the beginning of their evaluation process. Sandy, for example, expressed positive emotions *at the search stage* when she reflected about scenario three:

I feel connected to it, I see the emotional element of it, the familiarity of it, this are things that I care about and support (Sandy).

Claire, on the other hand, voiced negative emotions in objection to scenario one:

I don't know enough about this space. I feel like to make this work and become profitable which you would easily be able to do, you would just be causing a lot of other harm in the process and for the environment. I would never do this (Claire).

After selecting one scenario, Communitarians focused on developing the idea by validating its feasibility in more detail. They expressed their excitement in interacting with members of their community or social group and imagined developing desirable products or solutions together. They also considered the potential necessity of involving political institutions to support their cause. Communitarians finally concluded the validation stage by assessing the

financial sustainability of the opportunity based on financial or commercial aspects. Ted imagined a collaborative product development effort at the *validation stage* when talking about scenario three:

But here, I can immediately see, there is going to be a great product, that can really involve everybody, it's going to be fun making it, of course there is going to be a lot of hard work in this, but it's going to be fun. I think, there is a huge opportunity there, to use this kind of purpose-led production to improve the social fabric, the social cohesion between everybody (Ted).

Missionaries tended to be socially motivated by pursuing a social mission or creating social impact. They started their search by looking inward to see if they would find an alignment between the scenario and their desired goal of social impact generation. Nick, for example, reflected about the options of improving the social circumstance of African farmers *at the search stage* when he assessed scenario one:

I do think that the coffee industry definitely has to attribute value to the farmers and there is a downstream value beneficiation that can be created. And if that story is told beautifully, it can even start to compete with Nespresso directly. If they don't talk about the farmer where the beans come from, who makes this product. I think, you could paint a really, really good narrative to the different stakeholders around, we are local producers, we focus on beneficiation, we feel like the farmers only gets \$1 out of \$7 conversation, I think there is a case to be made here (Nick).

The focus of their feasibility assessment appeared to be mainly on getting the product or solution right, considering challenges in grappling with prevalent legislations, depicting a tendency to develop the ideas further. When Missionaries finally concluded their evaluation at the validation stage and referred to financial or commercial aspects of the opportunity, they pointed out that the venture should be financially sustainable or profitable to support their priority of creating social impact. Indeed, during the evaluation, Missionaries focused their time on their desired venture goal, but though depicted a holistic approach towards their evaluation since they considered all judgement criteria evenly besides loss estimations before deciding for or against an opportunity. Hence, the critical juncture where they decided for or against an opportunity occurred rather at the end of their evaluation process when they were trying to bring all information together. As Raj summarised his thoughts at the *validation stage* about scenario three:

How do we make sure that it is socially interesting, and purpose driven, and how do we monetise that at the same time. I think that media is a complicated thing to monetise yes, that's a tough one. The challenge would also be to find a way to overcome the initial period where the quality of our purpose driven content would be rather low and to get people believing in it until it grows, and the quality gets better (Raj).

In sum, the study found that individual founders used similar categories of judgement criteria during opportunity evaluation that followed two distinct stages, search and validation. Though, founders varied in how they advanced through these search and validation stages by prioritising different judgement criteria driven by their social founder identity.

Discussion

This study aimed to explore the influence of social founder identities on opportunity evaluation using [Fauchart and Gruber's \(2011\)](#) typology. Social identity invites judgements and cognitive evaluative processes that influence the forming of subjective impressions through motivations, feelings, values and beliefs. Individuals tend to act and behave in line with the meanings (beliefs of appropriate behaviour) integral to their social identity ([Gruber and MacMillan, 2017](#); [Hogg and Terry, 2000](#)). Hence, the social founder identity perspective provides a previously underexplored link between different meanings that founders

associate with new venture creation, their perceptions of the attractiveness of certain opportunity attributes, and how the choice of judgement criteria facilitates the development of opportunity confidence.

Figure 2 depicts critical junctures of how founders with distinct social identities “individuated” opportunities at different stages during their assessments. At these critical junctures, the respondents constructed future-focused cognitive representations of opportunities based on reciprocal relationships between their cognition and emotion. At the same time, their prioritisation of specific judgement criteria was linked to their social motivation and assisted them in building opportunity confidence during their evaluations.

Opportunity evaluation among founder types: the interplay between cognition and emotion

Social founder identity theory offers insights into the choice that founders make when forming new ventures with certain venture characteristics. Darwinians focused their attention during the search stage on an outward search of external objective information. They assessed information in an economically rational manner and expressed an ability to control and regulate their positive or negative feelings and emotions. In this way, they demonstrated their motivation for self-focused gains and a deliberative mode of thought (Grecucci and Sanfey, 2014). They used a decision-making strategy of “maximising”, one that comprises the thorough examination of all available options to select the best one (Baron, 2008).

