'Making sense of identity transitioning within the new venture creation process'

ABSTRACT

Purpose: This study explores how aspiring entrepreneurs navigate between their own individual self-concept and the organisational identity of the new venture during the process of new venture creation.

Design/methodology/approach: The study draws on three cases of aspiring entrepreneurs within a UK-based university incubator in the process of 'becoming' entrepreneurs. Semi-structured interviews and secondary data were collected and analysed using a flexible pattern matching approach.

Findings: The data illustrated parallel identity and sensemaking processes occurring as the aspiring entrepreneurs navigated towards new venture formation. For the organisational identity process, three key stages were found to occur: referent identity labelling, projection, and identity reification. Concurrently the sensemaking process made up of creation, interpretation and enactment were seen to enable identity transitioning mechanisms: cue identification, liminal sensegiving and recognition of formal venture boundaries, which led to the organisational identity being formed.

Originality: By extricating the stages of organisational identity formation, often hidden within the new venture creation process, this study has framed new venture creation as a liminal experience and a visible site of identity work. This study presents a process model of the key identity transitioning stages and mechanisms in new ventures, by illustrating how aspiring entrepreneurs' sensemaking influences identity transitions during the process of venture creation.

Keywords: Identity; Transitions; New venture creation; Sensemaking; Liminality; Qualitative

INTRODUCTION

Much like the metaphor of parenthood, new ventures proceed through a variety of stages from conception to birth (Cardon *et al.,* 2005; Davidsson and Gruenhagen, 2021). By the time new ventures are founded, most identities have been well developed (Snihur *et al.*, 2021; Lounsbury and Glynn, 2001), and have undergone various adaptations (Fisher *et al.*, 2016; Knox *et al.*, 2021). Recent studies suggest the development of organisational identity in new ventures exhibits inter-temporal effects (Snihur and Clarysse, 2022). How this happens is not clear, but it is acknowledged that as entrepreneurs construct their new ventures (Shepherd *et al.*, 2021), a process of individual and organisational identity formation occurs (Zhang and Biniari, 2021; Crosina, 2018; Snihur, 2016; Gioia *et al.* 2013), that is "fluid, ephemeral and fragile" (Bauman, 2000, p.22; 83). Arguably, a state of in-between-ness or transition (Hoang and Gimeno, 2010; Knox and Casulli, 2021) is taking place during the early founding stages of a new venture, requiring a shift in focus from analysing individual and organisational identity per se to understanding the process through which these identities are formed and shaped (Leitch and Harrison, 2016). Despite this shift in understanding, there remains insufficient attention on the process of identity formation in new ventures (Knox and Casulli, 2021). This paper, therefore, seeks to address the following research question: How do aspiring entrepreneurs navigate identity changes between their own individual self-concept and the organisational identity of the new venture?

Adopting the view that temporary transitions (Beech, 2011) occur as aspiring entrepreneurs navigate the complex entanglements of individual and organisational identity during the new venture creation process (Fisher *et al.*, 2016), this study attempts to illustrate this liminal experience or state of in-between-ness. Theoretical approaches to identity e.g., role, social and founder identity (Chasserio *et al.*, 2014; Hoang and Gimeno, 2010; Tajfel, 2010; Stryker and Burke, 2000) are useful in explaining individualised conceptualisations of identity in

entrepreneurship but do not elucidate how to untangle the dynamics between individual and organisational identity. New theorising about the process of identity formation, specifically the coevolution of identity and venture development is still required (Radu-Lefebvre *et al.*, 2021; Mmbaga *et al.*, 2020), to advance knowledge of how ventures and identity coevolve (Knox and Casulli, 2021). As well as, to consider the identity transitioning process between the level of the individual entrepreneur and the level of the organisation (Leitch and Harrison, 2016; Demetry, 2017).

A sensemaking approach (Weick, 2012; Sandberg and Tsoukas, 2015) offers a way to examine both individual and organisational levels (Kieran *et al.*, 2022) of identity as they coevolve. Sensemaking is 'a socially constructed process in which individuals interact with their environment and with others to create meaning, and enable action' (Christianson and Barton, 2021, p. 572). As Weick originally claimed, the need within individuals (and organisations) to have a sense of identity creates an occasion for sensemaking to occur. Recent work by Oliver and Vough (2020) supports the proposition that sensemaking is a relevant lens to bridge the different facets of individual and organisational identity work, not least because it 'plays an ongoing and key role in the evolution of organisational identity' (p. 77). However, there is still a gap in terms of how sensemaking leads to identity work, at the organisational level. Thereby this paper, draws on the central tenets of sensemaking (see for example, Sandberg and Tsoukas, 2015), and examines how aspiring entrepreneurs navigate the boundaries between their own individual self-concept (which is formed of one's inner self-identity and outer social identity) and the organisational identity of the new venture, during the process of new venture creation. This paper, therefore, proposes there is a state of in-between-ness where the aspiring entrepreneur is not yet a founder entrepreneur nor does the new venture have a formal organisational identity.

This research offers several contributions to entrepreneurship literature. First, it contributes to understanding new venture creation as a liminal experience. It positions the new venture creation process as a visible site of identity work, by extending and developing the concept of liminality (Beech, 2011) into new venture creation literature. This helps explain identity changes between the aspiring entrepreneur's self-concept and the organisational identity of the new venture. Second, by applying the concept of liminality to the new venture creation process, the study identifies key identity transitioning mechanisms that are necessary to the process of venture identity formation. Third, by extricating the stages of organisational identity formation, often hidden within the new venture creation process, the study illustrates how aspiring entrepreneurs' sensemaking of their self-concept shapes the organisational identity of a new venture. This informs scholarly understanding of how identity transitioning takes place, and the role of sensemaking in enabling the aspiring entrepreneur to navigate the boundaries between their own individual self-concept and the organisational identity of the new venture. This study provides a practical contribution into entrepreneurship curricula and incubator training, emphasising the importance of understanding the relevance of self-concept in making sense of future venture identities. In educating aspiring entrepreneurs, this study advises educators and incubator managers on the importance of boundary setting between self and organisation to enable organisational identity to be fostered and venture formation realised.

