

**BALANCING “WHAT MATTERS TO ME” WITH “WHAT MATTERS TO THEM”:  
EXPLORING THE LEGITIMATION PROCESS OF ENVIRONMENTAL  
ENTREPRENEURS**

**ABSTRACT**

We extend current knowledge on new venture legitimation by focusing on how environmental entrepreneurs enact their values and beliefs during the legitimation process and on the resultant business and personal consequences. On the basis of our longitudinal analysis of six cases studies we develop a staged process model of legitimation. Our findings suggest three novel insights. First, the entrepreneur’s (i.e. the legitimacy seeker’s) own values and beliefs are found to anchor initial decisions about how to gain legitimacy (the “what matters to me” stage) but are then toned down as attention shifts to gain legitimacy from diverse audiences (the “what matters to them” stage). Eventually, the entrepreneurs arrive at an approach that balances “what matters to me and them”. Second, we are able to explain how and why these changes in legitimation take place. The entrepreneurs learned to adapt their legitimation work by engaging in reflection and reflexivity about both the business and personal consequences of their work in each stage. Finally, we detail the significance of dissonance to this process as a trigger for changes in behavior. Overall, our three insights allow us to extend the notion of what a skillful legitimacy seeker might be.

**Keywords:** *New Venture Legitimation, Legitimation Process, Environmental Entrepreneurship, Consequences of Legitimation*

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**1. INTRODUCTION**

*“There are lots of bad reasons to start a company. But there is only one good, legitimate reason, and I think you know what it is: it’s to change the world”* Phil Libin, CEO of Evernote.

While a desire to express their personal values through their business and make a positive difference to society drives some individuals to embark on their entrepreneurial journey (Fauchart and Gruber, 2011; Miller et al., 2012; York and Ventakaraman, 2010), they must do so within constraints (Rindova et al., 2009). One such constraint on an entrepreneur’s freedom to express their values is the need to gain legitimacy for their new ventures (Aldrich and Fiol, 1994). An entity is granted legitimacy when it is deemed “desirable, proper or appropriate within some socially constructed system of values, beliefs and definitions” (Suchman, 1995: 574), that is, when the entity is aligned with institutional norms.

Recent research on new venture legitimation, refers to the need for “legitimate distinctiveness” (Navis and Glynn, 2011); new ventures face the specific challenge of not only demonstrating conformity with institutional norms but also distinctiveness (i.e., aspects of the business which are unconventional or novel) (De Clercq and Voronov, 2009). New venture legitimation therefore has been presented as a complex social process (Bitektine and Haack,

2015; Harmon et al., 2015; Überbacher, 2014; Voronov et al., 2013), involving interplay between audiences' interpretations and judgments and the strategic actions of entrepreneurs seeking to favorably influence these interpretations and judgments (Navis and Glynn, 2011). Studies of entrepreneurs who have successfully gained legitimacy for their new ventures suggest that they act as skillful users of symbolic actions (Zott and Huy, 2007) and as skilled cultural operators (Lounsbury and Glynn, 2001). Skillful legitimacy seekers can therefore be seen as individuals who are able to orient their stories and actions to appeal to their audiences (Lounsbury and Glynn, 2001). Importantly, this alignment with audiences' preferences and judgments is likely to constrain what entrepreneurs can and cannot do with their ventures. While on the face of it entrepreneurs may be skillfully acquiring legitimacy for their new ventures, we do not know what they have to sacrifice in the process. Rindova and colleagues (2009) suggest that the process by which entrepreneurs balance expressing their values and desire to make a difference with the constraints imposed by the legitimation process is a "fundamental paradox of the entrepreneurial dynamic, yet one that has been given only limited attention in entrepreneurship research" (p. 483). By turning attention to the role played by the entrepreneur's values and beliefs in the legitimation process therefore our research seeks to generate new insights into how entrepreneurs might address this paradox. Our research specifically asks: *How, and with what consequences, do entrepreneurs (skillfully) enact their values and beliefs in the new venture legitimation process?* We deploy the term "values and beliefs" to capture centrally held, enduring views which guide actions and judgments across specific situations and beyond immediate goals (Rokeach, 1968: 161). For the entrepreneurs we studied these included environmental and social justice values as well as the belief in the legitimacy of blending environmentalism with doing business.

To address this question we examined six new ventures over a period of four years and developed a process model of new venture legitimation in the setting of environmental entrepreneurship. Environmental entrepreneurs typically seek to enact their values and beliefs (York and Venkataraman, 2010) in their ventures while attempting to gain legitimacy from diverse audiences, some of who may not share the entrepreneurs' belief in the compatibility of business and environmentalism.

Our inductively-derived process model demonstrates how entrepreneurs navigate the new venture legitimation process as they learn how to gain legitimacy while concurrently enacting their values and beliefs. We observe our entrepreneurs moving through three stages in the new venture legitimation process distinguishable by the extent to which the entrepreneurs' personal values and beliefs featured in their legitimation work [i.e. the actions undertaken to gain legitimacy (cf. Treviño (2014))]. We account for movement between these stages by explicating key aspects of the entrepreneur's learning about legitimation. All the entrepreneurs we studied appeared to learn how to skillfully gain legitimacy from their varied audiences (as evidenced by changes in their legitimation work and, as a result, gaining wider access to resources and support). However, all but one of our participant entrepreneurs experienced a degree of dissonance. That is to say, they reported to us feelings of discomfort and inauthenticity stemming from recognizing that their legitimation work was at odds with the values and beliefs they were seeking to enact. We argue, therefore, that while entrepreneurs may become skillful in the sense that they successfully gain legitimacy for their ventures, skillfulness for most of our entrepreneurs meant being able to achieve this without feeling too compromised. Our findings suggest that "skillfulness" is not just about learning how to satisfy "what matters to them" (their audiences) but doing so while accommodating "what matters to me".

The paper continues as follows. We firstly situate our study within the literature on emancipatory entrepreneurship and new venture legitimation as we detail three interconnected shortcomings. In the ensuing research design and methods section, we outline the nature of our research setting (environmental entrepreneurship) and detail our process-orientated research design as well as our approach to data analysis. Drawing on quotes and insights from our fieldwork, we then present our findings. In the discussion, we detail the significance of our findings and, elaborate our three key contributions. We end the paper with suggestions for future research and offer a brief conclusion.

## **2. CONCEPTUAL BACKGROUND: THE NEW VENTURE LEGITIMATION PROCESS**

The ‘entrepreneurship as emancipation perspective’ (Jennings et al., 2014; Rindova et al., 2009) suggests that entrepreneurs can be motivated by a desire to break free from the conventional structures and practices associated with traditional workplaces. Entrepreneurship is seen as providing the freedom to enact one’s values and beliefs and hopes to make a difference (Rindova et al., 2009). The envisioned end goals of emancipatory entrepreneurship can range from merely questioning conventional practice to being utopian whereby the entrepreneurs seeks enact a “brave new world” (Rindova et al., 2009; Jennings et al., 2014). These goals must be enacted within constraints (Rindova et al., 2009), such as the need to gain legitimacy. New ventures need to gain legitimacy in order to engage stakeholders (Clarke, 2011), attract resources, and in turn, improve the prospects of survival and longer-term success (Aldrich and Fiol, 1994; Tornikoski and Newbert, 2007; Zimmerman and Zeitz, 2002).

For entrepreneurs, gaining legitimacy for their new ventures rarely involves mere adherence to institutional norms. In some cases, for example when entering new markets, such norms may not even exist. Instead, entrepreneurs need to be actively involved in shaping others’

perceptions (Aldrich and Fiol, 1994; Lounsbury and Glynn, 2001; Martens et al., 2007; Zimmerman and Zeitz, 2002) by concurrently conforming to audience expectations (i.e. institutional norms) and displaying distinctiveness (Navis and Glynn, 2011). Entrepreneurial actors can draw on political and story-telling skills (e.g. Garud et al., 2014; Lounsbury and Glynn, 2001; Navis and Glynn, 2011; Ruebottom, 2013), use a variety of different types of arguments (van Wervan et al., 2015) and/ or use visual symbols (e.g. setting, props, dress and expressiveness) (Clarke, 2011) as they actively negotiate legitimacy with their audiences. Scholars have suggested therefore that successful entrepreneurs skillfully deploy a variety of tactics (e.g. Nagy et al., 2012; Martens et al., 2007; Zott and Huy, 2007) to demonstrate congruence between the new venture and the audience's expectations. While these tactics might be usefully deployed by the entrepreneur to garner support from audiences it is suggested that entrepreneurs' dreams to make a difference often turn into illusions as entrepreneurs "find themselves trapped in the same conventional structures of authority" (Rindova et al., 2009: 479). For example, venture capital investors may provide the financial resources and support needed to fulfill the economic potential of the venture, but entrepreneurs may need to "crop down" their dreams to accommodate investor preferences (Rindova et al., 2009: 483). Unfortunately although the literature alludes to it (De Clercq and Voronov, 2011, Drori and Honig, 2013; Townsend and Hart, 2008), we still do not know how entrepreneurs' values and beliefs shape the new venture legitimization process nor do we know how the unfolding new venture legitimization process affects entrepreneurs (and their dreams).

Our review of the emancipatory entrepreneurship and new venture legitimization literatures lead us to conclude that there are three shortcomings, which if addressed, could significantly enhance our understanding of the early stage of the entrepreneurial journey. First, an

understanding of how entrepreneurs gain legitimacy while also remaining true to the values and beliefs that initially motivated them to engage in entrepreneurship is absent in the literature. Despite the growing attention being devoted to the values, beliefs and judgments (see Tost, 2011) of those evaluating and ultimately granting legitimacy (see: Navis and Glynn [2011] in the entrepreneurship setting and Bitektine [2011], Huy et al., [2014] in other settings), those of the legitimacy seeker (i.e., entrepreneur) are largely unaccounted for. Legitimacy judgments have been defined as the substantive perceptions, values and beliefs that underlie an individual's assessment of the extent to which an entity is deemed appropriate for its social context (i.e., is legitimate) (Tost, 2011: 690). If new venture legitimation is a negotiated social process (Bitektine and Haack, 2015), then not accounting for how the legitimacy seeker's values and beliefs shape the legitimation process is an important omission because we know that entrepreneurial behavior is partly shaped by the entrepreneur's *own* values and beliefs (Drori and Honig, 2013; Fauchart and Gruber, 2011; Rindova et al., 2009).

Second, while we know more about what entrepreneurs can do to successfully gain legitimacy, we still do not know *how* entrepreneurs arrive at this position: How do entrepreneurs *learn* which actions to take in order to gain widespread legitimacy? Unless they have prior experience of interacting with their various audiences, entrepreneurs face considerable uncertainty when starting their ventures and may not know how to interact with audiences to gain their support (Drori et al., 2009). As argued by Ruebottom (2011), this may be even more complex for hybrid entrepreneurs (e.g. environmental entrepreneurs) who seek legitimacy from even more diverse audiences. The fact that extant research has been based on an implicit assumption that new venture audiences share similar legitimacy judgments (Überbacher, 2014) is therefore problematic. One recent study (Garud et al., 2014) indicates that to contend with others'

disappointment that their venture didn't meet their expectations, entrepreneurs are engaged in an ongoing *process* of "replotting" their entrepreneurial stories. Similarly, Zott and Huy (2007) spoke of the ability of some entrepreneurs to customize their legitimation activity to audiences but fell short of explaining the process through which suitable customization was realized. Indeed, we believe that there is still much to be learned about the early stages of the new venture legitimation process and how entrepreneurs learn to gain legitimacy from a broad range of audiences while also remaining true to the values and beliefs they are seeking to enact. In sum, the *process* through which entrepreneurs become the "skillful" (Zott and Huy, 2007) "cultural operators" (Lounsbury and Glynn, 2001) needed to gain legitimacy for their ventures is not fully explained.