Communitarians focused their attention during the search stage on an inward search to assess internal affective cues of their emotion (Schwarz and Clore, 2007). They expressed positive and negative emotions towards each of the scenarios, which were based on their own self-evaluation and what they considered as appropriate to be in line with their social identity. These emotional self-evaluations played an important role in their judgements by influencing their interest and social motivation to continue with their opportunity evaluation and drove their scenario selection, which is in line with the affect-as-information theory (Clore *et al.*, 2001; Welpe *et al.*, 2012). This presents a different relationship between their cognition and emotion in comparison to Darwinians and demonstrated an affective mode of thought (Grecucci and Sanfey, 2014). Communitarians used a decision-making strategy of “satisficing”, one that invigorates the selection of the first acceptable alternative which allows them to make immediate decisions (Baron, 2008). Interestingly, Communitarians displayed flexibility and creativity in their thinking and idea development after their selection of one opportunity, which can be attributed mainly to their excitement and positive emotions (Fredrickson, 2001).

Missionaries, like Communitarians focused their attention initially on an inward search to assess the fit between their social mission and the opportunity. Though, at the same time, they considered objective external information in their evaluation. They thereby expressed negative and positive emotions towards each scenario that became an expression of their social motivation and self-evaluation as Missionaries. They combined emotions and personal values with economically rational reflections. In doing so, they demonstrated affective and deliberative modes of thought at the same time (Grecucci and Sanfey, 2014). Missionaries used a decision-making strategy which contained elements of “maximising” and “satisficing” (Baron, 2008), one that comprises the thorough examination of all available options, but at the same time displaying a clear focus on personal social values.

Individuating: how social identities influence founders’ opportunity confidence during evaluation

Figure 2 depicts the overarching pattern that emerged during opportunity evaluation. The individuation process evolves through the choice of judgement criteria influenced by the motivation inherent to their social identities and facilitates the development of opportunity

confidence at certain critical junctures during evaluation. These critical junctures play an important role in founders' decisions to commence with an opportunity assessment or not.

Darwinians' critical juncture of individuation occurred at the validation stage. Their mental model impressions and first-person opportunity beliefs appear to be strongly formed through their self-focus and motivation to personally gain from pursuing an opportunity. In doing so, they try to have better control of the future and draw on their knowledge to assess if the opportunity is feasible and can realistically be pursued (Mitchell and Shepherd, 2010). In this sense, their personal knowledge about the profitability of an opportunity dominates their evaluation and becomes a key factor for their opportunity confidence (Dimov, 2010).

Communitarians' critical juncture for individuation occurred at the search stage. Their mental model impressions and first-person opportunity beliefs appear to be more strongly formed through their social motivation and the assessment of complementarity between their intimate or embedded knowledge. This is in stark contrast to Darwinians. Communitarians, through their emotional connection, focus on imagining novel solutions for an embedded need to contribute to the development of a community or social group (Fauchart and Gruber, 2011; Sieger *et al.*, 2016; Madjdi and Zolfaghari, 2022). Hence, their emotional connection makes an opportunity attractive for them, which provides them with higher clarity on their intrinsic motivational goals and influences their opportunity confidence.

Missionaries' critical juncture for individuation occurred during the validation stage. Their mental model impressions and first-person opportunity beliefs appear to be strongly formed through the assessment of complementarity between the opportunity, their social motivation and their knowledge about unresolved social needs. Due to their social motivation, they focus on basic and long-standing societal problems that are well known (Austin *et al.*, 2006; Lumpkin *et al.*, 2013). In doing so, they try to have certain control of the future, but at the same time, carry out a prosocial cost-benefit analysis through the identification of various social benefits which widens the array of conceivable benefits integral to an opportunity (Grant and Berry, 2011; Miller *et al.*, 2012). Framing opportunities in this way helps Missionaries to increase their opportunity confidence.

Noticeably, Table 2 and Figure 2 illustrate that judgement criteria containing loss estimations were sparsely mentioned across all three social founder identity types but did not matter during their search and validation stage. Possible explanations for this phenomenon could be that cognitive biases affected the opportunity evaluation of all three social founder identity types. Keh *et al.* (2002) provide evidence that cognitive biases possess a significant relationship with opportunity evaluation, for example the illusion of control and belief in the law of small numbers. Since the sample of this research contains only first-time founders or novice entrepreneurs, another explanation could be that novice entrepreneurs appear to stress opportunity attributes such as "novelty", "newness" or "personal excitement" in contrast to experienced entrepreneurs that consider "danger" as well in their thinking during opportunity recognition (Baron and Ensley, 2006, p. 1340). However, further exploration of these cognitive biases was beyond the scope of this research.