THEORETICAL BACKGROUND

Liminal identity work practices

The notion of identity as a representation of who one is and who one is not (Brown, 2021) involves a complexity that extends from individual to organisational units of analysis. Typically, organisational identity is defined as the central, enduring, and distinctive attributes of an organisation, distinguishing it from other organisations (Whetten, 2006). But from an

entrepreneurial ventures' perspective, organisational identity is not fixed but rather it is shaped by the founder's life experiences and encounters (Lindgren and Wahlin, 2001).

The identity work literature focuses on identity as being constructed through dynamic interactions in which individuals project an identity to the outside world (Brown, 2021; Sveningsson and Alvesson, 2003) making identity claims to influence how the self is regarded by others (Middleton, 2013). This may involve enacting behaviours, symbols, and stories of the affirmed identity. There is an ongoing dialogue in which the inner self-identity (the internalised view of the self) is influenced by the outer social identity (projections of self, influenced by external discourses) (Beech, 2011; Watson, 2009).

In organisational literature, liminality is commonly taken to mean a position of ambiguity and uncertainty: a state of in-between-ness (see for example, Beech, 2011) often due to identity changes between inner self-identity and outer social identity. Under this dialogical circumstance, different identity work practices may be enacted e.g., experimentation (trying out versions or aspects of the self), reflection (self-questioning in a changeful circumstance) and recognition (having an epiphany or dawning, Beech, 2011, p. 6).

The use of liminality in this article is to be understood as a temporary transition or experience of in-between-ness where identity changes occur between an aspiring entrepreneur's self-concept and the organisational identity for the new venture. Liminal practices occur at the intersection of structure and agency (Beech, 2011), therefore, are particularly suitable as a theoretical framework to understand the entrepreneur's self/organisational-identity mutual construction. In this liminal space, the aspiring entrepreneur's self-concept (i.e., inner self-identity and outer social identity) is situated in a dialogue with the organisational identity of the emerging venture. This study therefore assumes aspiring entrepreneurs may likely experiment with different identities, project them to others, reflect on external influences and

perceptions leading to self-questioning, and may come to new realisations or recognition as a result of others imposing or projecting an identity on to them. Thus, in application to new venture creation, this study assumes one or more of these liminal identity work practices are occurring as aspiring entrepreneurs make sense of complex entanglements and relationships between their own individual self-concept and the organisational identity of the new venture.

Identity and Sensemaking

To understand how aspiring entrepreneurs navigate out of the in-between-ness, this paper draws on sensemaking theory (see for example, Maitlis and Christianson, 2014; Weick, 2012). As previously stated, sensemaking is a process that enables socially embedded actors to interpret their environment, including interactions with others, to create meaning and enable action. This paper utilises the central tenets of sensemaking (Sandberg and Tsoukas, 2015), consisting of three interrelated processes: creation, interpretation, and enactment.

Creation

This process involves the entrepreneur noticing and extracting cues from their lived experience and creating an initial sense of the emerging venture. Cues are feature/object-event relationships formed in memory and are present as an array of stimuli in the environment (Christianson and Barton, 2021; Wiggins, 2012). The physical environment provides social-contextual cues in which objects and actions evoke particular associations for the actor (Gacasan, 2016). Cues are thought to have a socio-material nature (Orlikowski and Scott, 2008) such that "feelings, bodily experiences, a sense of place, space and ecological materials" are regarded as cues (Gacasan, 2016, p. 495; Maitlis and Christianson, 2014). It is proposed that interpretations of cues can lead to identity work at the organisational level (Oliver and Vough,

2020). Thus, cognitive processes may play a role in organisational identity formation (Snihur and Clarysse, 2022; Newbery *et al.,* 2018).

Interpretation

This process involves fleshing out that initial sense generated during the *creation* process and developing it into a narratively organised sense of the situation (Sandberg and Tsoukas, 2015) through conversations and interactions with external others. In the case of new ventures, rhetorical strategies e.g., storytelling (e.g., Manning and Bejarano, 2017), metaphors (e.g., Discua *et al.*, 2021), clichés and entrepreneurial narratives (e.g., Down and Warren, 2008) allow entrepreneurs the means to craft and express their internal sensemaking of the emerging venture to others. As identity is influenced by considerations of social desirability (Smith and Warren, 2021), there is a sensemaking discourse (Leitch and Harrison, 2016) that allows for sensegiving exchanges (Hoyte *et al.*, 2019) and feedback loops. Recent studies have shown that organisational identity development in new ventures is highly influenced by proximity between founders and key resource providers (Snihur and Clarysse, 2022), and by negative feedback events from outsiders (Domurath *et al.*, 2020). The interpretation process, therefore, focuses on the extent to which external others may be involved in developing the organisational identity of a new venture. Yet it is still unclear as to how entrepreneurs internalise feedback from others and the influence of the entrepreneur's reflection, i.e., how the entrepreneurs' sensemaking of the feedback affects the development of the new venture identity.

Enactment

This process involves acting on the more complete sense made from communicating with others. In the context of new venture formation, enactment can involve entrepreneurs formally registering the business name (Morris *et al.*, 2012) but may incorporate other forms of entrepreneuring (Steyaert, 2007) throughout the venture creation process e.g., decision-making

processes (McMullen and Shepherd, 2006), and engagement with people and place (Anderson *et al.*, 2019; Larson and Pearson, 2012). Previous work (e.g., Snihur and Clarysse, 2022) suggests aspiring entrepreneurs are in a state of dynamic tension (Bauman, 2000) as they navigate the boundaries between founder identity and organisational identity. However, this is a process that has not necessarily been empirically examined to date.

METHODS

Research setting and design

An exploratory, case study research design (Eisenhardt, 1989; Yin, 2018) was adopted, involving aspiring entrepreneurs in a university incubator. University incubators are an ideal empirical setting within which to explore organisational identity formation in new ventures. This empirical setting provided respondents who are in a state of in-between-ness (Beech, 2011) as they journey towards 'becoming' entrepreneurs (Steyaert, 2007), within the parameters of identity formation and new firm creation (Foy and Gruber, 2021). University incubators typically provide access to mentors (Bergman and McMullen, 2022) and co-working facilities (Bouncken *et al.*, 2022), making it easier for aspiring entrepreneurs to establish their own ventures, becoming incubator tenants. Selecting founders in nascent stages (Hoang and Gimeno, 2010) provides the best setting to observe how aspiring entrepreneurs navigate the boundaries between their own individual self-concept and the organisational identity of the new venture.