The third shortcoming we note relates to the consequences of the legitimation process. Überbacher (2014) outlines that extant literature has uniformly highlighted the positive consequences of new venture legitimation, largely in terms of the acquisition of support and resources from audiences. There may, however, be downsides to new venture legitimation that have been overlooked. One proposed downside might be that gaining legitimacy is too costly (Überbacher, 2014). For example, in the process of gaining legitimacy, the entrepreneur may have to make "real, material changes in organizational goals, structures and processes" (Ashforth and Gibbs, 1990: 180). Yet, we note that the personal consequences of making such changes for entrepreneurs have not been considered. As Rindova and colleagues eloquently put it, previous research "has not fully explicated the consequences of the "strings attached" that come with ... resources" (p.484) in the legitimation process.

Based on the above shortcomings associated with extant research, we seek to make a scholarly contribution by addressing our research question: *How, and with what consequences,*



*do entrepreneurs (skillfully) enact their values and beliefs in the new venture legitimization process?*

### **3. RESEARCH DESIGN AND METHODS**

Our aim was to develop a deeper understanding of the new venture legitimization process by focusing on how entrepreneurs enact their values and beliefs therein. We also sought to go beyond considering the business consequences of legitimization to exploring the potential personal consequences that may arise as a result of engaging in legitimization work. These aims evoked process research, which seeks to explain change and development over time i.e. temporally evolving phenomena (Langley et al., 2013; Van de Ven, 2007) such as that which occurs during the entrepreneurial journey (McMullen and Dimov, 2013). This research approach allowed us to consider the tensions, struggles and oscillations (Langley et al. 2013) involved in learning how to engage in new venture legitimization. We sought to explicate how the legitimacy seeker's values and beliefs, rather than legitimacy evaluators' demands alone, shape the legitimization process. Process research seeking to address such research puzzles in underexplored contexts calls for inductive, longitudinal, qualitative approaches, whereby the complex social processes at play can be more readily accessed by researchers (e.g. Bresman, 2013; Jay, 2013; Langley et al., 2013).

#### **3.1 Research Setting: Environmental Entrepreneurship**

In accordance with other process research designs (see Bruns, 2013), we selected an extreme setting as it would likely assist our theory-building efforts by providing particularly rich insights due to the "transparently observable" (Pettigrew, 1990) phenomena of interest. In our case, the chosen setting was environmental entrepreneurship. We deploy the term environmental entrepreneurship (e.g. York and Venkataraman, 2010) to capture entrepreneurial activity which

seeks to promote environmental welfare generally and address various sustainability problems specifically, while being financially sustainable (Cohen and Winn, 2007; Dean and McMullen, 2007; Hall et al., 2010; Meek et al., 2010; Muñoz and Dimov, 2015; Pacheco et al., 2010; Patzelt and Shepherd, 2011; York and Venkataraman, 2010)<sup>1</sup>.

Our rationale for selecting environmental entrepreneurship as a strategic research site for studying the new venture legitimation process is two-fold. Firstly, environmental entrepreneurs concurrently value the tenets of environmental activism and private wealth accrual (Mars and Lounsbury, 2009; see also Fauchart and Gruber's (2011) "missionary entrepreneurs") and often portray their environmental beliefs to the outside world (York and Venkataraman, 2010). We argue, therefore, that this setting is theoretically interesting as values and beliefs are more likely to be "transparently observable" (Pettigrew, 1990). Secondly, because environmental entrepreneurs operate in a hybrid setting characterized by the co-existence of "market" (e.g. Thornton, 2004) and "environmental"<sup>2</sup> logics, they will likely encounter audiences with multiple, oftentimes, conflicting institutional expectations and beliefs regarding what is legitimate (De Clercq and Voronov, 2011). As a result, we argue that environmental entrepreneurs likely encounter greater uncertainty and complexity than entrepreneurs operating in more established setting (De Clercq and Voronov, 2011; Mars and Lounsbury, 2009; Munoz and Dimov, 2015) and, therefore, be particularly attentive to the demands of the legitimation process.

### **3.2 Data Collection**

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<sup>1</sup> While the term 'sustainable entrepreneurship' has also been used to capture entrepreneurial activity driven by economic and environmental considerations (Dean and McMullen, 2007), recent definitions (see Muñoz and Dimov, 2015) also emphasize social considerations. Whilst addressing social issues was important to our research participants, we found that the integration of environmental and economic considerations was a priority for them; hence our use of the term environmental entrepreneurship.

<sup>2</sup> Drawing on Hoffman (1999) and Mars and Lounsbury (2009) we argue that those subscribing to an environmental logic are guided by the belief that (1) the natural environment is being degraded by human activity and, (2) society should act collectively to prioritize protecting the natural environment.

We carried out a longitudinal, qualitative study of six, new environmental ventures based in the UK over a four year period. The use of multiple cases often yields more accurate and generalizable explanations than single cases and this facilitates theory-building (Eisenhardt and Graebner, 2007; Langley et al., 2013). Further, such a multiple case design has been advocated by scholars of legitimation processes (e.g. Voronov et al., 2013), and legitimation activity by entrepreneurs (e.g. Clarke, 2011; Ruebottom, 2013; Zott and Huy, 2007).

### **3.2.1 Selection of Cases**

We selected our cases using the principles of theoretical sampling; decisions regarding who to talk to were determined by theoretical appropriateness rather than representativeness (Eisenhardt and Graebner, 2007; Glaser and Strauss, 1967). We deployed two criteria for selection: First, we sought ventures in the first year of start-up and operating in a similar geographical area (Zott and Huy, 2007). Selecting early stage ventures was important since the process of gaining legitimacy for the new ventures would be unfolding in real time as we conducted our research. Second, we sought ventures from diverse sectors that had traditionally overlooked the environmental logic e.g. Jewelry, Packaging, Transport, Web-design. This criterion of sampling from diverse sectors also helped minimize the effects relating to specific agendas in one or other particular industry (Sarasvathy, 2008). Relatedly, we intentionally excluded ventures that would have had an early legitimacy advantage such as ventures that had already won a prestigious contract or that were operating in an industry where the environmental logic had more widespread legitimacy. For example, if we had selected renewable energy - an industry which had been receiving significant regulatory legitimacy from UK governmental policy at the time and a more a favorable institutional environment (cf. Russo, 2003) - legitimation efforts might have been less emergent.

Indeed, the entrepreneurs would be able to draw legitimacy from this regulatory source with, perhaps, less need to actively negotiate legitimacy from diverse audiences.

With the above criteria in place, and following recommendation from several initial contacts in the field (e.g. a journalist working on environmental entrepreneurship and a CSR consultant), we turned to a comprehensive online listings website for UK ethical and environmental organizations. This website publishes brief profiles of, and links to, businesses with “*basic practices of good ethics with some connection with sustainability, care for the environment or of others and promote responsible living and trading*” (as vetted by the website owner). We devised a list of appropriate cases by examining written materials (e.g. their websites and blogs). Finally, by contacting ventures that met our criteria, explaining what participation would involve, and ultimately, negotiating access, we proceeded to conduct our research in six new environmental ventures. See Table 1 for details of the six cases.

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Insert Table 1 about here  
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### **3.2.2 Data Sources**

We gathered our data from a variety of sources: (1) 18 interviews with the principle entrepreneur(s) who founded the six environmental ventures (three rounds of interviews for each venture; one venture had two founders so we interviewed them both together for each of the three interviews), (2) 24 interviews with individuals from various audiences of the ventures including customers, employees and suppliers, and (3) documents such as blogs, websites, press coverage, company reports. Accompanying each entrepreneur’s interview are field notes which cover any additional non-recorded discussions, our general observations, and details about the entrepreneur’s mood and emotional expressions. An overview of the data gathered is presented

in Table 1. The data were collected by the first author, allowing the second author to maintain a valuable perspective of distance (Langley et al., 2013). All interviews were recorded with permission and transcribed verbatim. We stopped collecting further data when we established that theoretical saturation had been reached (Strauss and Corbin, 1998). In practice this was when we were no longer able to draw out new inferences about how values and beliefs were being enacted (and the consequences of so doing) during the new venture legitimation process. While this was achieved on a case by case basis, by the third round of interviews (i.e. when the entrepreneurs had several years of legitimation experience), we were being told more about past experiences and events (which had been mentioned in previous interviews) than we were about current events and new reflections on the process.

*Entrepreneur interviews.* Three rounds of interviews were conducted with the entrepreneurs involved in our six cases. The interviews took place at intervals of between one year and 18 months. Each meeting lasted approximately one hour with some lasting up to two hours. As is typical for theoretical sampling approaches, the first round of interviews involved more “open-ended” conversations allowing the entrepreneurs to tell their story and subsequent interviews became more focused as we developed a tighter direction for the research (Glaser and Strauss, 1967). Having three rounds of interviews allowed “designed-in” flexibility (Gioia et al., 2013); issues could emerge from the participants, which could then be incorporated into future questions. Furthermore, at each meeting, and via emails afterwards, we were able to gain feedback from the participants on our emergent interpretations of their accounts.

*Audience Interviews.* We interviewed stakeholders from each of the cases to understand how various audiences viewed the entrepreneurs and their businesses. Due to the potential difficulty of identifying audiences ourselves and considering the need to maintain a good

relationship with the entrepreneurs, we asked them to suggest potential interviewees. We requested as wide a range of audiences as possible, suggesting approximately four or five per case to include mentors, suppliers, customers and employees as examples. We drafted an email, which was sent via the entrepreneur, and then willing parties got in touch with us. The full list of participants is listed in Table 1. Interview questions focused on uncovering how the audience came to work with the focal business, on gathering their perspectives on what they valued about the business, and on if and how they offered feedback to the entrepreneurs. While we were unable to observe direct legitimation interactions with the audiences as proposed by Überbacher (2014), we were able to gather some audiences' perspectives on the entrepreneurs and their insights into the entrepreneurs' new venture legitimation efforts.

*Documents.* We sought documents from a variety of sources such as websites, blogs, media coverage and environmental impact reports. Table 1 includes a summary of the documents gathered. To capture the dynamic nature of the legitimation process, documents were gathered both at the early stages of the business and as the study progressed. Importantly, these documents provided evidence of how the legitimation approach changed over time as the entrepreneurs received feedback from their audiences (e.g. changing “about us” wording on websites) as well as providing us with evidence as to how and when legitimacy was being granted (e.g. press releases about awards or blog entries about new clients) i.e. the business consequences of legitimation.