Conclusions

Theoretical implications

The theorised model offers two main theoretical contributions: First, evidence is provided for variations in cognitive frames among first-time founders. Individuals create mental images that influences their choice of judgement criteria as they "individuate" opportunity-related information, but these subjective impressions are mainly formed through their idiosyncrasies, especially their relationships (Robinson, 2006) or personal and professional life experiences (Corner and Ho, 2010). It also shows that each social founder identity type displayed variations in reciprocal interactions between cognition and emotion due to their

social motivation. Thereby, the study adds to the understanding of the role of emotions during cognitive evaluative processes and highlights the importance of emotion-related behaviours during the entrepreneurial process and new venture creation (Huy and Zott, 2017; Miller *et al.*, 2012).

Second, the authors contribute to the debate about judgements and cognitive evaluative processes, namely individuation, that are manifested through the forming of subjective impressions filtered through the lens of person-specific factors (Fiske and Neuberg, 1990; Wood *et al.*, 2014). These impressions are, in this study, formed through the social identity of founders and affect their individuation process at two distinct stages of search and validation. The search stage constituted the initial cognitive search for certain opportunity attributes through the prioritisation of certain judgment criteria and was followed through validations using other judgment criteria. In doing so, participants were individuating following a process model of decision making that resembles a temporal order (Mintzberg *et al.*, 1976; Saunders and Jones, 1990).

The individuation process evolves through the choice of judgement criteria linked to motivation and facilitates the development of opportunity confidence at certain critical junctures during the evaluation. These critical junctures play an important role in founders' decisions to commence with an opportunity assessment or not and could affect their advancement in the entrepreneurial process to potentially exploit the opportunity. In doing this, the study provides insights into how motivations prioritise knowledge assessments that support first-person opportunity belief formation, thereby adds to McMullen and Shepherd's (2006) framework. Additionally, motivations based on social identities can be conceived as influential for founders in developing their opportunity confidence, which constitutes a finding that is separate from other factors discussed in the literature, such as prior knowledge, entrepreneurial and industry experience, and different cognitive abilities (Dimov, 2010; Scheaf, 2018; Shane and Eckhardt, 2003; Shane and Venkataraman, 2000; Wood *et al.*, 2014).

Practical implications

The findings offer practical implications and areas for improvement in the understanding of the entrepreneurial process for educators, policymakers and incubators. They show the importance of acknowledging variations in founders' motivations and venture goals and how these founders "individuate" opportunities through different stages. Since not all founders are merely motivated to form for-profit ventures as Darwinians do, "braided support", which facilitates support specifically tailored to meet the needs of social enterprise, can be more effective for the start-up and development of social enterprises (Daniele *et al.*, 2009). Policies could be introduced to support the creation of ecosystems that are conducive for the development of social businesses and the facilitation of access to funding.

Communitarians, for example, could be aided at their search stage by being integrated into local or regional development strategies that contain sustainable and social goals as part of the socio-economic development of the region. The development of local clusters that are governed by a permanent committee could support Communitarians at their search stage by increasing their visibility, connectivity and interaction with other like-minded entrepreneurs or potential stakeholders in structuring and forming the direction of their individuation process. This increased transparency could also facilitate the development of their opportunity confidence that they need in order to continue with their individuation process. Missionaries, on the other hand, could be supported at their validation stage through incubators that recognise the dual focus of social enterprises: economic and social dimensions (Zolfaghari and Hand, 2021). For example, NESsT incubators, an organisation that supports social enterprises at all stages, identifies potential social enterprises and provides financial

support through grants and/or loans, alongside training and mentoring. At the same time, the organisation provides access to a Business Advisory Network that helps developing appropriate metrics which enable the social enterprise to measure its impact – both financially and socially (<https://www.nesst.org>).

Limitations and future research directions

Finally, this work contains limitations and provides various avenues for future research. First, founders are not the only ones that evaluate opportunities. Rather, there are exchanges with various other stakeholders. These stakeholders are essential in providing information, interpretation and feedback on ideas (Dimov, 2007), and must share similar positive interpretations of the opportunity or “congruence” with founders’ mental images to advance the venture creation process (Wood and McKelvie, 2015). In other words, social identities can be seen as critical for investor judgements about new venture plausibility and venture goals which could have significant implications for new ventures in attaining and maintaining legitimacy and obtaining resources beyond initial stakeholders (Navis and Glynn, 2011). Therefore, it would be interesting to see researchers exploring identity matching mechanisms which align the founders’ identity with the identity, association and organisational legitimacy related to different stakeholders and audiences.