A number of cases of aspiring entrepreneurs were initially followed based on predefined criteria, as suggested by Eisenhardt (1989). These required respondents to: a) be registered on a university course with access to incubator facilities; b) be individuals seeking to start a firm and within the nascent stages i.e., just coming into existence, displaying entrepreneuring or 'becoming' behaviours e.g., proposing possible futures, ideation, pitching, etc. and c) be

individuals from different educational backgrounds and differing levels of prior entrepreneurial experience, as these factors are known to influence the venture creation process (Shane, 2003).

Three cases were selected for presentation as they went through to fully starting and running a business, whereas the others either failed to realise their ambitions of starting a business or did not complete the process during the data collection period. The first case study "DE5 Consulting" is an IT consultancy providing services e.g., IT procurement, contract negotiation, network design and information service advice to community groups, SMEs, and social enterprises. The founder was completing his master's in computer science when he realised he no longer wanted to commute to work and instead could work from home supporting the community where he lives in solving the problems of the digital divide and provide his autistic son with suitable employment.

The second case "Munchies Milkshake" is a milkshake and healthy snacks delivery business started by two management undergraduate students with no prior entrepreneurial experience. The founders identified a gap in the market to provide a healthy alternative to fast food for their university peers. The final case "Neehoy Limited" is a peer-to-peer recycling application created by four engineering PhD students who were dissatisfied with the current waste management practices and believed they could build something better that helped people recycle unwanted items through their social network. Table I summarises the characteristics of the ventures and founders.

<center>"[Insert Table I Case characteristics]"</center>

Flexible Pattern Matching Method

This research implemented a flexible pattern matching approach (Bouncken *et al.*, 2021; Sinkovics, 2018), specifically following the three key steps as detailed by Bouncken and Tiberius (2021, p.68). First, initial theory deduction based on existing literature following Gioia

<center>9</center>

et al., (2013); second, iterative comparisons of the expected patterns with the data collected, modelled on previous work by Bouncken and Barwinski (2021); and third, comparisons of supported, unsupported and partially supported expected patterns with emergent patterns for inductive theorising, guided by the work of Bouncken and Tiberius (2021, p.73). There is no one-size-fits-all approach, only a general logic of flexible pattern matching (Bouncken *et al.*, 2021), which has been applied in the implementation of these steps detailed below,

Step 1: Deduction of initial patterns

A review of the literatures on identity formation processes, sensemaking and new venture creation was undertaken to formulate a clearly defined research question, (how do aspiring entrepreneurs navigate identity changes between their own individual self-concept and the organisational identity of the new venture), first order and second order codes (Gioia *et al.*, 2013) in keeping with the theory driven realm of the flexible pattern matching logic. From initial theory deduction based on existing literature, it was expected that founder identity, organisational identity and new venture development would be observed as coevolving. However, what remained unknown was 'how' these would coevolve. Aspiring entrepreneurs are in a state of in-between-ness as they are not yet founder entrepreneurs nor does the new venture have a formal organisational identity. Sensemaking was expected to be central to understanding how aspiring entrepreneurs navigate the state of in-between-ness, because a new venture's organisational identity formation is an ongoing process of sensemaking (Oliver and Vough, 2020). Thus, the following initial patterns as shown in Table II were expected to be observed and guided the first phase of the analytical process.

"[Insert Table II Expected Patterns]"

Step 2: Comparison of initial, expected patterns with the data

Empirical data was collected through interviews, observations, and drawings to make up the observational realm of the flexible pattern matching logic. Data was collected over the period of one calendar year. One of the researchers was involved in the data collection process to maintain trust with the founders and facilitate follow-up during the year. The first interview was conducted at the outset, shortly after the aspiring entrepreneurs joined the university incubator with the second towards the end of the 9-12-month period. All interviews were conducted with the founder of DE5 Consulting or multiple founders as in the cases of Neehoy Limited and Munchies Milkshake. The ventures with multiple founders provided a further avenue to understand whether collective sensemaking processes were occurring, as identity transitioning may manifest differently when there is individual sensemaking compared to collective sensemaking (Maitlis and Christianson, 2014).

Besides the interviews, data was collected through participant observations. Total number of hours of observation calculated as follows: (10 hours – Boot camp; 7 hours – Student venture challenge; 3 hours - digital business plan competition; 2 hours – goal setting workshop; 2 hours – enterprise lab showcase; 7 hours – ideas workshop; 2 hours – informal incubator coffee morning). This does not include time spent in the incubator, where regular visits to the university incubator were made in the first three months of data collection. (5hours/3x p/w/6weeksOct-Dec) = 90 hours. Total hours of observation = 123 hours. Archival data consisting of business plans, press releases and promotional videos detailing enterprise background and progression were collected to obtain an understanding of the ventures and respective industry. Respondents were also asked to draw their individual sensemaking of the events that influenced the venture idea and path to venture formation. Supplementary Figures 1-2 display sensemaking drawings for Munchies and DE5.

Each founder's subjective interview experience was triangulated with the sensemaking drawings that the founder/ founding team collectively compiled. After triangulating the data sources, case history timelines (see Figures 3-5) were constructed to present an overview of the events that occurred.

"[Insert Figure 3 – Munchies Milkshake]"

"[Insert Figure 4 – DE5 Consulting]"

"[Insert Figure 5 – Neehoy]"

Observed and emergent patterns were drawn from the continual iteration between theoretical and observational realms especially mismatches between theoretical patterns and empirical observations (Bouncken and Barwinski, 2021; Bouncken and Tiberius, 2021). These are shown in Table III in the findings below. Pattern matching builds on the assumption that human beings' sensemaking involves them comparing observations in the real world with their internal mental models (Sinkovics, 2018). This fits well with the remit of this study as it is exploring entrepreneurs' sensemaking. However, pattern matching also occurs between the researchers' internal mental models and the patterns emerging from the data (Sinkovics, 2018). Thus, the researchers' reflexive role is acknowledged here to address issues of positionality. Detailed protocols and procedures were used to ensure analytical rigour and to maximise the reader's ability to retrace the researchers' thought processes (Bouncken *et al*., 2021; Sinkovics, 2018).