### **3.3 Analytic Approach**

Having ceased data collection, we developed a case narrative for each of the six cases to assist our understanding of its particular circumstances. Paying particular attention to legitimation, each narrative focused on the key “events”, i.e. what the entrepreneurs did and what happened to

them (Van de Ven and Engleman, 2004), over the period of study. We were able to draw on audience interviews and the documents to triangulate the entrepreneurs' accounts (e.g. Bresman, 2013; Walsh and Bartunek, 2011). These narratives enabled us to ascertain the temporal sequencing of salient events (Van de Ven and Engleman, 2004) in the legitimation process in each case. This provided the basis for bracketing three approximate stages in the legitimation process with each one characterized by the entrepreneurs' values and beliefs differently. This step also allowed us to explore other sequences of unfolding events (e.g. audience feedback) as well as the apparent legitimation consequences (e.g. both the entrepreneur's concerns and emotions – personal consequences - as well as the impact on the business – business consequences).

Our analysis followed “cycles of inductive and deductive reasoning” (e.g. Walsh and Bartunek, 2011: 1021) and was guided by the “Gioia Methodology” (Gioia et al., 2013) as detailed in the four steps below. We used QSR NVivo as a tool to organize our data and access each other's coding efforts.

*Step One:* This involved the first author inductively developing a tentative list of 48 first order codes, faithful to the data (Gioia et al., 2013), which emerged from a careful process of reading and re-reading all the transcriptions and case narratives. Then, both authors worked to establish any similarities and to clarify and resolve any differences between the codes. Following much discussion and further scrutiny of the codes each author independently coded a sample of founder interviews (across each time point), audience interviews, and documents. We then compared our coding to reveal that we had approximately 92% agreement between the authors; we resolved any inconsistency in our coding through further discussion. For example, we agreed to condense the “environmentalism”, “social justice” and “family values” codes into one code to

capture references to the participants' own social and environmental values (“Social and environmental values”). We had found that there was much crossover in talk about social and environmental values and family values as illustrated in quotes like “my family always spoke about green issues” and “leaving a better world for my children”. This process yielded a list of 21 final first-order codes (see Table 2)..

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Insert Table 2 about here  
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*Step Two:* As recommended by Van Maanen et al. (2007) the next stage involved returning to the literature to gain additional theoretical insights for assistance with data analysis. A more deductive stage ensued whereby, through further exploration of the literature, we were better placed to cluster together the first order codes into second order themes. These themes are categories combining insights from the data and the literature to piece together “what’s going on here” theoretically (Gioia et al., 2013). By returning to literature on legitimation for example (e.g. De Clercq and Voronov, 2011; Navis and Glynn, 2011), we were able to identify clusters of first order codes suggestive of the entrepreneurs’ approach to legitimation work. For example, statements that illustrated how they portrayed their values and authenticity in encounters with others, and statements that juxtaposed the entrepreneur’s business to others in the sector were interpreted as conveying “standing out” (De Clercq and Voronov, 2009) when seeking legitimacy; this became one of our second order themes. Over the course of many long meetings, we discussed our, now extremely deep, knowledge of the data and the cases as well as the emerging theoretical explanations concurrently (Gioia et al., 2013) to piece together the 21 codes into a final list of nine second-order themes (see Table 2).



*Step Three:* We next focused our effort on deciphering the relationship between each second-order theme in the legitimation process. To do so we scrutinized the themes during many in-depth discussions about the deeper theoretical meaning of each of our second order codes. After various iterations, we concluded that we had three aggregate dimensions that clustered together sets of our second order themes according to whether they related to 1) values and beliefs in relation to legitimation 2) the nature of the entrepreneurs' legitimation work, and 3) the aspects that underpinned learning about legitimation that drove change in entrepreneurs' legitimation work and hence progression through the legitimation process (see Table 2).

*Step Four:* The final, critical stage in our process research involved us working with both the second order themes and the aggregate dimensions and returning to each case narrative to establish a process representation (Langley et al. 2013) capable of summarizing how the environmental entrepreneurs' values and beliefs were enacted in an evolving legitimation process. To this end, we engaged in a temporal bracketing strategy (Langley, 1999) whereby we considered what was happening when, why, and with what consequences, by scrutinizing events, feedback and reflections as noted in our case narratives. Doing so allowed us to derive our process model (see Figure 1).

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Insert Figure 1 about here  
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#### **4. FINDINGS**

Below, we use representative quotes and context description to illustrate how the entrepreneurs' values and beliefs feature in the new venture legitimation process. Our analysis suggests the existence of three stages in the legitimation process characterized by how the entrepreneurs' values and beliefs play out in this process (see Figure 1). These stages are labelled "what matters

to me”, “what matters to them” and “balancing what matters to me and them”. Further examples of data are included in the Appendix in case-by-case tables.

#### **4.1 “Standing Out” Legitimation Work: Portraying “What Matters to Me”**

*Eco-pioneer [name] has put in to action what most people are only beginning to get their heads around. Whilst some supermarkets are trying to cut down on packaging or charging for plastic bags to minimize their global footprint, [name] has eradicated the need for packaging entirely. The concept of re-using and re-cycling is high on [name’s] agenda. Her flat in [place], which was renovated by an eco-building company has been furnished entirely from re-used furniture. (Press Article, Poplars)*

As illustrated in the excerpt from the above, entrepreneurs often embark their entrepreneurial journey by being open about their passion for addressing environmental sustainability and green issues; the entrepreneurs we studied were keen to tell others how this was central to their business. Indeed, the founder of Poplars told us jokingly how her friends hid disposable plastic shopping bags from her because “*amongst my family and friends, I’m like the eco-terrorist*” and explained “[these] *ethics are really at the core of what we do...this is the way that I believe the business should be run*” (Poplars). Echoing this, Maple’s founder, who had recently retro-fitted his home with advanced environmentally-sound technologies, spoke unequivocally about his firm belief in business as a route for advancing environmentalism:

*“No-one is really addressing it [the need for environmental change] very well and if they are it is at an academic level and not at the coalface, not at the actual service provision, goods provision, which is exactly what we want to do. So that’s the vision that we have; to provide people with real tangible ways to green their lives” (Maple).*

The entrepreneur’s own belief that business (as opposed to activism and charity work) is “*the best mechanism*” (Maple) for advancing environmentally sustainable practices was clearly expressed to us, for example:

*It was the fact that I wanted to buy products without packaging and...I thought that having a business would be the best way to achieve that aim... rather than having a campaign or being an NGO (Poplars).*

The entrepreneurs we spoke to were firm believers in the legitimacy of blending environmental and market logics (cf. Mars and Lounsbury, 2009). Further, our analysis highlighted that these entrepreneurs were drawing upon this belief to guide their legitimation approach. For instance, Oak told us: “*we thought we should go with what we believed in and that is why we did it, there was no other reason*”. Indeed, the entrepreneurs’ beliefs and values were directly feeding into early, transparent statements aimed at their audiences: “*We hope to make more people aware of the widespread environmental and human exploitation within the conventional jewelry industry*” (Ivy, Media Interview). Initially, therefore, the entrepreneurs were deliberately portraying their own ethical and environmental values to others as much as possible. This was achieved by, for example, “[asking] *our clients to sign an ethical policy*” (Cedar). Indeed, we found the entrepreneurs hoping to gain legitimacy by demonstrating (1) their values in relation to environmentalism and (2) their belief in the legitimacy of addressing environmental sustainability through the means of business.

By focusing on “what matters to me” in their businesses (e.g. cutting carbon emissions, reducing packaging or tackling unsustainable gold mining practices), we found the environmental entrepreneurs keen to “stand out” (De Clercq and Voronov, 2009) and be “distinctive” (Navis and Glynn, 2011) from incumbent businesses. For example, Willow told us “*We tried very daring positioning [and] by trying to create a personality in its own right we were breaking the mold of the industry.*” This stage was characterized by effort to demonstrate that their new ventures’ ethos is imbued with the founders’ commitment to environmental sustainability; yes they are entrepreneurs but they are ones who “*give a shit*” (Maple).

### *Learning from the Consequences of Enacting “What Matters to Me”*

Across our cases, we found that demonstrating “what matters to me” was resulting in legitimacy being bestowed largely by audiences who shared their values and beliefs: *“I needed someone who had the same interests and the same points of view. So that’s what Oak were to me - a natural partner”* (Oak, Early Client) and *“because of our values we have more sales”* (Poplars). However, we sensed a growing concern that a broader set of potential clients, suppliers, investors and others were disengaged with the “what matters to me” approach. *“Some of them [customers] came in here; “oh you are ethical, that’s nice. Now can I see some jewelry?”* (Ivy). Conversely, there were some encounters with a “dark green” (Poplars) audience whom were even more demanding e.g. *“has it got vegetable ink? ... are the rope handles recycled?”* (Willow). Following encounters with audiences holding divergent legitimacy judgments, the entrepreneurs began to note that their positioning was at once both too green or not green enough. Indeed, there was gradual recognition that focusing on “what matters to me” was a barrier to wider legitimacy.

These encounters with audiences who didn’t align with the entrepreneurs’ values and beliefs led entrepreneurs to reflect on the effects of their initial legitimization work. Firstly, in terms of business consequences, Oak told us that they were losing business due to negative reactions to their passion for combining environmental sustainability with business; *“the mixed messaging was something that actually almost worried them... [they thought] that we were going to put the environment before their business needs”* (Oak). We saw the entrepreneurs gradually realizing the limits of occupying a “specific niche” which had helped them quickly gain legitimacy from some audiences but which also had a knock-on effect on the business as it *“hindered us from growing”* (Oak). Secondly, we noted the entrepreneurs reflecting on criticism

from “ethical and green” audiences. For instance, Cedar had been berated by users on a general green living online forum. The founder shared their reaction:

*People who are interested in ethical and green [issues] can often be quite judgmental... That school of thought had a big influence on us and the way that we want to position ourselves... it has to be attractive to everybody otherwise there is always going to be this weird fringe thing that a few people do (Cedar).*

These two significant consequences – losing business and being subject to criticism by others – were somewhat surprising to the entrepreneurs: “*I found it strange and I really don’t know... I’m thinking ‘oh this is not what I’m about’*” (Cedar). This set in motion a process of reflecting on and reflexivity evaluating the feedback they were receiving whereby the entrepreneurs were now questioning the durability of a “what matters to me” approach to legitimation:

*[Our being sustainable] doesn’t matter to everybody but the fact that it matters to us, and that we have tried to at least communicate that it matters to us... was a start (Oak).*

We note that reflexivity goes beyond reflection. The former involves self-consciousness and intentional self-introspection (Brannick and Coghlan, 2007). Reflexivity involves attempting to understand “the many ways in which one’s own presence and perspective influence the knowledge and actions which are created” (Fook, 2002: 43). In terms of reflexivity, Cedar’s founder told us that she had started to worry that by sharing her values others might misconstrue this as a type of snobbery: “*I was kind of thinking our being green and ethical isn’t about sitting on a post and feeling that you are superior to everyone*”. As a consequence of both mainstream and the ethical and green audience responses to trying to gain legitimacy by displaying “what matters to me”, the entrepreneurs were reconsidering their values-based “*positioning*” (Cedar). We noted that when reflected upon, the combination of being viewed as a niche business and having one’s values negatively judged, the environmental entrepreneurs began questioning

whether portraying their personal values and beliefs about the legitimacy of blending business with environmentalism (Mars and Lounsbury, 2009) was the best approach for legitimation. As such, they began exploring alternative approaches to legitimation.