Second, ventures, in many cases, are founded by several co-founders and not only by one single founder. Powell and Baker (2017), for instance, investigated the extension of an individual-level founder identity theory to the group level by outlining the evolution (or not) of a collective identity prototype. In doing so, they observed how the patterning of identity structures shapes the manifestation of a collective identity prototype and influences early structuring processes in multi-founder nascent ventures. Thus, it would be revealing to see how variations among members of founding teams would affect their use of similar or varying judgement criteria, and how this would affect their evaluation process and the transition from individual to collective opportunity belief.

References

- Alvarez, S.A., Barney, J.B. and Anderson, P. (2013), “Forming and exploiting opportunities: the implications of discovery and creation processes for entrepreneurial and organizational research”, *Organization Science*, Vol. 3 No. 1, pp. 119-138.
- Austin, J., Stevenson, H. and Wei-Skillern, J. (2006), “Entrepreneurship: same, different, or both?”, *Entrepreneurship: Theory and Practice*, Vol. 30 No. 1, pp. 1-22.
- Baron, R.A. (2008), “The role of affect in the entrepreneurial process”, *Academy of Management Review*, Vol. 33 No. 2, pp. 328-340.
- Baron, R.A. and Ensley, M.D. (2006), “Opportunity recognition as the detection of meaningful patterns: evidence from comparisons of novice and experienced entrepreneurs”, *Management Science*, Vol. 52 No. 9, pp. 1331-1344.
- Boulu-Reshef, B. (2015), “Toward a personal identity argument to combine potentially conflicting social identities”, *Review of Social Economy*, Vol. 73 No. 1, pp. 1-18.
- Brewer, M.B. (1991), “The social self: on being the same and different at the same time”, *Personality and Social Psychology Bulletin*, Vol. 17 No. 5, pp. 475-482.
- Brewer, M.B. and Gardner, W. (1996), “Who is this ‘we’? Levels of collective identity and self representations”, *Journal of Personality and Social Psychology*, Vol. 71 No. 1, pp. 83-93.
- Brush, C.G. and Gale, M. (2015), “Becoming entrepreneurial: constructing an entrepreneurial identity in elective entrepreneurship courses”, in Crittenden, V., Esper, K., Karst, N. and Slegers, R. (Eds), *Evolving Entrepreneurial Education: Innovation in the Babson Classroom*, Emerald, Bradford, pp. 305-322.