Step 3: Iterative Comparisons on Patterns

Further pattern matching was undertaken moving between raw data and extant literature on identity, new venture formation and sensemaking. In aggregating the observed patterns (i.e., column three) to compare if and how the data cohered with expected patterns, the extent to

which these were supported and partially supported (Bouncken and Tiberius, 2021, p. 73) are highlighted in Table III leading to the creation of modified expected patterns (i.e., column four) and emerging patterns (i.e., column five) indicative of the flexible pattern matching logic.

FINDINGS

Three key stages (referent identity labelling, projection, and identity reification) and three associated transitioning mechanisms (cue identification, liminal sensegiving, and recognition of formal venture boundaries) were identified as occurring while the entrepreneurs' navigated the boundaries between their own individual self-concept and the organisational identity of the new venture. These are presented below from an analysis of modified expected/observed and emerging patterns (see Table III).

"[Insert Table III]"

Creation: Referent Identity Labelling – cue identification

As the entrepreneurs' navigated towards venture formation, past experiences of familiar places and existing product brands dictated how they made sense of the identity claims for their emerging venture and were used as reference points to then label the emerging identity. For example, in the case of DE5 Consulting, the founder identified with Derbyshire, a county in England, as a familiar place and particularly the DE5 postcode as particularly poignant to their self-concept and used this as a reference point upon which to base the identity claim about the emerging venture. *"DE5 is a postcode in Derbyshire, and I have chosen that as the name of my business"* The founders of Neehoy Limited, also identified with a familiar place, such that, the identity claim made about the emerging venture was attributed to one of the founder's upbringing in Middlesbrough (a town in the Northeast of England) and its vernacular, *"For the business name, Nee – means no and hoy means throw."*

In the case of Munchies Milkshake, they provided a different example of how aspiring entrepreneurs identify objects in the physical environment as having a particular association. The founders reported that they identified with the McDonalds branding particularly the iconic "M" as a salient part of their identity claim for the emerging venture and wanted to draw reference to this, ... *"Like M – McDonalds first letter is M and that is just a powerful logo just the M itself, so we thought well when we design our logo, we are going to make sure the M really is significant. We are going to take a little chomp out of the M (Founder 1)."* The concept of having a powerful logo was something that resonated with the aspiring founders and drove them to include a similar powerful reference point in their own emerging organisational identity.

From a sensemaking perspective, the founders' actions were an expected pattern indicative of the creation process of noticing and extracting certain cues as relevant and salient. Some of the cues extracted from the external environment were the "postcode of Derbyshire – DE5" and the McDonalds "M" logo. In each case it was a *cue identification* that meant something to the aspiring entrepreneur's own identity that went on to inform and influence the development of the organisation identity, acting as an associated transitioning mechanism. Noticing and extracting these cues were therefore, seen to be an emergent pattern of sensemaking activity to support their identity claims about the new venture. This is referred to here as *referent identity labelling* – taking key references from the founders' own identity and beginning the process of incorporating them into the identity of the venture. This is where the influence and blurring of the 'self' (inner self-identity and outer social identity) and the organisational identity began as the venture identity is forming and being influenced by the founder.

Interpretation: Projection – liminal sensegiving

The initial sensemaking where the entrepreneurs noticed and extracted certain 'cues' to support their identity claims about the new venture occurred internally. However, an important phase in the transitioning was sharing with others about the new venture and what they were aiming to do. The aspiring entrepreneurs shared this information in several different ways including storytelling, prototyping, and dialoguing with others. Firstly, in the case of DE5 Consulting, the founder shared his story of what he was aiming to achieve with the new venture, with prospective customers, in the hopes of attracting their business,

"I started door knocking on local businesses who might be interested in listening to [my] story and what [I am] aiming to offer."

Networking provided the founder of DE5 with the opportunity to develop his story of the business, *"I was invited to the launch of new version of software and as a result of a conversation I had with them afterwards they offered me a contract"*, commencing the identity transitioning process using storytelling to move the identity away from his self to the organisation. Within the emerging identity there were still observed entanglements between founder and organisation as key links back to the founder of DE5 were represented, such as his desire to use local reference points to communicate to his customers his locality and the community-led goals of the business. For the founder, the fact that he wanted to be viewed as a local business was extremely important to him individually but also integral to the organisational identity through its name and association with the postcode.

Communication with others was further witnessed with Munchies Milkshake and Neehoy, where the founders opted to test out their ideas with trusted people and external audiences in order to help them collectively make sense of the viability of the idea *"We got people involved quickly but it is more than the physical support people can offer its the fragility of ideas if you*

cling to it, it dies; you've got to socially ingratiate yourself (Founder 1, Neehoy)". The importance of receiving feedback was confirmed by the founder of DE5, who saw it as a crucial element of his entrepreneurial journey,

"You surround yourself by people who give you feedback on whether your ideas are feasible, and you also assess yourself as to sometimes you might have people telling you no that's not going to work and if you only consider your external then you might just become disillusioned and stifled yea.... similarly, if you only look at your own ideas you do not see the external perspective and then you suffer fixation."

From a sensemaking perspective, the founders' actions were an expected pattern relating to the interpretation process of fleshing out that initial sense generated during the venture idea and referent identity labelling stages. It enabled the entrepreneurs to narratively organise sense of the situation. All the founders either individually or collectively sought out external others or used sensegiving tools such as storytelling (Manning and Bejarano, 2017) and prototyping to craft and express their internal sensemaking of the emerging venture to others. In addition, there is evidence of the other expected pattern of projecting to the outside world to make identity claims to influence how the self is regarded by others. This is perhaps where entrepreneurs begin to experience liminal identity work practices as they reflect on external influences and perceptions of what they have projected. However, the combination of sensegiving and liminal identity work practices led to *liminal sensegiving* being inductively theorised as an associated transitioning mechanism, which then led to the modification of the expected pattern referred to here as *projection* – liminal sensegiving from the entrepreneur to others in an attempt to influence how the self is regarded by others.