#### **4.2 “Fitting In” Legitimation Work: Reflecting “What Matters to Them”**

*In six months from now we’ll have a much better way of doing things...the only way of finding that out is to really just go through the process of trial and error (Oak).*

Upon our return to the field, we witnessed a shift in how the entrepreneurs spoke about their legitimation efforts. Typically this now anchored around survival and being commercially viable e.g. *“The only way to make it perfect is to start it up and show people that you can make money”* (Poplars). The founder of Ivy clearly expressed his shift towards legitimation on the basis of accommodating various audiences preferences. This entrepreneur had picked up on the fact that many of his customers were, in fact, more interested on their bespoke jewelry than their environmental credentials: *“If we develop the business as we would like to ...we’ll push beyond [ethical consumers] into people who are just looking for high quality, bespoke jewelry”* (Ivy). We were witnessing an adjustment towards toning one’s own values and beliefs down: *“Sometimes we didn’t really get the response we were looking for so we gradually changed...because we don’t want to drive people away, we don’t want to be preachy”* (Oak). Our analysis showed that the main anchor of legitimation had now shifted away from the entrepreneurs’ own values and beliefs – “what matters to me” – towards “what matters to them”.

This shift was observed clearly in the case of Willow: When they first launched the business, the emphasis was *“about being green”*, however, when later facing a panel of investors who took the

entrepreneur to task about “*being on a mission*” the response was “*we started this business because we saw a gap in the market...it is a business not a charity*” (Willow). Legitimation work was now about deciphering others’ values and beliefs to find out precisely how to best secure legitimacy from a wider set of audiences. We see this stage of the legitimation process being characterized by an increasing awareness of the need to meet wider business audiences’ expectations. We observed this in practice as involving to “fitting in” (De Clercq and Voronov, 2009) legitimation work by displaying that the entrepreneurs understood “what matters to them”.

### ***Learning from the Consequences of Enacting “What Matters to Them”***

A direct consequence of the “what matters to them” legitimation approach was attracting different audiences to the business. For example, a new client-facing stakeholder of Ivy’s told us at first she “*hadn’t noticed the ethical dimension*” (Collaborator, Ivy) but wanted to work with Ivy as they shared the same kind of discerning clients. By holding back on “what matters to me”, the entrepreneurs were now widening their ventures’ appeal:

*It has now got support from upper-middle class, sensible kind of 50 something year olds, and they’ll come in and spend because it’s a really civilized form of rebellion... and it is nice to do something civilized because it makes people think “this is the sensible things to do; I’m supporting local businesses and enhancing our local community”. (Poplars, Employee)*

The environmental entrepreneurs were now appealing more to the mainstream as they made use of different messages e.g. focusing on “*shopping locally*” (Poplars) or emphasizing quality; “*we are actually very good at what we do*” (Cedar). While the business consequences of “what matters to them” legitimation were clearly positive, our analysis indicated some emerging personal consequences resulting from moving away from “what matters to me”.

The entrepreneurs appeared to deal with the move towards “what matters to them” in two distinctive ways. First, we observed one entrepreneur with a pragmatic stance about having to play down their values Ivy told us *“I had a guy who came in who wasn’t interested in ethics at all...So the ethical part of our conversation lasted about ten seconds. He just didn’t care, good luck to him”*. However, secondly, we found the majority reflected much more about how they felt about concealing their own environmentalism from audiences with whom they now interacted. For example, Oak told us of a personal knock-on-effect of avoiding “confusing” potential clients with too much talk of their values:

*We do have these times when we try to find a more sustainable angle to what we are doing...we feel we have become too service-focused and not enough values-focused... I would say it is a personal struggle not so much of a struggle for the business (Oak).*

The founder of Poplars told us: *“I do wonder about advice from mentors who said you have got to be not so purist about that aspect of it. And I personally think I would rather not do it than give up on the ideals behind it”*. Furthermore, Cedar told us how they *“took offence”* when audiences told them to park their values and *“wait until you’ve got some money behind you”*. Indeed, other than Ivy<sup>3</sup>, the entrepreneurs all shared with us how they were upset by others’ doubts about their legitimation approach. Consequently, having to consider and act upon “what matters to them” had brought about a sense of dissonance for the majority of our environmental entrepreneurs. Dissonance stems from inconsistency between the beliefs one holds or between one’s actions and one’s beliefs (Festinger, 1957). It is particularly evident in situations where an individual’s freely chosen actions conflict with beliefs that are integral to his / her self-concept and when individuals value authenticity (Ashforth and Humphrey, 1993; Pugh et al, 2011).

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<sup>3</sup> Our data shows Ivy’s founder expressively dismissing the idea of being effected by other’s feedback – “that’s their choice”.



While the entrepreneurs we studied had started their businesses with the hope of being able to prove that environmentalism and business are “*absolutely compatible*” (Maple). However, as they advanced through the legitimation process, they were less able to translate this ethos into their legitimation activity. The “*struggle*” (Oak) therefore, was now one of how to cope with, and progress as an environmental entrepreneur, when one’s legitimation work was less aligned with one’s values than previously hoped. Some entrepreneurs were able to embrace this struggle by viewing it as an opportunity to learn and help refine their offering. Though appearing initially deflated by being criticized for their environmental (“what matters to me”) approach, Maple’s founder said: “*Sometimes it can just be one thing that can trigger a thought process that you might not have been having before... it’s really overwhelming... it’s a constant learning process*” (Maple). Nonetheless, developing a legitimation approach that achieved broader legitimacy but one that they were also personally at ease with (i.e. without experiencing dissonance) was an ongoing struggle for five of the six case studies. Our data showed that Ivy was the exception; this founder was consistently pragmatic about how to approach audiences and simply adapted his messages as he recognized a need. Ivy’s founder expressed to us that any negative feedback about his values “*doesn’t really bother me in the slightest*”.

#### **4.3 “Legitimate Distinctiveness” Legitimation Work: Balancing “What Matters to Me and Them”**

While it took some time for some entrepreneurs to come to terms with the demands of legitimation, our analysis suggests that all the entrepreneurs eventually found an approach to legitimation capable, to varying degrees, of balancing their own values and beliefs with those of others. We labeled this as “balancing what matters to me and them”. To illustrate the nature of

this approach we turn to an excerpt from Willow: “*gaining acceptance is about being passionate about your beliefs but not forcing them on other people or pushing people away by your passion or what you believe in*”.

We also witnessed a similar balance in a statement on Ivy’s website: “*At Ivy we are passionate about creating beautiful, bespoke jewelry and are committed to ethical sourcing.*”

This kept alive Ivy’s own values (“*ethical sourcing*”) but encompassed “*bespoke*” as a message with wider appeal. We also saw efforts to reflect both what matters to me and them in Maple’s website:

*[at the beginning] it wasn’t cool to be “green” and ecological businesses were seen as offering low quality at high prices. We wanted to change that perception and show how running or working with green businesses was a good idea – indeed, better than the conventional alternative. In practice, that meant – and still means today – just two things. First, being as good as possible at what we do. Second, doing it in the most environmentally friendly way we can. (Maple, Website)*

Our final round of conversations with the entrepreneurs suggested that they were now well positioned to demonstrate an optimal balance of “distinctiveness” while “conforming” to others’ beliefs about legitimacy i.e. legitimate distinctiveness (Navis and Glynn, 2011). This approach to gaining legitimacy underlines being both *good businesses* and *environmentally responsible* by emphasizing their congruence.

### ***“Balancing What Matters to Me and Them”: Consequences and Continuing Learning***

When we made our last visits to the six cases, the entrepreneurs were happy to reveal that their learning and adaptation throughout the legitimation process had paid off and now they were not only recognized as viable businesses but also as the environmentally-driven businesses they’d set out to be:

*Last year we won the small business recycler of the year at the National Recycling Awards. Which was a major feat for us...it has definitely raised our profile, [we are] more credible in that industry... We'd [already] succeeded gaining investment but that didn't make us environmentally friendly, you know? (Willow).*

Furthermore, Oak were celebrating a new client:

*We have a contract now with a serious start-up business that's got millions of pounds of funding. I think they want to work with people who have energy and they don't want to work with stuffy corporate agencies. They wanted someone who was excited about what they were doing in terms of their solar products. But at the same time they wanted to use Word Press, I don't think they would've hired us unless we were word press experts just because we were green, that wouldn't have been enough [but] I think they thought "oh great" that we have this [environmental] policy.*

In terms of the business consequences, being able to balance “what matters to me and them” was a fine-tuned approach to gaining wider legitimacy that connects the interests of audiences without obscuring the environmental values of the entrepreneurs. Importantly, our analysis demonstrated that legitimate distinctiveness (Navis and Glynn, 2011) was obtained by carefully balancing “what matters to me” with “what matters to them”.

It is worth noting that while our model of the legitimation process appears to end at this stage, our analysis recognizes the continually evolving nature of the legitimation process. This fluidity can be attributed to a need for sensitivity to shifts in environmental conditions as well as any resultant shift in audiences' legitimacy judgments. For example, in the case of Ivy, a new fair-trade market emerged over the course of our research. The entrepreneur told us about the impact of this; *“the Fair Trade Foundation has started certifying fair-trade gold; I think it is significant because it increases consumer awareness of these issues. It feels like we are swimming with the tide a little bit which is nice.”* For Ivy, being an ethical jeweler was gaining

public acceptance, which made it easier to embed environmental messages in their legitimation work.

Interestingly, about a year into our study there was a significant global economic downturn. Willow spoke about this issue and its impact on their approach to legitimation: *“In the recession people are more worried about price than anything else. There are lots of people that supposedly cared about environmental issues now saying “it has got to be cheap”*. Our data suggest that continuous reflection is required to take into consideration any changes in external conditions, and how one’s audiences are responding to such changes.