- Cardon, M.S., Wincent, J., Singh, J. and Drnovsek, M. (2009), "The nature and experience of entrepreneurial passion", *Academy of Management Review*, Vol. 34 No. 3, pp. 511-532.
- Choi, Y.R. and Shepherd, D.A. (2005), "Stakeholder perceptions of age and other dimensions of newness", *Journal of Management*, Vol. 31 No. 4, pp. 573-596.
- Clore, G.L., Gasper, K. and Garvin, E. (2001), "Affect as information", in Forgas, J.P. (Ed.), *Handbook of Affect and Social Cognition*, Lawrence Erlbaum, Mahwah, NJ, pp. 121-144.
- Corbett, A.C. (2005), "Experiential learning within the process of opportunity identification and exploitation", *Entrepreneurship: Theory and Practice*, Vol. 29 No. 4, pp. 473-491.
- Corbin, J. and Strauss, A. (2015), *Basics of Qualitative Research*, Sage, Thousand Oaks, CA.
- Corner, P.D. and Ho, M. (2010), "How opportunities develop in social entrepreneurship", *Entrepreneurship: Theory and Practice*, Vol. 34 No. 4, pp. 635-659.
- Daniele, D., Johnson, T. and Zandonai, F. (2009), "Networks as support structures for social enterprises", in Noya, A. (Ed.), *The Changing Boundaries of Social Enterprises*, OECD, Paris.
- Davidsson, P. (2006), "Nascent entrepreneurship: empirical studies and developments", *Foundations and Trends in Entrepreneurship*, Vol. 2 No. 1, pp. 1-76.
- Davidsson, P. (2021), "Ditching discovery-creation for unified venture creation research", *Entrepreneurship: Theory and Practice*, Vol. 0 No. 0.
- Dew, N., Read, S., Sarasvathy, S.D. and Wiltbank, R. (2009), "Effectual versus predictive logics in entrepreneurial decision-making: differences between experts and novices", *Journal of Business Venturing*, Vol. 24 No. 4, pp. 287-309.
- Dimov, D. (2007), "Beyond the single-person, single-insight-attribution in understanding entrepreneurial opportunities", *Entrepreneurship: Theory and Practice*, Vol. 31 No. 5, pp. 713-731.
- Dimov, D. (2010), "Nascent entrepreneurs and venture emergence: opportunity confidence, human capital, and early planning", *Journal of Management Studies*, Vol. 47 No. 6, pp. 1123-1153.
- Dimov, D. (2011), "Grappling with the unbearable elusiveness of entrepreneurial opportunities", *Entrepreneurship Theory and Practice*, Vol. 35 No. 1, pp. 57-81.
- Dimov, D. (2020), "Opportunities, language, and time", *Academy of Management Perspectives*, Vol. 34 No. 3, pp. 333-351.
- Ericsson, K.A. and Simon, H.A. (1993), *Protocol Analysis: Verbal Reports as Data*, MIT Press, Cambridge, MA.
- Fauchart, E. and Gruber, M. (2011), "Darwinians, Communitarians, and Missionaries: the role of founder identity in entrepreneurship", *The Academy of Management Journal*, Vol. 54 No. 5, pp. 935-957.
- Fiske, S.T. and Neuberg, S.L. (1990), "A continuum of impression formation, from category-based to individuating processes: influences of information and motivation on attention and interpretation", in Zanna, M.P. (Ed.), *Advances in Experimental Social Psychology*, Academic Press, San Diego, CA, pp. 1-72.
- Fiske, S.T. and Pavelchack, M.A. (1986), "Category-based versus piece-meal-based affective responses: developments in schema-triggered affect", in Sorrentino, R.M. and Higgins, E.T. (Eds), *Handbook of Motivation and Cognition: Foundations of Social Behaviour*, Guilford Press, New York, pp. 167-203.
- Foss, N.J. and Klein, P.G. (2012), *Organizing Entrepreneurial Judgement*, Cambridge University Press, Cambridge.
- Fredrickson, B.L. (2001), "The role of positive emotions in positive psychology: The broaden-and-build theory of positive emotions", *American Psychologist*, Vol. 56 No. 3, pp. 218-226.
- Gioia, D.A., Corley, K.G. and Hamilton, A.L. (2013), "Seeking qualitative rigor in inductive research: notes on the Gioia methodology", *Organizational Research Methods*, Vol. 16 No. 1, pp. 15-31.
- Glaser, B.G. and Strauss, A.L. (1967), *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Weidenfeld and Nicolson, London.