Enactment: Identity Reification – recognition of formal venture boundaries

As the venture idea was becoming tangible through *projection,* so too the organisational identity claims became tangible as the entrepreneurs began to take action to formalise the venture. In the case of DE5 Consulting, acquiring clients through *projection* supported further action towards enacting the venture and the organisational identity, where the emergence of the ventures as entities separate from the individual entrepreneur was observed through start up activities such as, opening a bank account and incorporating or deciding on the legal structure.

"Initially did not have a business bank account was just using a current account and sometimes customers would write me a check to DE5, and I could not pay it in and had to ask them if they could change it" The act of setting up a business bank account provided a physical representation of the business, moving further along the continuum from individual to organisation. It represented a transition out of the state of in-between-ness in that the aspiring entrepreneur is now a founder entrepreneur. Moreover, the self-concept of the entrepreneur is being disentangled from the emergence of the new venture. As the new venture has gained its own recognition, the self-concept is no longer a sufficient identifier for the new venture. As with parenthood (Cardon *et al.*, 2005), there comes a point where the organisational identity for the new venture must go forth beyond the identity of the founder and stand on its own.

In the case of Munchies, positive affirmation from family/friends that the idea was viable, supported further action towards enacting the venture and the organisational identity,

"...*we got people to design the logos and found suppliers for cups and the cups are unique in terms of our distinctive colour we are trying to build a big online presence at the moment through social media (Founder 2)*". Here the findings illustrate important decision-making processes concerning the development of the brand image, colours associated with the brand

and social media content development. These decisions represent the enactment of the idea and further departure from the self to the development and crafting of the organisational identity.

In the case of Neehoy Limited, the founders formally confirmed the organisational identity of their recycling app through registering the business, *"after winning the first business competition we formed the company and decided to go down the limited company route and buy shares (Founder 3)",* and through a promotional PR in the local council magazine, The Arrow, *"Do not throw away unwanted presents – Neehoy!"* As with the previous case examples, the embodiment of the idea in tangible artefacts and formal business identity were important steps for the entrepreneurs in disentangling their own identity from the organisational identity, it is during this transition of identity reification that the organisation is beginning to take on its own identity. Clearly there are still observed similarities and crossovers, but this is to be expected (Fisher *et al.*, 2016; Fauchart and Gruber, 2011).

From a sensemaking perspective, the process of enactment was an expected pattern explaining what was happening as the founders were acting on the more complete sense that was made communicating with others. There are examples of formally registering the business, engagement with people, and decision-making processes occurring regarding suppliers, branding, and promotion. What was an emergent pattern was the observation that the actions of the aspiring entrepreneurs in the study operationalised not just the new venture but the new venture identity through liminal identity work practices. As mentioned above, it was an expected pattern that the entrepreneurs began experiencing liminal identity work practices at the projection stage as they reflected on feedback and perceptions of external audiences with whom they engaged with as they navigated towards venture formation. However, as the process of venture creation neared the formation stage, the prominence of liminality became more evident, with the founders recognising the need to separate out their self-concept from the organisational identity of the new venture. The issues felt by the founders of in-between-ness

and the issues it caused them personally and the business were witnessed across all three cases, making it an emerging pattern at this stage for clear boundaries to be set between the two identities.

Specifically, in the case of DE5 Consulting, where the founder had to establish a business account as he could not pay in cheques to the business in his personal account. It was a call to action, a need to enable the identity to go beyond that of the founding entrepreneur, and through the bank account a physical embodiment of the organisation and its transitioning identity. Similarly, actions towards establishing a brand for Munchies Milkshake and in the case of Neehoy, advertising their app – in the public domain, are key examples of the entrepreneurs' creating boundaries between the self and the venture. This therefore led to a modification of the expected pattern, recognition, referred to here as *recognition of formal venture boundaries* – where entrepreneurs come to a realisation that they needed to separate out the self-concept from the organisational identity of the new venture for the new venture identity to be enacted. This was inductively theorised as an associated transitioning mechanism for the final stage of organisational identity development to occur, referred to here as *identity reification* – making the organisational identity of the new venture tangible through the recognition of formal venture boundaries.

DISCUSSION

In exploring how aspiring entrepreneurs navigate identity changes during the process of venture formation, this article identified the stages and transitioning mechanisms between aspiring entrepreneur self-concept and the organisational identity of the new venture. Thereby, this research responds to calls for a processual understanding of new venture creation (Davidsson and Gruenhagen, 2021), specifically new theorising about the coevolution of identity and new ventures (Radu-Lefebvre *et al.*, 2021; Knox and Casulli, 2021). The stages and transitioning mechanisms identified in this study are novel in that it draws on sensemaking

as a conceptual bridge through which identity transitioning occurs between the level of the individual entrepreneur and the level of the organisation. Furthermore, it illustrates the in-between-ness (Beech, 2011) and entanglements (Fisher *et al.*, 2016) between an aspiring entrepreneur self-concept and the organisational identity of the new venture, experienced by nascent entrepreneurs.

This study frames new venture creation as a liminal experience and a visible site of identity work, to which scarce attention has been paid to in the entrepreneurship literatures. This is encapsulated in Figure 6, which presents a process model of the stages of organisational identity development and the mechanisms for navigating the boundaries between aspiring entrepreneur self-concept and organisational identity formation. Furthermore, it illustrates how the sensemaking process (creation, interpretation, and enactment) aligns to organisational identity development and can be mapped as parallel processes that led to aspiring entrepreneurs' identity work at the organisational level.

"[Insert Figure 6]"

Specifically, the data showed that cue identification and liminal sensegiving acted as identity transitioning mechanisms that supported identity claims about the new venture. To achieve venture formation, aspiring entrepreneurs come to a realisation of the need to separate out the self-concept from the organisational identity of the new venture, referred to as recognition of formal venture boundaries. This third identity transitioning mechanism was critical to separating out the aspiring entrepreneur self-concept from the emerging organisational identity of the new venture.