Despite the positive business consequences of the “balancing what matters to me and them” approach to legitimation illustrated above, focusing on the business masks a number of personal effects of legitimation efforts in the individual entrepreneurs. On a positive note, we also observed the entrepreneurs’ becoming more resilient and less emotional if challenged. For example:

*There have been times when people questioned our approach and said “how can you describe yourself as green” but then you just switch to another mode and go “well because of this and this” so you give them reasons (Cedar).*

Further, we found that some of our entrepreneurs who had been experiencing a sense of dissonance by not being able to adequately reflect their personal values in the “what matters to them” stage of legitimation had found ways of resolving this dissonance. For example although the entrepreneurs’ legitimation work had become less about reflecting their own values and beliefs than they had originally hoped, we found one way to cope with dissonance was to offer one’s values as a “second layer”: *“our messaging about our business is now more focused on our own capability and what we can do and what services we provide...and the values are a second*

*layer, that if you are interested, then this is who we are” (Oak). This widely deployed option kept the values message alive from the entrepreneur perspective even though the scope to reach others was much reduced: “I’d say about 5% of people have really noticed that green message now” (Oak).*

An alternative approach to resolving prior feelings of dissonance involved the entrepreneurs seeking out alternative audiences to whom they could express their values: *“I don’t talk about my values enough, particularly at the moment. I think I need to talk about them more... one of the ways [to tackle that] is by being yourself more - focusing on the minor things is not the way to inspire people” (Maple). At the same time, recognizing that external legitimization audiences might not be the best place to illuminate one’s values, Maple’s founder increasingly drew on his environmental values when talking to employees as a way to “inspire people”. Accordingly, for some of our entrepreneurs we found them resolving their feelings of dissonance by finding different outlets to talk about their values.*

Yet, our findings also point to some residual feelings of dissonance. We found that the time and effort spent devoted to learning how to balance multiple interests during legitimization could take its toll on an entrepreneur. For example, the founder of Poplars revealed *“suddenly you realize you are sacrificing a lot” and “packaging: do I really care that much?” (Poplars).*

When questioned further the founder told us:

*“The thing is we are still doing what we are doing, in fact I’ve had a lot of thoughts recently about jacking the whole thing in because it just feels like an uphill struggle, it just feels like the interests of the big corporates are so stacked against us, but then I can’t quite let it go... If we do the next shop and it doesn’t work out then I probably have to go you know what, we gave it a go, we changed some people’s thinking...” (Poplars)*

We found for some entrepreneurs continuing feelings of dissonance, stemming from not being able to *fully* (i.e. authentically) display one's values, were creating stress sufficient to create doubt over whether or not to continue the business. Some felt that after over three years of running their businesses, they had yet to realize the dreams they had hoped entrepreneurial activity would afford them.

*“The big challenge that I’m feeling at the moment is that if you look at the challenge that we face environmentally, what we need is really big changes and what I have done with [Maple] is not big enough. It’s great and it sort of builds credibility but it’s not a more ambitious entity where you raise millions of pounds to finance a business, for example. I haven’t developed that...” (Maple)*

Some entrepreneurs, however, held onto the hope that an opportunity to have the bigger impact is just round the corner (e.g. “*the next shop*” for Poplars’ founder); their hopes and dreams to make a difference were still simmering away.

Overall, our data suggest swings in the pendulum whereby legitimation work is guided by “what matters to me”, then by “what matters to them” before arriving at an approach that balances what matters to me and them”. However, our data show that while the entrepreneurs had achieved a degree of “legitimate distinctiveness” (as evidenced by recognition and greater access to resources), this was not without internal challenges for the entrepreneur. Feelings of dissonance stemming from not fully reflecting their personal values in their businesses can be demotivating and even lead some entrepreneurs to question their entrepreneurial ambitions. We propose truly skillful’ legitimators are those who are able to achieve widespread legitimacy while remaining authentic (true to their own values and beliefs).

## **5. DISCUSSION**

We began our paper by noting the absence of a detailed theoretical and empirical understanding of a “fundamental paradox” (Rindova et al., 2009: 483) for entrepreneurs: While they frequently embark on their entrepreneurial journey to have the freedom and autonomy to pursue their dreams (e.g. enact their (environmental) values, make a positive difference to society), they must do so while gaining legitimacy from diverse audiences. To understand how entrepreneurs go about resolving this paradox we set out to address the research question: *How, and with what consequences, do entrepreneurs (skillfully) enact their values and beliefs in the new venture legitimation process?*

Our empirical answer to this question was an inductively-derived, process model explaining how environmental entrepreneurs’ values and beliefs shape their new venture legitimation work over time while explicating resultant business and personal consequences. We believe that our research enables us to address the shortcomings associated with extant research and contribute to the field of entrepreneurship in three important ways: First, we contribute to knowledge of new venture legitimation as well as the emancipatory entrepreneurship perspective by explaining the role of values and beliefs in entrepreneurs’ legitimation work. Second, we provide a more complete understanding of new venture legitimation by explaining a process that incorporates the legitimacy seeker’s values and beliefs and not just their actions. Third, we offer novel insights into the consequences of new venture legitimation for entrepreneurs. We elaborate on each of these below.

### **5.1 The Role of Entrepreneurs’ Values and Beliefs in New Venture Legitimation**

Our focus on the values and beliefs of the entrepreneur in new venture legitimation contributes to extant knowledge by taking a more rounded view of the legitimacy seeker. That is, one that goes

beyond explicating the activities of the legitimacy seeker to also include an explanation of how and why these activities are chosen and evolve. It has been noted that motivations are an important component of the legitimation process because they provide the “lubricant for individual action” (Drori and Honig, 2013: 347). Indeed, we propose that without taking into account what motivates the legitimacy seeker it is difficult to fully explain entrepreneurs’ new venture legitimation activities.

Possessing only limited experience of navigating the uncertainties of new venture legitimation, our entrepreneurs’ own values and beliefs (regarding the importance and legitimacy of environmentally-orientated business entities) acted as an initial anchor to guide their legitimation work. The emancipatory perspective championed by Rindova and colleagues (2009) suggests that rather than disguising and masking how the new venture differs from the status quo, in an attempt to fulfill their dreams, entrepreneurs may explicitly expose these differences to garner support for the intended change. Indeed, driven by the belief that businesses blending environmental and market logics are legitimate, the environmental entrepreneurs we studied did set out to demonstrate the viability of alternative, “greener” approaches to business (i.e. “what matters to me”). Yet, only by studying legitimation from a temporal process perspective are we able to see the effects of these ambitions unfold. Our findings revealed that attempts to “stand out” from incumbents by portraying the entrepreneurs’ own values and beliefs were, in most part, counterproductive for gaining wider legitimacy. Perhaps due to the relatively early stage context characterizing our research, our entrepreneurs’ ambitions to “break free” and enact their “hopes and dreams to make a difference” often needed to be tempered. We acknowledge that there are numerous high profile cases of businesses that appear to have gained legitimacy while



portraying the founders' values and beliefs such as the Body Shop<sup>4</sup> and Innocent Drinks. The Body Shop founder, Anita Roddick acknowledges that they were up against the institutionalized practices of the world of business but argues "*We dealt with these dilemmas by coming out of the closet and declaring publicly that we intended to be a force for social change*" (Roddick, 1991, p.24). ... "*We communicate with passion – and passion persuades*" (Roddick, 1991, p.25). Yet one must remain cognizant that such retrospective accounts may not fully capture the struggles even these high profile founders faced initially when seeking legitimacy. Further, once a business gains a basis of legitimacy, the founder(s) may be in a better position to reconsider the extent to which they are able to portray their own values and beliefs. Personal historical accounts of the founding of high profile businesses may not fully capture these chronological nuances.

While our entrepreneurs were initially surprised by some of their audiences' resistance to their vision of "making a difference" through environmental entrepreneurship, the need to ensure the continued survival of their ventures acted as a catalyst for change. Indeed we observed changes in entrepreneurs' legitimation work as they moved from behavior based on "what matters to me" to behavior that accommodated "what matters to them", and eventually, came to balance what matters to me and them. Underpinning these changes in legitimation work was the development of greater awareness and understanding of the interests and perspectives of others, that is, greater perspective taking. Perspective taking is an essential skill entrepreneurs need in order to successfully navigate the uncertain entrepreneurial process (McMullen, 2013). Perspective taking helps balance attention between self- and other-interests (Galinsky, Maddux, Gilin and White, 2008) and "allows an individual to anticipate the behavior and reactions of others" (Davis, 1983: 115). We found that greater perspective taking helped the entrepreneurs shape their offering into one that is likely to be more widely accepted (cf. McMullen, 2010).

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<sup>4</sup> We thank one of our reviewers for raising this point

That is to say, the greater degree of perspective taking that developed overtime allowed entrepreneurs to accommodate “what matters to them” into their legitimation work. Yet, the development of perspective taking is not automatic; our evidence suggests it is contingent on the entrepreneurs’ ability to reflect on and reflexively evaluate the personal and business consequences of their legitimation work.

We believe therefore that our findings about the role of the legitimacy seeker’s environmental and social values in their legitimation work contributes to the “entrepreneurship as emancipation perspective” (Jennings et al., 2014) by demonstrating how entrepreneurs in practice enact “freedom and autonomy relative to an existing status quo” (Rindova et al., 2009: 478). Further, we believe accommodating a broader view of the legitimacy seeker allows us to contribute to a deeper understanding of the new venture legitimation process, which we elaborate on next.

## **5.2 The New Venture Legitimation Process**

Our research responds to calls for a more process-oriented approach to understanding (new venture) legitimation (Barley, 2008; Drori and Honig, 2013; Garud et al., 2014; Überbacher, 2014; Voronov et al., 2013). Our process-oriented approach helps explain *how* entrepreneurs develop the requisite legitimation skills highlighted in the literature while also illuminating how the entrepreneurs’ own values and beliefs help or hinder the development of these skills. By explaining how entrepreneurs learn to become skillful legitimacy seekers over time (i.e. gaining legitimacy for their ventures while remaining true to their values), our staged process model of new venture legitimation complements existing research employing a variance theorizing approach (i.e. explaining what entrepreneurs can do to gain legitimacy).

Our model of the new venture legitimation process reveals the three-way relationship between entrepreneurs' values and beliefs as they relate to legitimation, their actual legitimation work and the learning that follows this work. Above, we elaborated on how entrepreneurs' values and beliefs featured in their legitimation work varied as the legitimation process evolved. We also explained the importance of the development of perspective taking which allowed our entrepreneurs to accommodate the perspective of their audiences in their legitimation work. Learning about their audiences' perspectives did not happen automatically.

Our findings suggest that entrepreneurs must reflect on and reflexively evaluate the consequences of their legitimation work before they can learn (i.e. develop greater perspective taking and as a result change their behavior). Reflection is an in-depth consideration of events or situations outside of oneself (Bolton, 2014). For our entrepreneurs experiencing a "jolt" - something that leads them to question their current thinking (Hill and Levenhagen, 1995) - triggered reflection. These jolts often took the form of interactions with audiences that revealed, to the entrepreneurs, that their personal values and corresponding beliefs about how to gain legitimacy were not aligned with those of their audiences. Indeed, our participants were often surprised by the wide gambit of responses to their initial framing of their environmental ventures; some were not interested in their environmental aims (e.g. some of Ivy's customers) and others were wholeheartedly critical of their efforts to use the business world to try to achieve greater environmental sustainability (e.g. the negative feedback Cedar received from environmentalists).

These surprising audience responses triggered not only reflection but, to varying degrees, reflexivity [i.e. self-consciousness and intentional self-introspection (Brannick and Coghlan, 2007)] which goes beyond reflection. Reflexivity was evident when we observed our

entrepreneurs trying to make sense of not only the business consequences of their legitimation work but also its personal consequences. This reflexive evaluation of the consequences of their legitimation work involved thinking about the impact of their legitimacy work on any achieved legitimacy (i.e. business consequences) as well as on themselves and the ambitions they initially set out to fulfil (i.e. personal consequences).

This ability to reflect and reflexively engage with the feedback our entrepreneurs received ultimately lead to learning as observed in changes in legitimation work (i.e. behavior). By demonstrating these constructs at work in the process, we are able to explain not only *why* entrepreneurs engage in certain legitimation work (e.g. initially to enact their values and beliefs and later to ensure they were demonstrating congruence with wider audiences' values and beliefs) but also show *how* this work changes over time (i.e. through learning). In so doing, we contribute to knowledge of new venture legitimacy by presenting an empirically derived model of the new venture legitimation process. Our staged process model also allowed us to identify some hitherto overlooked consequences of new venture legitimation, which we now turn to.