- Grant, A.M. and Berry, J.W. (2011), "The necessity of others is the mother of invention: intrinsic and prosocial motivations, perspective taking, and creativity", *Academy of Management Journal*, Vol. 54 No. 1, pp. 73-96.
- Grégoire, D.A. and Shepherd, D.A. (2012), "Technology-market combinations and the identification of entrepreneurial opportunities: an investigation of the opportunity-individual nexus", *Academy of Management Journal*, Vol. 55 No. 4, pp. 753-785.
- Grégoire, D.A., Barr, P.S. and Shepherd, D.A. (2010), "Cognitive processes of opportunity recognition: the role of structural alignment", *Organization Science*, Vol. 21 No. 2, pp. 413-431.
- Grégoire, D.A., Corbett, A.C. and McMullen, J.S. (2011), "The cognitive perspective in entrepreneurship: an agenda for future research", *Journal of Management Studies*, Vol. 48 No. 6, pp. 1443-1477.
- Grecucci, A. and Sanfey, A.G. (2014), "Emotion regulation and decision making Sorrentino", in Gross, J.J. (Ed.), *Handbook of Emotion Regulation*, Guilford, New York, pp. 140-156.
- Gruber, M. and MacMillan, I.C. (2017), "Entrepreneurial behaviour: a reconceptualization and extension based on identity theory", *Strategic Entrepreneurship Journal*, Vol. 9 No. 3, pp. 271-286.
- Hastie, R. (2001), "Problems for judgement and decision making", *Annual Review of Psychology*, Vol. 52 No. 1, pp. 653-683.
- Haynie, J.M., Shepherd, D.A. and McMullen, J.S. (2009), "An opportunity for me? The role of resources in opportunity evaluation decisions", *Journal of Management Studies*, Vol. 46 No. 3, pp. 337-361.
- Hogg, M.A. and Terry, D.J. (2000), "Social identity and self-categorization processes in organizational contexts", *Academy of Management Review*, Vol. 25 No. 1, pp. 121-140.
- Huy, Q.N. and Zott, C. (2017), "How founders perform emotion management to generate resources for new organizations", *Academy of Management Proceedings*, Vol. 2015 No. 1, p. 12191.
- Johnson-Laird, P.N. (1983), *Mental Models: towards a Cognitive Science of Language, Inference, and Consciousness. Language*, Cambridge University Press, Cambridge.
- Keh, H.T., Foo, M.D. and Lim, B.C. (2002), "Opportunity evaluation under risky conditions: the cognitive processes of entrepreneurs", *Entrepreneurship Theory and Practice*, Vol. 27 No. 2, pp. 125-148.
- Korsgaard, S. (2013), "It's really out there: a review of the critique of the discovery view of opportunities", *International Journal of Entrepreneurial Behaviour and Research*, Vol. 19 No. 2, pp. 130-148.
- Krippendorff, K. (2004), *Content Analysis: an Introduction to its Methodology*, 2nd Ed., Sage, Thousand Oaks, CA.
- Locke, K. (2001), *Grounded Theory in Management Research*, Sage, London.
- Lumpkin, G.T., Moss, T.W., Gras, D.M., Kato, S. and Amezcua, A.S. (2013), "Entrepreneurial processes in social contexts: how are they different, if at all?", *Small Business Economics*, Vol. 40 No. 3, pp. 761-783.
- Madjidi, F. and Zolfaghari, B. (2022), "Creating social ventures: how social motivations and goals drive venture idea judgments", *Journal of Social Entrepreneurship*, pp. 1-25, doi: [10.1080/19420676.2022.2153902](https://doi.org/10.1080/19420676.2022.2153902).
- McMullen, J.S. and Shepherd, D.A. (2006), "Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur", *Academy of Management Review*, Vol. 31 No. 1, pp. 132-152.
- Miles, M., Huberman, M. and Saldana, J. (2014), *Qualitative Data Analysis: A Methods Sourcebook and the Coding Manual for Qualitative Researchers*, Sage, Thousand Oaks, CA.
- Miller, T.L., Grimes, M.G., McMullen, J.S. and Vogus, T.J. (2012), "Venturing for others with heart and head: how compassion encourages social entrepreneurship", *Academy of Management Review*, Vol. 37 No. 4, pp. 616-640.
- Mintzberg, H., Raisinghani, D. and Theoret, A. (1976), "The structure of 'unstructured' decision processes", *Administrative Science Quarterly*, Vol. 21 No. 2, pp. 246-275.