All the entrepreneurs in this study experienced the same transitioning mechanisms, however, this research illustrated how transitioning happened slightly differently in each of the cases recognising that entrepreneurs are not a homogenous entity (McLaughlin *et al.*, 2022). In the

case of the single founder, a linear transition occurred whereas, in the other two cases with multiple founders the transition was more complicated and iterative especially during the interpretation processes and projecting the self to the outside world. It can be surmised that identity transitioning may manifest differently when there is individual sensemaking compared to collective sensemaking. Nonetheless, in illustrating identity transitioning and sensemaking as both linear and iterative, this study extends existing scholarship on process models of identity formation (Knox and Casulli, 2021).

The first stage of organisational identity development, referent identity labelling, helped entrepreneurs to prioritise familiarity over distinctiveness or vice versa by noticing cues in their external context, labelling, and meshing familiar cues already retained in their cognitive maps (Sandberg and Tsoukas, 2015) with new cues. Existing literature has highlighted that a new venture is judged more favourably when it portrays distinctive identity claims (Shepherd *et al.*, 2021). This study contributes further by illustrating how sensemaking theory can be incorporated to provide greater understanding of the cognitive processes for recognising the cues that inform those decisions around belongingness and distinctiveness. By highlighting cue identification as an identity transitioning mechanism, this paper has revealed the significance of the entrepreneur's environment to identity construction. One such example was the entrepreneurs' sense of place. The role of place has previously been shown to be entangled with identity (Anderson *et al.*, 2019) and an important marker of identity construction (Larson and Pearson, 2012). Sense of place as a cue (Maitlis and Christianson, 2014) that aids in cognitive processing may indeed play a role in identity formation (Newbery *et al.,* 2018; Snihur and Clarysse, 2022). This study bridges these works and presents a novel contribution in illustrating cue identification as an important mechanism to navigate the boundaries between aspiring entrepreneur self-concept and the organisational identity of the new venture.

The second stage of organisational identity development, projection, helped entrepreneurs to re-affirm their internal sensemaking by seeking out pivotal sources of feedback. Prior research suggests that by the time entrepreneurial ventures are founded, most identities have been well developed (Snihur *et al.*, 2021; Lounsbury and Glynn, 2001). This study posits that the precursor of this is projecting to the outside world to negotiate and affirm identity claims. Furthermore, the need to project to the outside world points to liminal sensegiving as critical to identity construction. Sensegiving from others is an important means of validating venture ideas (Hoyte *et al.*, 2019). This study extends scholarly understanding of the role of other people in identity work (Domurath *et al.*, 2022) by suggesting that sensegiving from other people to the aspiring entrepreneur and vice versa is an important shaper of a new venture's organisational identity. By empirically confirming the importance of liminal sensegiving as a shaper of organisational identity, this study supports contemporary research (Knox *et al.,* 2021) that suggests entrepreneurs reflect on their social interactions to work on their identity.

The final stage, identity reification, reinforces the importance of 'doing' and enaction to the organisational identity formation process. This lends credence to arguments around practicing identity at an organisational level (Oliver and Vough, 2020). This study contributes to entrepreneurship literature by specifying the sensemaking and identity-making activity which may hinder or support the formation of a new venture identity. The recognition of formal venture boundaries was critical to disentangling founder identity from the organisational identity of the new venture. This study suggests how nascent entrepreneurs might over-privilege the organisational identity over their founder entrepreneur self-concept.

LIMITATIONS AND FUTURE RESEARCH

This study is exploratory in nature thus future research is required to clarify the relationship between identity work practices and the process of creating a new venture (Oliver and Vough, 2020). The paper is limited to successful instances of new venture formation, and though this

helped to extricate the identity transitioning stages and mechanisms that have thus far remained implicit within the process of new venture creation, it could be extended to examine entrepreneurs who fail to set up new ventures. This limitation opens avenues for further research on identity formation in failed ventures (Snihur and Clarysse, 2022) and on how entrepreneurs negotiate contested identities (Varlander *et al.*, 2020). Furthermore, entrepreneurs take different pathways to new venture formation (Shepherd *et al.*, 2021) and while this study follows the journey of aspiring entrepreneurs who differed in terms of sector, education and prior entrepreneurial experience (Shane, 2003), future researchers could undertake a more in-depth ethnographic study including the effects of incubator setting and how these can be best supported, as this was outside the original remit of our study. Given the importance of the university incubator (Bergman and McMullen, 2022), its role in the construction of new venture identity is an interesting area for future research.

IMPLICATIONS

This study provides a practical contribution into entrepreneurship curricula and incubator training, emphasising the importance of understanding the relevance of the entrepreneur's self-concept in making sense of future venture identities. Through the findings of this study, the importance of cue identification and how aspiring entrepreneurs rely on these to carve out the identity of their budding venture is demonstrated. Incubator spaces may have a role to play in supporting aspiring entrepreneurs to reflect on and interpret feedback (liminal sensegiving) during the venture creation process. Furthermore, both educators and incubator managers need to be aware of the state of in-between-ness aspiring entrepreneurs will face as they carve out the identity of the budding venture. This study enables educators to advise aspiring entrepreneurs that there will come a point on the entrepreneurial journey when they need to emphasise boundary setting between self and organisation to enable organisational identity to be fostered and venture formation realised. This study advises incubator managers to consider

whether support around business registrations and creation of business accounts should be provided earlier in the incubation programme to emphasise boundary setting between self and organisation. There is a fruitful avenue for future research to extend the work in this paper to fully understand how this might be taught and practiced in the classrooms.

CONCLUSION

This article explored how aspiring entrepreneurs navigate identity changes during new venture formation. It highlighted how aspiring entrepreneurs make sense of their own individual self-concept through referent identity labelling and conflate their self-concept and the organisational identity for the new venture through projection. The aspiring entrepreneur's self-concept undergoes a state of in-between-ness as they come to recognise the need to establish a separate organisational identity for the new venture. Liminal sensegiving and recognition of formal venture boundaries support the enactment of the new venture identity, as does the aspiring entrepreneurs' sensemaking of the new venture as having a tangible organisational identity (identity reification). This study provides a practical contribution for aspiring entrepreneurs, educators, and incubator managers in making sense of identity transitioning within the new venture creation process.