### **5.3 The Consequences of New Venture Legitimation: Business and Personal**

Our final contribution stems from us responding to calls to take a broader view of the consequences of new venture legitimation (Überbacher, 2014). As illustrated above, as entrepreneurs learned more about their audiences, they were able to adjust their legitimation work to make their ventures more appealing to these audiences and as a result, obtain greater support from a wider range of audiences (e.g. more sales, a wider range of clients / customers) as well as recognition (e.g. in the form of awards). Notwithstanding the importance of these

business consequences for the ongoing survival of the ventures we studied, we consider the personal consequences of the entrepreneurs' legitimation work to be a novel contribution.

While our entrepreneurs learned how to gain more legitimacy from a wider audience, we also noted some less desirable personal consequences. In particular, we witnessed some entrepreneurs experiencing dissonance stemming from believing one thing (e.g. that blending environmental and market logics is legitimate and indeed superior to the status quo) and having to do another (e.g. toning down these values and beliefs in their legitimation work). Feelings of inauthenticity and mental stress resulting from dissonance motivate individuals to seek out ways of regaining congruence between the private and public domains of one's self (Svejenova, 2005: 951). We observed our entrepreneurs developing different strategies for coping with dissonance and the accompanying sense of inauthenticity. Some entrepreneurs ensured that their environmental message was kept alive by being "available" to those who were interested in it. Others took comfort in identifying audiences that might be more receptive to their values, such as employees. Others coped by dreaming about new projects as outlets for their values.

Despite these coping strategies, some feelings of dissonance and, hence, inauthenticity remained. We posit that if left unresolved, these emotions might interfere with the entrepreneur's well-being and the effective running of the business. Indeed, feelings of dissonance and inauthenticity have been found to be consistently associated with reduced well-being (cf. Hoschild, 1983 and Grandey and Gabriel, 2015 on emotional labor). We therefore echo Überbacher's (2014) call to move beyond the singular focus on the positive consequences of legitimacy (e.g. gaining the support of resource-holders) to further explore some of the more adverse consequences (e.g. dissonance experienced by the entrepreneur).

Our inclusion of a wider plethora of consequences associated with new venture legitimation leads us to question current conceptualizations of ‘skillfulness’ as it relates to legitimation. We propose that in the new venture setting, skillful legitimacy-seekers are those who are able to deploy a legitimation approach that secures resources and support for their ventures while doing so in an authentic manner. That is, skillfulness involves the ability to adjust legitimation work to appeal to a variety of audiences (i.e. the customization element of Zott and Huy’s (2007) conceptualization of skillfulness) but without leaving the entrepreneur feeling overly compromised.

## **6. FUTURE RESEARCH**

Our research took place in the setting of the first four years of environmental entrepreneurship ventures, an extreme setting where we anticipated that the role of the legitimacy seeker’s (the entrepreneur) values and beliefs would be discernible via inductive process research. Given the nature of the environmental entrepreneurship setting, we suggest that scholars explore the extent to which our theorizing helps explain the legitimation process in more “commercial” settings. Indeed, we posit that there are many areas warranting research that focuses on how the entrepreneur’s values and beliefs influence the legitimation process for all types of new ventures. One avenue to pursue might relate to how legitimacy seekers with different prior experience of entrepreneurship might enact their values and beliefs in new venture legitimation. For example, how do repeat entrepreneurs with prior entrepreneurial experience (Ucbasaran, Baldacchino and Lockett, 2014) approach legitimation? Why and how might prior entrepreneurial experience affect the speed with which legitimacy is attained? Would values-driven entrepreneurs with greater prior experience of the diverse views of audiences in the business world encounter less dissonance? If so, might they employ different, more effective strategies to cope with the

personal consequences of legitimation? Others may wish to turn their attention to how entrepreneurs who have experienced failure (Ucbasaran, Shepherd, Lockett and Lyon, 2013) might differ in their approach to portraying their values and beliefs during legitimation. Others yet may seek to explore how the entrepreneur's values and beliefs impact upon legitimation in different contexts such as those surrounding social entrepreneurs (cf. Ruebottom, 2013) or those entrepreneurs bringing a new technology to new audiences (cf. McMullen (2013) who explores this in relation to perspective taking).

Additionally, we suggest that it might be fruitful to track how legitimation work continues as the venture grows and as the surrounding context changes. For example, Garud et al. (2014) touched upon delegitimation, so we wonder how entrepreneurs draw upon their values and beliefs to navigate any external, delegitimizing jolts. Alternatively, it may be interesting to pursue how jolts internal to the venture, such as the recruitment of senior managers with different values and beliefs, have an impact. To tackle such research needs, one would need to deploy a study design capable of tracking ongoing legitimation work at different stages in the entrepreneurial process. Such future legitimation process research may concurrently wish to consider how values and beliefs may impact upon ensuing outcomes for entrepreneurial ventures, such as failure, and the personal consequences for those individual entrepreneurs involved. Our research participants all survived, an outcome we could not have predicted at the start of our study. We believe a study that included surviving and failing ventures would be valuable while acknowledging that sampling for such things a priori would be a real challenge (McMullen and Dimov, 2013).

Our research provided interesting findings about how values-driven environmental entrepreneurs learnt how to navigate the uncertain and socially complex process of new venture

legitimation and how they begun to cope with the emergent sense of dissonance. However, we believe researchers could usefully explore how other “strangers in a strange land<sup>5</sup>” cope therein and maybe change as a consequence. While our research did suggest that the entrepreneurs were faced with others challenging their identities (e.g. Maple was asked “are you an environmentalist or an entrepreneur?”), our research scope did not extend to assessing any enduring identity implications of engaging in particular legitimation activities. We suggest that future research on the legitimation process may wish to draw on identities theories. For example, research could consider how any identity tensions (Kreiner et al., 2006) experienced by (environmental) entrepreneurs during legitimation are resolved through identity work (cf. Lok, 2010). Specifically, we also propose that there would be value in exploring how being a “stranger in a strange land” during the legitimation process impacts upon an individual’s emergent and changing entrepreneurial identity; a concept that is attracting growing attention (e.g. Cardon et al., 2009; Fauchart and Gruber, 2011; Wry and York, 2015).

Finally, in relation to deepening our understanding of new venture legitimation, we concur with Überbacher (2014) that entrepreneurship research must engage more deeply with the audiences who bestow legitimacy. While we gathered some data from interviews with audiences about their perspectives of the legitimation process, our research here focused largely on the legitimacy seeker’s perspective. We believe that future studies based on audience data, particularly if obtained from observing entrepreneurs’ real time encounters with audiences, could be invaluable. For example, the ability to scrutinize data on what feedback is given, when, and with what reaction from the entrepreneurs (both at the time and post-encounter) could deepen our understanding of how entrepreneurs adapt their legitimation work. Such knowledge could

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<sup>5</sup> We thank the editor for this insight.



contribute to theory building about others' roles in shaping entrepreneurs' journey towards being "skillful" legitimacy seekers.

## **7. CONCLUSION**

Our research helps explain how entrepreneurs learn to skillfully enact their values and beliefs in the new venture legitimation process. Our detailed examination of how entrepreneurs adapt their legitimation work over time suggests that the notion of skillful needs to go beyond a focus on the positive outcomes for the business alone. We propose that being a skillful legitimacy seeker involves balancing both the external demands of legitimacy evaluators (i.e. audiences) while also remaining true to one's own values and beliefs. However, we must offer a note of caution to entrepreneurs seeking to embed their values and beliefs into their businesses; balancing "what matters to me" with "what matters to them" during legitimation is likely to demand less discussion of environmental, or social change, goals than perhaps hoped for. Indeed, the passionate entrepreneur (Cardon et al., 2009) might need to be prepared for some soul searching as "enacting a brave new world" (Rindova et al., 2009) through launching a new venture is unlikely to be without concession to others' values.

## **Acknowledgments**

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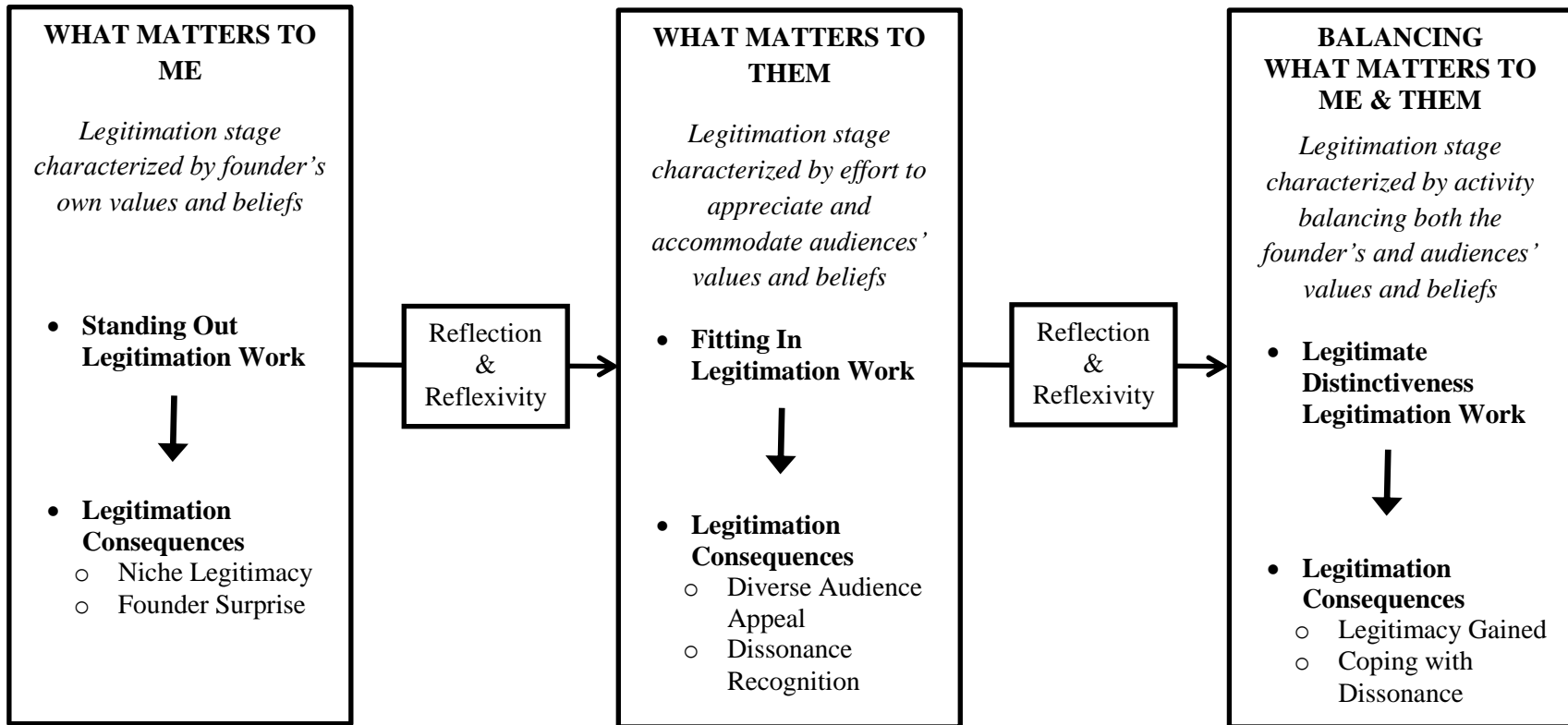
**Table 1: Description of Cases and Data Sources**