- Mitchell, J.R. and Shepherd, D.A. (2010), "To thine own self be true: images of self, images of opportunity, and entrepreneurial action", *Journal of Business Venturing*, Vol. 25 No. 1, pp. 138-154.
- Mmbaga, N.A., Mathias, B.D., Williams, D.W. and Cardon, M.S. (2020), "A review of and future agenda for research on identity in entrepreneurship", *Journal of Business Venturing*, Vol. 35 No. 6, pp. 1-25.
- Murnieks, C.Y., Mosakowski, E. and Cardon, M.S. (2014), "Pathways of passion: identity centrality, passion, and behaviour among entrepreneurs", *Journal of Management*, Vol. 40 No. 6, pp. 1583-1606.
- Navis, C. and Glynn, M. (2011), "Legitimate distinctiveness and the entrepreneurial identity: influence on investor judgements of new venture plausibility", *Academy of Management Review*, Vol. 36 No. 3, pp. 479-499.
- O'Neil, I., Ucbasaran, D. and York, J.G. (2022), "The evolution of founder identity as an authenticity work process", *Journal of Business Venturing*, Vol. 37 No. 1, 106031.
- Powell, E.E. and Baker, T. (2014), "It's what you make of it: founder identity and enacting strategic responses to adversity", *Academy of Management Journal*, Vol. 57 No. 5, pp. 1406-1433.
- Powell, E.E. and Baker, T. (2017), "In the beginning: identity processes and organizing in multi-founder nascent ventures", *Academy of Management Journal*, Vol. 60 No. 6, pp. 2381-2414.
- Ramoglou, S. and Tsang, E.W.K. (2016), "A realist perspective of entrepreneurship: opportunities as propensities", *Academy of Management Review*, Vol. 41 No. 3, pp. 410-434.
- Robinson, J. (2006), "Navigating social and institutional barriers to markets: how social entrepreneurs identify and evaluate opportunities", in Mair, J., Robinson, J. and Hockerts, K. (Eds), *Social Entrepreneurship*, Palgrave MacMillan, New York, pp. 95-120.
- Saldaña, J. (2013), *The Coding Manual for Qualitative Researchers*, 2nd ed., Sage, London.
- Sarasvathy, S.D. (2001), "Causation and effectuation: toward a theoretical shift from economic inevitability to entrepreneurial contingency", *The Academy of Management Review*, Vol. 26 No. 2, pp. 243-263.
- Sarasvathy, D.K., Simon, H.A. and Lave, L. (1998), "Perceiving and managing business risks: differences between entrepreneurs and bankers", *Journal of Economic Behaviour and Organization*, Vol. 33, pp. 207-225.
- Saunders, C. and Jones, J.W. (1990), "Temporal sequences in information acquisition for decision making: a focus on source and medium", *Academy of Management Review*, Vol. 14 No. 1, pp. 29-46.
- Scheaf, D.J. (2018), *From Opportunity Recognition to Opportunity Evaluation: A Congruence Perspective of Opportunity Belief Formation*, The University of North Carolina, North Carolina.
- Scheaf, D.J., Loignon, A.C., Webb, J.W., Heggstad, E.D. and Wood, M.S. (2020), "Measuring opportunity evaluation: conceptual synthesis and scale development", *Journal of Business Venturing*, Vol. 35 No. 2, pp. 1-26.
- Schwarz, N. and Clore, G.L. (2007), "Feelings and phenomenal experiences", in Kruglanski, A.W. and Higgins, E.T. (Eds), *Social Psychology: Handbook of Basic Principles*, The Guilford Press, New York, pp. 385-407.
- Shane, S. and Eckhardt, J. (2003), "The individual-opportunity nexus", in Acs, Z.J. and Audretsch, D.B. (Eds), *Handbook of Entrepreneurship Research*, Springer, Boston, MA, pp. 161-192.
- Shane, S. and Venkataraman, S. (2000), "The promise of entrepreneurship as a field of research", *Academy of Management Review*, Vol. 25 No. 1, pp. 217-226.
- Shepherd, D.A., McMullen, J. and Jennings, D. (2007), "The formation of opportunity beliefs: overcoming ignorance and reducing doubt", *Strategic Entrepreneurship Journal*, Vol. 1 Nos 1-2, pp. 75-95.
- Short, J.C., Ketchen, D.J., Shook, C.L. and Ireland, R.D. (2010), "The concept of 'Opportunity' in entrepreneurship research: past accomplishments and future challenges", *Journal of Management*, Vol. 36 No. 1, pp. 40-65.

- Sieger, P., Gruber, M., Fauchart, E. and Zellweger, T. (2016), "Measuring the social identity of entrepreneurs: scale development and international validation", *Journal of Business Venturing*, Vol. 31 No. 5, pp. 542-572.
- Stets, J.E. and Burke, P.J. (2000), "Identity theory and social identity theory", *Social Psychology Quarterly*, Vol. 63 No. 3, pp. 224-237.
- Strauss, A.L. and Corbin, J. (1998), *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory*, 2nd ed., Sage, Thousand Oaks, CA.
- Tajfel, H. and Turner, J. (1979), "An integrative theory of intergroup conflict", in Austin, W. and Worchel, S. (Eds), *The Social Psychology of Intergroup Relations*, Brooks-Cole, Monterey, CA, pp. 33-47.
- Tajfel, H. and Turner, J. (2001), "An integrative theory of intergroup conflict", in Hogg, M.A. and Abrams, D. (Eds), *Key Readings in Social Psychology. Intergroup Relations: Essential Readings*, Psychology Press, pp. 94-109.
- Van Maanen, J., Sørensen, J.B. and Mitchell, T.R. (2007), "The interplay between theory and method", *Academy of Management Review*, Vol. 32 No. 4, pp. 1145-1154.
- Welpe, I.M., Spörrle, M., Grichnik, D., Michl, T. and Audretsch, D.B. (2012), "Emotions and Opportunities: the interplay of opportunity evaluation, fear, joy, and anger as antecedent of entrepreneurial exploitation", *Entrepreneurship: Theory and Practice*, Vol. 36 No. 1, pp. 69-96.
- Williams, D.W. and Wood, M.S. (2015), "Rule-based reasoning for understanding opportunity evaluation", *Academy of Management Perspectives*, Vol. 29 No. 2, pp. 218-236.
- Wood, M.S. and McKelvie, A. (2015), "Opportunity evaluation as future focused cognition: identifying conceptual themes and empirical trends", *International Journal of Management Reviews*, Vol. 17 No. 2, pp. 256-277.
- Wood, M.S. and Williams, D.W. (2014), "Opportunity evaluation as rule-based decision making", *Journal of Management Studies*, Vol. 51 No. 4, pp. 573-602.
- Wood, M.S., McKelvie, A. and Haynie, J.M. (2014), "Making it personal: opportunity individuation and the shaping of opportunity beliefs", *Journal of Business Venturing*, Vol. 29 No. 2, pp. 252-272.
- Wry, T. and York, J.G. (2017), "An identity-based approach to social enterprise", *Academy of Management Review*, Vol. 42 No. 3, pp. 437-460.
- Zolfaghari, B. and Hand, D. (2021), "Impact investing and philanthropic foundations: strategies deployed when aligning fiduciary duty and social mission", *Journal of Sustainable Finance and Investment*, pp. 1-28, doi: [10.1080/20430795.2021.1907090](https://doi.org/10.1080/20430795.2021.1907090).
- Zuzul, T. and Tripsas, M. (2020), "Start-Up inertia versus flexibility: the role of founder identity in a nascent industry", *Administrative Science Quarterly*, Vol. 65 No. 2, pp. 395-433.

