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Learning “who we are” by doing: Processes of co-constructing prosocial identities in community-based enterprises

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ABSTRACT

This study investigates how members in community-based enterprises (CBEs) engage in processes of co-constructing their collective prosocial identities. Based on an inductive analysis of 27 organizations that were formed explicitly as communities and sought to build alternative forms of production and consumption through innovative ways to pool and recombine resources, we found that all of the CBEs engaged in distributed experimentation that lead to epiphany sense-making. These two approaches triggered and enacted collective processes of shifts in identity or identity persistence. We advance a processual model that identifies approaches for how members of CBEs either embrace epiphanies in identity shifts or limit and react to epiphanies in identity persistence.

Executive summary

Learning whether and how collective identities change – generally speaking, the collective notion of “who we are?” and “who we want to be?” – may have important consequences for organizations and for society. From an organizational standpoint, understanding how members co-construct their collective identities may encourage emergent processes of change towards common organizational visions. In addition, members of organizations may use this knowledge to steer these processes of co-construction towards desired identities. From a societal perspective, gaining awareness of collective identity co-construction processes may support organizations in the evolutionary learning necessary to deal with grand challenges (Ferraro et al., 2015). For those ventures seeking to instigate social change (Mair et al., 2012; Lawrence and Dover, 2015), gaining this awareness may help them understand and fulfill their transformative potential.

We investigate how founding and incoming members engage in processes of co-construction of collective prosocial identities in the context of community-based enterprises (CBEs). Communities play an important role in instigating societal change (Rothschild-Whitt, 1979) and a community's collective identity strongly influences the transition into an enterprise (Peredo and Chrisman, 2006). Therefore, the research goal was to explore how the collective identities of community based enterprises evolved over time. We collected and analyzed empirical data inductively in 27 CBEs involved in pooling food and energy resources for self-consumption in four European countries (Germany, Italy, Spain and The Netherlands) between 2012 and 2016. To guide our data interpretation, we inductively mobilized and adapted three constructs: identity construction processes in communities (Bartel and Dutton, 2001; Petriglieri and Petriglieri, 2010; Petriglieri et al., 2017); founder identities oriented towards prosocial organizing, that is, orientations

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that benefit known and unknown others (Fauchart and Gruber, 2011; Powell and Baker, 2014); and two specific approaches to venture organizing, namely distributed experimentation (Furnari, 2014; Ferraro et al., 2015) and making sense of epiphanies (Cardon et al., 2011).

Empirical findings from this study led to three insights that may inform members of CBEs – and more broadly, of new ventures – on how to organize activities to preserve or build their collective prosocial identities. First, we found that members engage in specific approaches to venture organizing that build, dissolve or preserve the collective prosocial identity of their new venture over relatively short periods of time (see Fig. 1). Second, we discovered that, in the emerging processes of identity co-construction in CBEs, distributed experimentation triggers epiphanies – sudden, shocking realizations that alter the flow of individuals' lives in unexpected ways (Denzin, 1989). This discovery contributes to increasing knowledge about the role of distributed experimentation in evolutionary learning (Ferraro et al., 2015), not only for understanding complex challenges surrounding organizations but for understanding its evolving collective identity from the inside out. What triggers community identities to shift or persist, though, is the way members collectively make sense of these “generated” epiphanies. Third, after this initial epiphany trigger, we found that the processes for making sense of epiphanies (either as shifts in identity or persistence in identity) are progressive and iterative. Collective identity shifts take place by embracing negative and positive epiphanies over time. In identity persistence, by contrast, members limit and/or react to epiphanies. This study, then, adds depth to our understanding of identity co-construction processes (Downing, 2005), highlighting ways that epiphanies are interpreted and discussed in groups rather than emphasizing the content of the epiphanies, themselves (Press and Arnould, 2011) as the impetus for change or stability in prosocial community identities.