| Case           | Business Area                                  | Founder(s) Background                                     | Founder(s) Interviews | Stakeholder Interviews                             | Other Documents   |
|----------------|--|---|-----------------------|--|---|
| <b>Cedar</b>   | E-media service: website design, green hosting | Charity   | 3                     | 4 customers  | Founder's blog<br>Brochure<br>Environmental policy<br>Ethical policy<br>Website |
| <b>Ivy</b>     | Sustainable/ ethical/ fair-trade jeweler       | Freelance TV producer                                     | 3                     | 1 collaborator<br>1 supplier<br>2 competitors      | Website<br>Media coverage   |
| <b>Maple</b>   | Hybrid taxi company                            | Commercial Lawyer   | 3                     | 3 employees<br>1 customer<br>2 competitors         | CSR report<br>Training manual<br>Press releases<br>Media coverage<br>Website    |
| <b>Oak</b>     | Design and brand consultancy                   | Electronic Engineer (founder 1)<br>Researcher (founder 2) | 3                     | 2 customers<br>1 supplier<br>1 associate           | Brochure<br>Client testimonials<br>Website                                      |
| <b>Poplars</b> | Grocery store without packaging                | Worked in (1) start-up<br>(2) Non-for-profit              | 3                     | 1 employee<br>1 customer<br>1 supplier<br>1 mentor | Environmental impact report<br>Media coverage<br>Website                        |
| <b>Willow</b>  | Recycled packaging supplier                    | IT Consultant (in large firm)                             | 3                     | 1 employee<br>1 collaborator                       | Website<br>Television appearance<br>Founder's blog                              |

**Table 2: Data Structure**

| First-Order Codes  | Second-Order Themes                     | Aggregate Theoretical Dimensions      |
|--|---|---------------------------------------|
| <ul style="list-style-type: none"> <li>• Social and environmental values</li> <li>• Beliefs about need to embed and portray values in business ethos</li> <li>• Exasperation with “business as usual”</li> </ul>   | What matters to me                      | Values and Beliefs about Legitimation |
| <ul style="list-style-type: none"> <li>• Increasing concern about the business’ profit/ growth</li> <li>• Heightened belief in need to match others’ priorities</li> </ul>   | What matters to them                    |                                       |
| <ul style="list-style-type: none"> <li>• Belief in balancing the dual foci of environmental entrepreneurship</li> <li>• Valuing the role of tact for business encounters</li> </ul>  | Balancing what matters to me and them   |                                       |
| <ul style="list-style-type: none"> <li>• Evidence showing commitment to own values and identity in encounters</li> <li>• Juxtaposition of own approach with that of other businesses</li> </ul>  | Standing Out                            | Legitimation Work                     |
| <ul style="list-style-type: none"> <li>• Effort to reach and appeal to mainstream audiences</li> <li>• “Playing up” and “playing down” tailoring of approaches</li> </ul>  | Fitting In                              |                                       |
| <ul style="list-style-type: none"> <li>• Demonstrating balance of environmental and “business” messages in legitimation efforts</li> <li>• Displaying confidence in legitimation approach decisions</li> </ul>   | Legitimate Distinctiveness              |                                       |
| <ul style="list-style-type: none"> <li>• Evidence of reflection about the personal and business consequences of legitimation</li> <li>• Considerations of the business’ positioning, legitimacy effort and their fit with the entrepreneurs’ values and beliefs</li> </ul>   | Entrepreneur Reflection and Reflexivity | Learning about Legitimation           |
| <ul style="list-style-type: none"> <li>• Audience comments about the niche appeal of the business</li> <li>• New audiences coming onboard (e.g. different clients, new partnerships)</li> <li>• Evidence of legitimacy being granted widely (e.g. prestigious clients/ awards and recognition/ collaboration)</li> </ul> | Business Consequences                   |                                       |
| <ul style="list-style-type: none"> <li>• Founder “Surprise” in relation to feedback/ events</li> <li>• Recognition of dissonance</li> <li>• Coping with dissonance</li> </ul>  | Personal Consequences                   |                                       |

**Figure 1: A Process Model of Environmental Entrepreneurs' New Venture Legitimation**



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## APPENDIX A

### A.1 Illustrative Data: Cedar

| Second-Order Theme                      | Illustrative Evidence (interview unless stated)  |
|---|--|
| What Matters to Me                      | The fact that we are a green and ethical business is an intrinsic part of who we are. My values come from my family... My Dad used to say “look, if you are ever unsure of the motives for something, always follow the money, people do really bad things for money”. We’re also very interested in spreading ethical business as a whole and in encouraging businesses to change their ways. <i>Blog</i>   |
| What Matters to Them                    | I think the early part of this year has been the most challenging out of the past two years... we were getting approached less by new clients or new projects. We do still do free jobs for charities and those things. But I think it is about being sensible and about thinking “we’ve got a living to earn too”.  |
| Balancing What Matters to Me and Them   | We have come to this way of thinking that you can’t be ethical unless you are really, really good at what you do as well. We want this to be mainstream, we don’t want green and ethical businesses to be niche and to be sat there on a pedestal.   |
| Standing Out                            | It is true that many big businesses seem to be taking advantage of customers’ demand for more responsible products and services... It is also true that not all of these businesses are as genuinely committed to being environmentally friendly as they’d have us believe. <i>Blog</i><br>In the very early days we got approached by a mining company and by somebody who owned a horse racing track. Our approach was to say, we don’t want to make money out of that...our clients wouldn’t want to work with a company that would support those things. |
| Fitting In                              | Sometimes people think “oh well they mean well but they are probably not that good” and that is what we are trying to move away from, so “we are actually really good at what we do!”<br>We joined the chamber of commerce because it was this whole thing about “god we’d better take some advertising out, things are looking a bit quiet”. And I went to a couple of networking events... I introduced myself, said what we did.  |
| Legitimate Distinctiveness              | We are not trying to set ourselves aside because of the ethical thing anymore that is just what we do and you either want to work with an ethical business or you don’t, but we don’t go too heavy on that anymore.<br>We’re not about being judgmental but we are about making a positive difference. That’s why we have ethical and environmental policies which guide our work. <i>Website</i>  |
| Entrepreneur Reflection and Reflexivity | Hardcore ethical business isn’t always the most positive way to go because it is isolating and it is a bit judgmental....we want to be part of something bigger to make a change but I suppose where we are positioning ourselves in that group to achieve that is changing.<br>If you want to get the message across in the right way you have got to, because you can’t force your way of thinking on someone else and if you do that will have a negative effect, so you are not doing yourself any favors.   |
| Business Consequences                   | Now we are attracting more national organizations and things like that which is good for us because it means secure on-going work rather than one-off or individuals who are setting up a blog and not really wanting to do much after.  |
| Personal Consequences                   | We had loads of comments from people saying “just work with anyone to start off with, until you’ve got some money behind you”... we’d take offence...if we did that then we wouldn’t be running [Cedar]... I mean it’s very, very personal.  |

## A.2 Illustrative Data: Ivy

| Second-Order Theme                      | Illustrative Evidence (interview unless stated)  |
|---|--|
| What Matters to Me                      | <p>NGOs have just sat on the side line – “this is what you can do, this is what we want you to do”, you know they don’t work in the industry and it will take people in the industry to create change.</p> <p>We’ve all seen exposés of how high street chains manufacture their goods, you know sweatshop labour and it is just not something that I want to be involved in.</p>  |
| What Matters to Them                    | <p>I would suspect, if we developed the business as we would like to, the proportion of ‘ethical’ clients would go down...we’ll push beyond that into people that are just looking for high quality, bespoke jewellery.</p> <p>[Our customers’ interest in ethics] is much more diluted now...</p>   |
| Balancing What Matters to Me and Them   | <p>I don’t see any contradictions in ethical business, it is how a lot of well-run businesses are run anyway. So I would say that ethical business and “smart” business have a massive overlap.</p> <p>There’s a danger you can’t be all things to all people, but at the same time you have to be a little bit flexible.</p>  |
| Standing Out                            | <p>The issues of blood diamonds, environmental damaged caused by mining particularly gold mining, and human exploitation along the supply chain... are the issues that we’ve tried to address on setting up our enterprise.</p>  |
| Fitting In                              | <p>We’re now very much focused on doing the bespoke thing and pushing that to higher worth clients basically... it has become increasingly obvious to us that it’s more about doing low volume, high value pieces</p> <p>How do you gain credibility in the eyes of consumers?; [it’s] the website, brochures, presentation. You can get away with stuff if you’re Cartier or Tiffany that you can’t get away with if you’re Ivy...you have to have 100% product knowledge.</p> <p>All you need really is one trigger and then you can hopefully say something that is helpful to them or intelligent in some way and then you are off... [but] they don’t want to come in here and be lectured.</p> |
| Legitimate Distinctiveness              | <p>Next year, possibly, we may be looking for some funding. In terms of how we would present ourselves, I guess we would say we are a high-end jeweller who specializes in made to order wedding and engagement rings, the unique selling point is they are sourced ethically.</p>   |
| Entrepreneur Reflection and Reflexivity | <p>Perhaps I don’t get out enough but the people I mix with tend to have, tend to assume that eco business or ethical businesses are an established area now and it is not that cutting edge in that sense.</p> <p>You reach a point where you’re looking at how you’re defined; are you an ethical bespoke jeweller? or are you a bespoke ethical jeweller?</p>   |
| Business Consequences                   | <p>It is good to see people who are putting a lot of energy into starting [an ethical jewellery] business, especially in London as it makes a lot of noise for the community. Supplier</p> <p>We still have all the ethical clients we used to, probably more because we are better known. But on top of that a lot of the growth I would say is people whose primary focus is looking for a custom-made engagement ring or bespoke wedding ring and they have found us.</p>   |
| Personal Consequences                   | <p>Occasionally people talk about this “fad of ethical jewellery” or being slightly kind of derogatory... Those people, if you spoke to them, would have nothing but negative things to say about us but it doesn’t really bother me in the slightest.</p>   |