Gender	Age	Educational background	Former industry	Role	Single founder	Years since venture inception
Male	42	Bachelor in Technology-Nature Conversation Master in Business Administration	NGO-Wilderness Preservation	Executive Manager for Operations	No	4
Male	25	Bachelor in Brand Management and Marketing	Brand Agency	Digital Content Designer	Yes	2
Male	29	Bachelor in Politics and Psychology Honors in Psychology	Technology	Project Manager	No	2
Male	30	Bachelor in Commerce Honors in Commerce	Manufacturing	Operations Manager	Yes	3
Male	26	Bachelor in Engineering, Master in Biomedical Engineering	Civil Engineering Consulting	Mechanical Engineer	No	3
Male	28	Bachelor in Mechanical Engineering, Master in Biomedical Engineering	Manufacturing	Project Manager	No	3
Male	31	Bachelor in Philosophy, Politics and Economics Master in Economics	Economic Research-Impact Evaluation	Research Analyst	No	3
Male	26	Bachelor In Economics	Online	Project Manager	No	2
Female	29	Bachelor in Finance	Retail	Merchandise Planer	No	1
Female	37	Bachelor in Environmental Studies Master in Economic Development	Banking	Program Manager	No	7
Female	30	Bachelor in Economics Honors in Economics	NGO-Disease Control	Program Manager	No	2
Male	36	Master of Commerce PhD in Economics	Higher Education	Researcher	No	0
Female	27	Bachelor in Commerce Honors in Commerce	Banking	Auditor	No	1
Male	22	Bachelor in Law	Real Estate	Business Development Manager	No	3
Female	32	Bachelor in Industrial Psychology Honors in Human Resource Management	Real Estate	Business Manager	No	2
Female	28	Bachelor in Accounting	Consulting	Project Manager	No	5
Male	36	Bachelor in Marketing Master of Business Administration	Advertising	Client Service Manager	No	3
Male	36	Bachelor in Agricultural Engineering	Agriculture	Business Development Manager	No	2
Male	39	Bachelor in Arts	Manufacturing	Business Manager	No	5
Male	35	Bachelor in Electrical Engineering, Master in Software Engineering	Telecommunication	Technical Engineer	No	3
Female	41	Matric	Diverse	Diverse	Yes	3
Male	31	Bachelor in Electrical Engineering Master in Industrial Engineering	Manufacturing	Project Manager	Yes	3

(continued)

Gender	Age	Educational background	Former industry	Role	Single founder	Years since venture inception
Female	51	Bachelor of Arts in English Literature and Psychology	Advertising	Marketing Manager	Yes	3
Female	29	Bachelor Economics Master in Business Management	Education	Administrator	Yes	0
Female	31	Bachelor of Science in Biochemistry Master of Education	Education	Project Manager	Yes	2
Male	40	Bachelor in Commerce	Recruitment	Diverse	Yes	2
Female	57	Matric	Financial Services	Marketing Manager	Yes	4
Male	34	Master in Finance PhD in Management	Higher Education	Researcher	No	0
Female	31	Bachelor in Social Anthropology and Gender Studies	Higher Education	Administrator	Yes	2
Male	57	Bachelor in Social Science	Nature Conservation	Business Development Manager	No	2
Female	50	Bachelor in Accounting Chartered Accountant (CFA)	Manufacturing	Accountant	No	2
Male	33	Bachelor in Engineering	Diverse	Diverse	Yes	10
Male	39	Master in Theology	Diverse	Diverse	No	4
Male	51	Master in Engineering	Consulting	Consultant	Yes	2
Note(s): N = 34						
Source(s): Author's own wok						

Table S1.

Corresponding author

Badri Zolfaghari can be contacted at: badri.zolfaghari@uct.ac.za