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## Entrepreneurial Identity: A Leader's Super Power and Their Achilles Heel?

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The way entrepreneurs<sup>1</sup> answer the question “who am I?” — that is, their entrepreneurial identity or “EI” — plays an important role in how they think and act, from new venture launch to harvest. For example, how they define their background, purpose, and values as founders can inform the type and scale of resources they gather, the structure and goals of their businesses, and even their propensity to, or not, persevere in the face of adversity.

Extrapolating from [our recent review](#) of the existing EI literature, and our own ongoing work in this area, we suggest that it is important for organizational leaders, those of small and large organizations alike, to assess and refresh the ways in which they might identify as entrepreneurs, at every stage of their enterprises. In doing so, we look to help leaders: (1) align their entrepreneurial identity with the challenges they might face at various points in the life of their organizations; and (2) understand how their EI may inform the ways they seek to grow and develop their businesses.

### For the Early-Stage Organization: Take Stock of “Who You Are.”

In the early stages of the life of an organization, when teams, processes, products or services are defined, EI serves the dual role of a motivator and of a grounding resource. Because many start their ventures moved by the desire of expressing “who they are,” particularly early on, entrepreneurs make decisions that align with their self-understandings. These decisions span product and service design, business location, hiring, and more.

For instance, a [study](#) of entrepreneurs in the sports equipment industry suggests that how entrepreneurs regard themselves shapes how they go about acquiring resources, including hiring, what resources they pursue, and even their target market. The founder of an early-stage digital media firm explained to us the central role that entrepreneurial identity plays in his hiring decisions, saying that, “when we bring in someone new it’s not just about their skills, it’s also about who they are, and how that aligns with who we are becoming as an organization.” Our conversations with social entrepreneurs suggest comparable dynamics: many of these founders start their businesses as a means of channeling their identities and values, such as the pursuit of prosocial goals. Consider Gary Hirshberg, co-founder of Stonyfield Farms. An educator and a believer in sustainability and organic food production, he launched Stonyfield to finance his and his partners’ sustainable farming endeavors.

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<sup>1</sup> We use “entrepreneur(s)” and “founder(s)” interchangeably.

Thus, entrepreneurial identity sets individuals in motion and anchors their strategic choices and organizing efforts. In this way, to the extent that leaders can uniquely express their identity through their work, their EI might not only motivate them, but it can also serve as a source of differentiation.

To harness their EI as a source of motivation and differentiation, leaders should start by taking stock of “who they are.” At first, this might entail identifying the roles they play and the groups to which they belong that they see as core to their selves, and mobilizing in ways that honor such self-defining categories. To illustrate, a leader who sees their role as parent as self-defining may find it especially motivating to be involved in the design and launch of work policies supporting other working parents.

To be sure, this process of assessing EI should continue as firms evolve: it is critical that leaders understand how their EI might shape the development of their businesses beyond the early stages.

For the Growing Organization: Embrace Identity Shifts.

As organizations grow, EI can turn into a liability, contributing to rigid thinking and ultimately an inability to adapt to new challenges. This can happen when a particular role or group becomes so self-defining that entrepreneurs are unable to embrace other roles, and thus cannot adapt their behaviors to match the evolving needs of their organizations. Rather, they remain “stuck” in old ways of seeing and doing that no longer fit their respective contexts.

For instance, if an entrepreneur identifies strictly with the role of an inventor, they might inadvertently focus the lions’ share of their time and efforts on R&D, potentially neglecting other critical organizational tasks such as fundraising or team-building. Similarly, entrepreneurs who see themselves as family business owner-managers, or as experts in their craft rather than in business, may oppose fundraising or expanding, potentially slowing or inhibiting the growth of their business.

By contrast, founders who are flexible and dynamic in letting go of some of their self-defining roles, and remain open toward embracing new ones, can have a positive influence on the growth of their ventures, which suggests a relationships between organizational growth and founders’ ability to [shift their role identities](#) over time.

To remain more attentive and nurturing toward the needs of their growing organizations, leaders should then periodically assess how important a role or a group is to “who they are,” and recognize that when any one given role or group becomes all defining, there is a risk of losing perspective. Periodic introspection, including discussions with others — including family or friends — can help mitigate this risk.

For the Established Organization: Reprioritize What is Core to “Who You Are.”

It’s inevitable that organizations will face setbacks at some point, and many might reach a plateau rather than continuing on an upward growth trajectory. EI can help combat stagnant growth, serving as a source of renewal and resilience. In particular, research indicates that when their businesses face challenges, some entrepreneurs may find energy and continuity by holding on to parts of their identity while letting go of others to match changed conditions in their environments.

For example, a study of [resource-constrained organizations](#) in the textile industry shows that the way founders managed the survival of their businesses — whether through experimentation, mobilizing to preserve their ventures, or downsizing — was closely related how their EI evolved. Similarly, in a recent

conversation, an entrepreneur in the finance industry revealed to us that, “You cannot get too hung up on one thing. If something in your business becomes who you are, when things do not work out, you are dead. You must stay flexible.” The generative power of this flexibility is well illustrated by a number of entrepreneurs that pivoted during the COVID-19 pandemic. By holding onto what mattered to “who they were” as an organization while letting go of their specific role, many shifted their ventures’ offerings. For example, Boston-based Rafi Nova, doubled down on their socially responsible identity by providing masks at a discount to educators and other essential workers, while temporarily shifting their primary role from producer of travel accessories to masks.

When organizations are challenged by adverse environmental circumstances, whether competitive threats, crises, or industry downturns, leaders may consider re-thinking “who they are” by selecting a different role or group as a primary basis for their self-definition. For instance, a leader may choose to self-define as the head of a specific work group, or as the member of a given occupation/profession – such as an engineer, or as an architect. Because this process of defining oneself in different ways unlocks new ways of seeing and acting, it is likely to get leaders “de-stuck,” helping themselves and their organizations move forward in new ways.

By continuing to reevaluate their entrepreneurial identity — *what* makes them tick, *why*, and *how* — leaders may harness EI’s generative power as a source of motivation, persistence, and innovation. This ongoing introspective process may also help leaders decide when it is time to hire others to run their organizations: after all, EI is as much as one’s super power as it is one’s Achilles heel.