### A.3 Illustrative Data: Maple

| Second-Order Theme                    | Illustrative Evidence (interview unless stated)  |
|---------------------------------------|--|
| What Matters to Me                    | No-one is really addressing it very well and if they are it is at an academic level and not at the coalface, not at the actual service provision, goods provision, which is exactly what we want to do. So that's the vision that we have; to provide people with real tangible ways to green their lives without them suffering in the process.<br>Certainly from the management point of view they are not in it for just a business tool, or just a gimmick, it is very much part of their personal ethos. <i>Employee</i>  |
| What Matters to Them                  | I think the term ethical is a bit too Greenpeacey, people think of sandals and stuff... we don't have anything against it but we think it alienates people.<br>Absolutely everybody's opinion matters to us ranging from the most adamant climate change sceptic anti-climate change people who deliver their point in a very aggressive, non-believing, close-minded way. So we care about that opinion and we'll address it and deal with it sensitively, reasonably and with good temper, right the way through to our most important client... everyone's opinion matters to us.   |
| Balancing What Matters to Me and Them | I think they [having a business and being an environmentalist] are absolutely compatible.  |
| Standing Out                          | One of the things that we have as a central tenet is that we treat people well, so it's not just about being environmentally friendly there is a strong ethical backbone to what we do and we apply principles of good management, honesty, payment on time, treating our drivers well, being fair to our employees, that is quite often lacking in the industry.<br>It's at the early stage development of a new type of business thinking which I think we need to develop in order to address the environmental challenges that we face. Capitalism will not address the environmental challenges sufficiently well...it's based on constant growth and consumption to feed that growth and those really don't sit at all well with sound environmental management. |
| Fitting In                            | We do change the emphasis... if we're talking about the business side of it then we will [change our emphasis]. But we won't say one thing about our environmental side of things to one person and then another thing to someone else.  |
| Legitimate Distinctiveness            | This has to be commercially viable, it has to be successful, if it isn't then it's basically a negative addition to the sector because so many people associate the environment with just a cost line but we need to show that it can work commercially to encourage other people to come onboard, take it forward and so we do very much have a commercial objective... we are a for-profit company.  |
| Entrepreneur Reflection & Reflexivity | Before I set up the business, when I was trying to raise finance from people, a lot of people were going "well what are you, are you an environmentalist or a businessman?"... The whole point is that being an environmentalist is the way to be a good businessman, it's the way to get your return.<br>There are still plenty of environmentalists out there, particularly the ones who think they own being environmental... it's like supporting a football club - no-one else loves the club as much as you do... So there is an element of that person going ... "you're a taxi company, you use cars, you are wrong".  |
| Business Consequences                 | We've now taken one tranche of investment and I think certainly the investor was heavily influenced by our beliefs. As a person he's very principled too, so we have a close working relationship and it's a positive one so that's been helpful.  |
| Personal Consequences                 | A lot of people say to me why don't you do more around trying to convince the government to do this? I think that's quite easy for people to say if they're not trying to run a business at the same time...well, I've got so many other, much more basic things to be getting on with.  |

## A.4 Illustrative Data: Oak

| Second-Order Theme                    | Illustrative Evidence (interview unless stated)   |
|---------------------------------------|---|
| What Matters to Me                    | Everyone I know who work for companies in sustainability [has] to battle with managers... starting our own business is a better vehicle for doing something to do with sustainability. One of the drivers for starting up the business in the first place was that the business could represent who we were, rather than us representing someone else's business and their vision.  |
| What Matters to Them                  | For business, if you want to be taken seriously, it basically has to be financially sustainable as well. People just talk about environmental and social responsibility [but] we have to balance all three things.<br>We are at the point now where we need to work with recognized brand names, so that when people say "who have you worked for?" we have some people that they have heard of.  |
| Balancing What Matters to Me and Them | People take advice from us whereas I think if we were an activist group, they would never come to us in the first place, and then if we did try to tell them something they would think we were raving hippies -they know we have a balanced view, we have got business sense.  |
| Standing Out                          | We think that the fastest and most effective way to create a sustainable world is to help good companies doing good things in good ways, out-compete those using unethical practices for short-term profits. <i>Website</i>   |
| Fitting In                            | It is straightforward, we say "we work with these types of people"; those people think "oh they specialize". Other people may stay away, because they think that we are not for them.<br>The first thing that we say about ourselves now, is that we specialize in word press, which obviously has nothing to do with being green, but that is our main specialism from a technical point of view. And most of the skills that we are looking for revolve around word press, so we really have to establish that first.<br>I think we emphasize sustainability a lot less now to the bigger companies, we try to put the emphasis on the quality of the work and not the principles, they ask about value for money as well. So it is much more business focused with them. |
| Legitimate Distinctiveness            | As a WordPress agency we of course love open source, but there's nothing we love more than to work on projects that help make the world a bit more peachy. Web design can seem far removed from environmental and social issues, but we do our best to minimize our impact with our virtualized business structure and efficient processes, which also help us keep our services affordable. <i>Website</i><br>Having [green is good business] as the main message of the website was not very good. You have to put in separate messages so if people are interested their eyes will stop at it and read it and if not people can glance over it.  |
| Entrepreneur Reflection & Reflexivity | It's an on-going process for us to learn about what's the best ways to get our message across to people in a way that they are actually going to appreciate and value.<br>It was about gauging people's reactions to the different times we communicated with them, and gauging feedback really so we got good feedback for some things we did and other times we didn't really get the response we were looking for. So we gradually changed.  |
| Business Consequences                 | The sort of companies we are aiming at which are small, start-up ethical businesses, they have been very positive. That is the important thing for us.<br>I like working with them because they're nice personable people, and also provide a service that has got that ethical cornerstone - that is important. <i>Business Associate</i>  |
| Personal Consequences                 | I used to be disappointed when people didn't want to hear about our green angle...I guess whether or not [I am still disappointed] just kind of depend on my expectations of them... If I think there is somebody who would probably be interested and they are not, then that is disappointing. But if somebody who right from the beginning, I thought 'oh this is not going to be their thing' from then...I don't mind as much.   |

## A.5 Illustrative Data: Poplars

| Second-Order Theme                      | Illustrative Evidence (interview unless stated)  |
|---|--|
| What Matters to Me                      | Poplars is me as a business<br>I'm not saying that the supermarkets are evil per se but the way they have developed their power has changed the quality of our food supply and there is no denying it. So I see it that we are giving an alternative to that.  |
| What Matters to Them                    | This year's been all about proving that the idea works and had legs and made money and now we can go "right, how do we grow it and be more accessible to more people?"<br>The more that we stay in business and the more we make a profit, then the more they'll [other stakeholders] get it as well.  |
| Balancing What Matters to Me and Them   | I want to be as much a successful business as a business that changes something for the better.<br>So from having experience, it gives me a better idea of how to say that I want to work with [suppliers]. I did have to instill confidence in the suppliers for a while because when you first set up, it's "Please, would it be okay if ...?" And now it's just "Guys, I want to buy your goods, do you want to sell your goods?"   |
| Standing Out                            | I think the kind of people who have set up business to try to create some sort of social change are doing it because we want to create this change and it's inherent in the way we do things. It's a bit nebulous.   |
| Fitting In                              | We do get a lot of the dark green brigade... they have a really deep knowledge and so when you are talking to them you wouldn't say "by refilling this you get to save the planet", they would just look at you as if you were mental!   |
| Legitimate Distinctiveness              | [We say they are] welcome to come down with their own containers, it will save them money as well as being environmentally friendly. If people are environmental then the money is a bonus. But if they are not very environmental then the money means they get it without us sounding like we are preaching.   |
| Entrepreneur Reflection and Reflexivity | You can get the message wrong... but I am probably a little bit like a dog with a bone so I just rephrase it in a different way to try to get them to do it. But if you get the message wrong and you preach people will shut down.<br>We challenge a lot of preconceptions, we are quite disruptive in that way. I sometimes think we challenge too many things...<br>As a pioneer there was no rule book and no manual. We tried, we succeeded in some areas, we failed in others and we continue because our commitment to leaving a better world for future generations remains undimmed. <i>Website</i> |
| Business Consequences                   | Our model is being used by similar businesses around the world and our services are needed more than ever, given the environmental challenges we face as a global community. <i>Website</i><br>We won the [place] Small Green Business Award for Innovation and we were runner-up in The [major UK newspaper's] Ethical Awards.  |
| Personal Consequences                   | When I first started up, they probably thought 'Oh she's a bit nuts'<br>You suddenly realize that you are sacrificing a lot... It was getting to the point where my customers were getting the best of me and I didn't have time to talk to my friends.<br>I am trying to separate myself from it, because it needs to exist as its own entity without me. If I want it to be an idea that it can be successful [then] it can't just rely on me.   |

## A.6 Illustrative Data: Willow

| Second-Order Theme                      | Illustrative Evidence (interview unless stated)   |
|---|---|
| What Matters to Me                      | <p>[after returning from working in Sierra Leone] these women in [supermarket] were moaning about the price of some cheese and I was thinking “you’ve got no idea what poverty is, no idea” and I thought when I get the chance I want to do something.</p> <p>I find it shocking that people like [breakfast cereal company] are not leading the way, they are the big boys as they sell so many cereal packages.</p>  |
| What Matters to Them                    | <p>When we are dealing with non-ethical companies that think they ought to be seen to be green it’s a very different mentality. It’s like ‘how cheap can you do it?’ rather than ‘what are the environmental benefits?’</p> <p>What’s interesting is a lot of companies don’t use us because we’re recycled or because of the ethics but because they can’t find the products that they’re potentially looking for anywhere else... that is a selling point for us too.</p>   |
| Balancing What Matters to Me and Them   | <p>When we first started, it was about being green but now it is about offering a superior product and, by the way, of course we are green.</p>   |
| Standing Out                            | <p>We tried very daring positioning [and] by trying to create a personality in its own right we were breaking the mold of the industry...</p> <p>I think Natasha has the ethics of the business in her head and heart all of the time. I want to learn from her, I want that to rub off on me. It really comes through when she is talking to people because if a customer calls and asks about our products, I mean it can be a 20 minute phone conversation with her talking about it. <i>Employee</i></p>  |
| Fitting In                              | <p>One of the things that we had to make sure we did was not appear hippy because by doing that, we could have alienated a very large amount of the audience. So we are careful to be blatantly green but not in a hippy way.</p> <p>We are successful because we offer a personal service and because we listen to what our customers want, so [we] only talk about our ethics if they want to, if they are interested in it. For example, a customer phones up and he doesn’t give a shit about where they are from or the ethics, he just needs boxes that are going to fit in the vending machines that he has a deal with.</p> |
| Legitimate Distinctiveness              | <p>We now sell on the basis that they are fantastic boxes, but by the way they are recycled, it has almost become a complementary message... customers buy primarily because they are nice boxes that are also ethical.</p> <p>What drives it is selling a product that I know is ethical <i>and</i> that makes our customers happy.</p>  |
| Entrepreneur Reflection and Reflexivity | <p>Gaining acceptance comes down to the people involved in running the business and how they approach their customers and the relationships they build... when you are a small business, the business is you.</p> <p>They were convinced that what was totally driving me was my ethics and that I wanted to save the world, rather than run a business that was worth investing in. And I think, reading between the lines, what they were saying was that I was uncontrollable because I wanted to save the world!</p>  |
| Business Consequences                   | <p>You’ve come here asking for investment in your business but you’ve shackled yourselves. Why not have a recycled side and a non-recycled side where you can generate income to further your goals and achieve what you want to achieve. Does that hurt you, is there a problem with that? [investor]</p> <p>We did a massive job for [famous university], a big job for [energy company], it just seems that so many companies now want to be seen to be green.</p>   |
| Personal Consequences                   | <p>I have had some horrendous moments and if I let staff see that I am having a bit of a meltdown, then they lose confidence as well.</p> <p>I have had to learn to toughen up again. Which has been hard for me because it is a whole balancing thing of I want to be a nice person but [I need to] get the results.</p>   |