REFERENCES

Anderson, A. R., Warren, L., & Bensemann, J. (2019). Identity, enactment, and entrepreneurship engagement in a declining place. *Journal of Small Business Management*, 57(4), 1559-1577.

Bauman, Z. (2000) *Liquid Modernity*, Cambridge: Polity Press

Beech, N. (2011). Liminality and the practices of identity reconstruction. *Human relations*, 64(2), 285-302.

Bergman, B. J., & McMullen, J. S. (2022). Helping entrepreneurs help themselves: A review and relational research agenda on entrepreneurial support organizations. *Entrepreneurship Theory and Practice*, 46(3), 688-728.

Bouncken, R. B., Brownell, K. M., Gantert, T. M., & Kraus, S. (2022). Contextualizing founder identity in coworking spaces. *Journal of Small Business Management*: 1-32.

Bouncken, R. B., & Tiberius, V. (2021). Legitimacy processes and trajectories of co-prosumption services: insights from coworking spaces. *Journal of Service Research*, 10946705211050208.

Bouncken, R. B., Qiu, Y., Sinkovics, N., & Kürsten, W. (2021). Qualitative research: extending the range with flexible pattern matching. *Review of Managerial Science*, 15(2), 251-273.

Bouncken, R., & Barwinski, R. (2021). Shared digital identity and rich knowledge ties in global 3D printing - A drizzle in the clouds? *Global Strategy Journal*, 11(1): 81-108.

Brown, A. D. (2021). Identities in and around organizations: Towards an identity work perspective. *Human Relations*, doi: 10.1177/0018726721993910

Cardon, M. S., Zietsma, C., Saparito, P., Matherne, B. P., & Davis, C. (2005). A tale of passion: New insights into entrepreneurship from a parenthood metaphor. *Journal of business venturing*, 20(1), 23-45.

Chasserio, S., Pailot, P., & Poroli, C. (2014). When entrepreneurial identity meets multiple social identities: Interplays and identity work of women entrepreneurs. *International Journal of Entrepreneurial Behavior & Research,* Vol. 20 No. 2, pp. 128-154.

Christianson, M. K., and Barton, M. A. (2021). Sensemaking in the time of COVID-19. *Journal of Management Studies*. doi: 10.1111/joms.12658.

Crosina, E. (2018). On becoming an entrepreneur: *Unpacking entrepreneurial identity*. In A research agenda for women and entrepreneurship. Edward Elgar Publishing.

Davidsson, P., & Gruenhagen, J. H. (2021). Fulfilling the process promise: A review and agenda for new venture creation process research. *Entrepreneurship Theory and Practice*, 45(5), 1083-1118.

Demetry, D. (2017). Pop-up to professional: Emerging entrepreneurial identity and evolving vocabularies of motive. *Academy of Management Discoveries*, 3(2), 187-207.

Discua C, A., Hamilton, E., & Jack, S. L. (2021). Understanding entrepreneurial opportunities through metaphors: a narrative approach to theorizing family entrepreneurship. *Entrepreneurship & Regional Development*, 33(5-6), 405-426.

Domurath, A., Patzelt, H., & Liebl, A. (2020). Does negative feedback impact new ventures' organizational identity? The role of founding teams' human capital and feedback source. *Journal of Business Venturing*, 35(3), 105987.

Down, S., & Warren, L. (2008). Constructing narratives of enterprise: Clichés and entrepreneurial self-identity. *International Journal of Entrepreneurial Behavior & Research*.

Eisenhardt, K. M. (1989), "Building theories from case study research", *Academy of management review*, pp.532-550.

Fauchart, E., & Gruber, M. (2011), "Darwinians, communitarians, and missionaries: The role of founder identity in entrepreneurship", *Academy of management journal*, Vol.54 No.5, pp.935-957.

Fisher, G., Kotha, S., & Lahiri, A. (2016), "Changing with the times: An integrated view of identity, legitimacy, and new venture life cycles", *Academy of Management Review*, Vol.41 No.3, pp.383-409.

Foy, S. E., & Gruber, M. (2021). Identity-Society (Mis) Alignment and the instrumentalization of firm creation: Creative destruction and creative reconstruction. *Academy of Management Journal*, 65(2), 479-515.

Gacasan, E. M. P., Wiggins, M. W., & Searle, B. J. (2016). The role of cues in expert project manager sensemaking. *Construction management and economics*, 34(7-8), 492-507.

Gioia, D. A., Patvardhan, S. D., Hamilton, A. L., & Corley, K. G. (2013). Organizational identity formation and change. *Academy of Management Annals*, 7(1), 123-193.

Gioia, D. A., Price, K. N., Hamilton, A. L., & Thomas, J. B. (2010), "Forging an identity: An insider-outsider study of processes involved in the formation of organizational identity", *Administrative Science Quarterly*, Vol.55 No.1, pp.1-46.

Hoang, H., & Gimeno, J. (2010). Becoming a founder: How founder role identity affects entrepreneurial transitions and persistence in founding. *Journal of business venturing*, 25(1), 41-53.

Hoyte, C., Noke, H., Mosey, S., & Marlow, S. (2019). From venture idea to venture formation: The role of sensemaking, sensegiving and sense receiving. *International Small Business Journal*, 37(3), 268-288)

Kieran, S., MacMahon, J., & MacCurtain, S. (2022). Simple rules for sensemaking praxis: How HR can contribute to strategic change by developing sensemaking capability in organisations. *Human Resource Management Journal*, *32*(2), 299-320.

Knox, S., Casulli, L., & MacLaren, A. (2021). Identity work in different entrepreneurial settings: dominant interpretive repertoires and divergent striving agendas. *Entrepreneurship & Regional Development*, 33(9-10), 717-740.

Knox, S., & Casulli, L. (2021). Exploring founder identity tension, resolution, and venture pursuit. *Journal of Small Business Management*, 1-31.

Larson, G. S., & Pearson, A. R. (2012), "Placing identity: Place as a discursive resource for occupational identity work among high-tech entrepreneurs", *Management Communication Quarterly*, Vol.26 No.2, pp.241-266.