1. Introduction

The formation of an organization's identity has typically been approached by exploring ways a founder's identity influences the organizing of a new venture (e.g. Fauchart and Gruber, 2011; Powell and Baker, 2014, 2017). This study explores how collective approaches to organizing – that involve both founders as well as other incoming members – influence an organization's identity. From this perspective, then, a number of questions become salient to explore: how does this process of identity collective construction (or co-construction) unfold over time? Are the collective identities of new ventures stable, or do they change? If the latter, what can members do to preserve or change their venture's identity? These questions may be of interest to entrepreneurs concerned with shaping their venture's identity to meet various entrepreneurial outcomes, but they are critical to those seeking to instigate societal change (Mair et al., 2012; Lawrence and Dover, 2015) or to address grand social and environmental challenges (Dean and McMullen, 2007; Dorado and Ventresca, 2013). Given the complex and value-laden nature of such grand challenges, those seeking to address these challenges would find value in ascertaining how the collective identities of their ventures evolve in order to fulfil their transformational potential in society.

To address these broad questions, our research focuses on a specific type of new venture: community-based enterprises (CBEs). Communities play an important role in instigating societal change (Rothschild-Whitt, 1979) as their collective identities strongly influence their transition into enterprises (Peredo and Chrisman, 2006). Yet, little is known about how approaches to organizing in communities may influence their collective identities and thereby influence the identities of the organizations they co-construct. We seek to address this knowledge gap by, first, delving into the *processes of identity co-construction* in CBEs. Second, given the importance of CBEs in instigating societal change, we focus on how *prosocial identities* are either maintained, built or dissolved over time during these co-construction processes. By *prosocial identities*, we mean the collective sense of “who we are” and “who we want to be” in helping known or unknown others without expecting benefits back (Gneezy et al., 2012; Hardy, 2006). Third, we mobilize the concept of *approaches to venture organizing* to understand the set of coordinated activities that enact these processes of prosocial identity co-construction over time. These guiding constructs combine into this research question: *How do members of a CBE engage in venture organizing to co-construct their collective prosocial identity?*

We undertook an empirical analysis of 27 CBEs across Europe that were formed explicitly as communities that sought to build alternative forms of production and consumption through innovative ways to pool and recombine resources. The findings from this analysis offer a number of surprises in relation to our assumptions about the processes of co-constructing community identities. First, contrary to what was assumed (Peredo and Chrisman, 2006; McKeever et al., 2015), we found that *collective prosocial identities are not immutable* in CBEs; instead, collective identities may be built or dissolved over relatively short periods of time when their members engage in certain approaches to organizing. Second, we discovered that – taken together – *distributed experimentation* (Furnari, 2014; Ferraro et al., 2015) and *epiphany sense-making* represent key approaches that enact identity co-construction (Downing, 2005) within CBEs. Specifically, our findings reveal that distributed experimentation triggers epiphanies and that the ways that members collectively make sense of these “generated” epiphanies may trigger whether community identities either shift or persist. Third, while epiphanies, by definition, “occur instantly” (Press and Arnould, 2011, p. 658), the subsequent *processes of collective shifts in identity (or persistence) are progressive and iterative*. Collective identity shifts take place by embracing one epiphany – either positive or negative – at a time. Identity persistence, by contrast, is enacted through a series of approaches that iterate the limiting of, and reacting to, epiphanies. Taken together, these three findings offer insights about approaches for organizing activities to preserve or build collective prosocial identities.

The remainder of this paper is organized as follows. In the next section, we delineate how our research builds upon three guiding constructs: (a) the co-construction of identities, specifically in the context of CBEs; (b) the characteristics of prosocial identities; and (c) approaches to venture organizing that may enact prosocial identity co-construction processes. We describe our analytical strategy in Section 3. Our empirical findings are presented in Section 4 by offering a model (Fig. 1) that identifies approaches that enact identity shifts or identify persistence in CBEs. In Section 5 we discuss the model's contribution towards understanding the role of

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