Leitch, C. M., & Harrison, R. T. (2016). Identity, identity formation and identity work in entrepreneurship: conceptual developments and empirical applications. *Entrepreneurship & Regional Development*, 28(3-4), 177-190.

Lindgren, M., & Wåhlin, N. (2001). Identity construction among boundary-crossing individuals. *Scandinavian journal of management*, 17(3), 357-377.

Lounsbury, M., & Glynn, M. A. (2001), "Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources", Strategic *management journal*, Vol.22 No.6-7, pp.545-564.

Maitlis, S., & Christianson, M. (2014), "Sensemaking in organizations: Taking stock and moving forward", *The Academy of Management Annals*, Vol.8 No.1, pp.57-125.

Manning, S., & Bejarano, T. A. (2017). Convincing the crowd: Entrepreneurial storytelling in crowdfunding campaigns. *Strategic Organization*, 15(2), 194-219.

McLaughlin, C., Bradley-McCauley, L., & Stephens, S. (2022). Exploring entrepreneurs' business-related social media typologies: a latent class analysis approach. *International Journal of Entrepreneurial Behavior & Research*.

McMullen, J. S., & 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.

Middleton, K. L. W. (2013). Becoming entrepreneurial: gaining legitimacy in the nascent phase. *International Journal of Entrepreneurial Behavior & Research*, Vol. 19 No. 4, pp. 404-424.

Mmbaga, N. A., Mathias, B. D., Williams, D. W., & Cardon, M. S. (2020). A review of and future agenda for research on identity in entrepreneurship. *Journal of Business Venturing*, 35(6), 106049.

Morris, M. H., Pryor, C.G., & Schindehutte, M. (2012), *Entrepreneurship as Experience: How Events Create Ventures and Ventures Create Entrepreneurs*, Edward Elgar Publishing.

Newbery, R., Lean, J., Moizer, J., & Haddoud, M. (2018). Entrepreneurial identity formation during the initial entrepreneurial experience: The influence of simulation feedback and existing identity. *Journal of Business Research*, 85, 51-59.

Oliver, D., & Vough, H. C. (2020). Practicing identity in emergent firms: How practices shape founders' organizational identity claims. *Strategic Organization*, 18(1), 75-105.

Orlikowski, W. J., & Scott, S. V. (2008). Sociomateriality: Challenging the separation of technology, work, and organization. *Academy of Management Annals*, 2(1), 433–474.

Radu-Lefebvre, M., Lefebvre, V., Crosina, E., & Hytti, U. (2021). Entrepreneurial identity: A review and research agenda. *Entrepreneurship Theory and Practice,* 45(6), 1550-1590.

Sandberg, J., & Tsoukas, H. (2015), "Making sense of the sensemaking perspective: Its constituents, limitations, and opportunities for further development. *Journal of Organizational Behavior*, Vol.36 No. S1, pp. S6-S32.

Shane, S. A. (2003). *A general theory of entrepreneurship: The individual-opportunity nexus.* Edward Elgar Publishing.

Shepherd, D. A., Souitaris, V., & Gruber, M. (2021). Creating new ventures: A review and research agenda. *Journal of Management*, 47(1), 11-42.

Sinkovics, N. (2018). *Pattern matching in qualitative analysis.* The sage handbook of qualitative business and management research methods, 468-485.

Smith, R., & Warren, L. (2021). What jokes about entrepreneurs tell us about how humour may shape and de-legitimise public perceptions of entrepreneurial identity? *International Journal of Entrepreneurial Behavior & Research,* Vol. 27 No. 4, pp. 1011-1032.

Snihur, Y., & Clarysse, B. (2022). Sowing the seeds of failure: Organizational identity dynamics in new venture pivoting. *Journal of Business Venturing*, 37(1), 106164.

Snihur, Y., Thomas, L. D., Garud, R., & Phillips, N. (2021). Entrepreneurial framing: A literature review and future research directions. *Entrepreneurship Theory and Practice*, 10422587211000336.

Snihur, Y. (2016). Developing optimal distinctiveness: organizational identity processes in new ventures engaged in business model innovation. *Entrepreneurship & regional development*, 28(3-4), 259-285.

Steyaert, C. (2007). 'Entrepreneuring' as a conceptual attractor? A review of process theories in 20 years of entrepreneurship studies. *Entrepreneurship and regional development*, 19(6), 453-477.

Stryker, S. and Burke, P. J. (2000) 'The Past, Present, and Future of an Identity Theory', *Social Psychology Quarterly*, 63(4), pp. 284–297.

Sveningsson, S. and Alvesson, M. (2003) 'Managing managerial identities: organisational fragmentation, discourse and identity struggle', *Human Relations*, 56(10), pp. 1163–1193.

Tajfel, H. (2010), *Social identity and intergroup relations* (Vol. 7), Cambridge University Press.

Värlander, S. W., Sölvell, I., & Klyver, K. (2020). Entrepreneurship as a vocational choice in contested entrepreneurship communities: The role of entrepreneurs' justification strategies. *Journal of Business Venturing*, 35(3), 106006.

Watson, T. J. (2009). Entrepreneurial action, identity work and the use of multiple discursive resources: The case of a rapidly changing family business. *International Small Business Journal*, 27(3), 251-274.

Weick, K. E. (2012). Organized sensemaking: A commentary on processes of interpretive work. *Human relations*, 65(1), 141-153.

Whetten, D. A. (2006), "Albert and Whetten revisited: Strengthening the concept of organizational identity", *Journal of management inquiry*, Vol.15 No.3, pp.219-234.

Wiggins, M.W. (2012) *Making sense of sustainability: a cue-based approach to sustainable organizational performance*, in Avery, G. and Hughes, B. (eds.) Fresh Thoughts in Sustainable Leadership, Tilde University Press, Melbourne, pp. 38–48.

Yin, R. K. (2018). *Case study research and applications.* Sage Publications.

Zhang, Y., & Biniari, M. G. (2021). Forging a collective entrepreneurial identity within existing organizations through corporate venturing. *International Journal of Entrepreneurial Behavior & Research.*