The Role of Accelerators in Shaping Entrepreneurial Identity

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Abstract. This study explores how a Norwegian accelerator influenced the entrepreneurial identity of those accelerated. The importance of entrepreneurial identity, or how entrepreneurs see themselves and their business ventures, is highlighted in effectuation theory as one of the means that drives entrepreneurial action and is seen as important for entrepreneurs' perceived opportunity space. The study is an explorative single-case study of a Norwegian accelerator targeting new ventures. Data were collected through in-depth interviews with seven entrepreneurs who had recently participated in the accelerator. The findings indicate that the accelerator had an impact on entrepreneurial identity, both at the individual and team levels and on start-up identity. Participation in the program also influenced related factors, such as business model development and customer- and capital access. The impact on identity varied according to how the entrepreneurs saw themselves pre-participation and how far they had come in developing their firms' business concepts. The study contributes to the literature on the effects of accelerators in general, and its role in fostering entrepreneurial identity at different levels in particular.

Keywords: accelerator, entrepreneurial identity, venture identity, team identity, effectuation, start-ups

1. Introduction

Only one in four start-up companies survives, often due to limited resources and unforeseen obstacles (Panda and Dash 2015). Acknowledging the importance of entrepreneurial activity for jobs and economic performance, the government and investors are investing heavily in fast-growing entrepreneurial ecosystems and different means to better prepare entrepreneurs for the venturing process. A relatively new instrument in this ecosystem is accelerators. Accelerators target entrepreneurs in the early phase of a start-up, providing a time-limited and intense mentorship and educator programme that contributes to the development and upscaling of new ventures (Cohen, 2013). The accelerators provide workshops and seminars delivered by accelerator directors, mentors, or guest speakers, and the entrepreneurs receive direct feedback that is valuable for avoiding potential pitfalls (Hallen et al., 2016).

Entrepreneurial identity is seen as important for entrepreneurs' perceived opportunity space (Farmer, Yao, and Kung-Mcintyre, 2011; Alsos et al., 2016), in particular in the early stages of new ventures, when entrepreneurial effort often consists of little more than business concepts crafted by entrepreneurs trying to seize novel market opportunities (Navis & Glynn, 2011). The identity of entrepreneurs has been found to influence start-up outcomes, such as the acquisition of resources (Ahsan et al., 2018) and networks and business contacts (Stoyanov et al., 2018).

Entrepreneurial identity is highlighted in effectuation theory as one of the means (together with entrepreneurs' competence and networks) that drive entrepreneurial action (Sarasvathy et al., 2008). Previous studies indicate that participants in accelerator programmes achieve new competence and access to new networks as takeaways (Cohen, 2013; Nielsen & Lassen, 2012; Sarmento et al., 2016). The discussion on how identity unfolds and changes through the entrepreneurial process is limited (Nielsen & Lassen, 2012; O'Neil et al., 2020), and specifically related to accelerator programmes. Thus, the aim of this study is to address this gap and explore the change in identity, as called for by Wagenschwanz (2021), who argued that ecosystems, that is, accelerators, may shape and change identity.

Following Navis and Glynn’s (2011, p. 480) framework, we consider entrepreneurial identity as “the constellations of claims around the founders, organisation, and market opportunity of an entrepreneurial identity that gives meaning to questions of “who I am/who we are?” and “what we do?”. Hence, we discuss two
levels of identity: identity at the entrepreneurial level, “who I am/who we are”, and identity at the start-up level, “what we do”. Since most start-ups are founded by a team, “who we are” as a team may be more relevant for a start-up than “who I am”. Team identity has been less investigated and called for in recent literature (Powell & Baker, 2017; Wagenschwanz, 2021).

2. Theoretical framework

2.1 Entrepreneurial identity from an effectuation perspective

Early definitions of identity focused on the central, distinctive, and enduring features of an individual or group/organisation (Albert & Whetten, 1985). Although people think of identity as something persistent, it is generally agreed that identity is influenced by surroundings and is therefore subject to continuous development (Gioia et al., 2013). Brown (2015, p. 20) argued that identity is people’s subjective understanding of who they were, are, and desire to become.

In this paper, we discuss identity based on effectuation theory (Sarasvathy, 2001, 2008). The main idea behind effectuation theory is that entrepreneurs start with a generalised aspiration for their firms rather than spending time on analysis and planning, using the means at their disposal (i.e., who they are, what they know, and who they know), which influence their course of action and goals. Effectuation theory acknowledges that identity may change when entrepreneurs meet new people, discover new opportunities, and gain access to new resources (Sarasvathy, 2008), as this will change their means. Effectuation is considered particularly relevant in dynamic situations with a high degree of insecurities about the future, which is generally the case for start-ups. The effectuation model is presented in Figure 1.

Figure 1: The effectuation model (Sarasvathy, 2001, 2008)

Sarasvathy (2001) described entrepreneurial identity as an individual’s traits, preferences, and skills, and it was strongly linked to the individual. The understanding of entrepreneurial identity in effectuation theory has developed over time, and it has been acknowledged that identity in an entrepreneurial context occurs at levels other than the individual (Read et al., 2016). Identity at the team level is highly relevant, since many start-ups are founded by more than one entrepreneur (Elfving, 2015; Leitch & Harrison, 2016). Yet, it is acknowledged that team members may have different identities related to their role in the start-up (Navis & Glynn, 2011). Team identity has been less investigated and called for in recent literature (Powell & Baker, 2017; Wagenschwanz, 2021).

Scholars argue that the identity of the individual entrepreneur(s) and the identity of the start-up are closely linked and influence each other (Ashforth et al., 2011; Cruz et al., 2018). Lindgren and Wählén (2001) claimed that the identity of a start-up is shaped by entrepreneurs’ experiences and is therefore under continuous development. Thus, a start-up’s identity reflects the activities entrepreneurs engage in on a “daily basis” (Read et al., 2016). According to Ashforth et al. (2011), individual identity, “I think”, affects collective identity, “we think”, through social processes, and the collective identity of a group becomes a common understanding of how things are, “that’s how it is”, as well as who they are as an organisation, that is, “what we do”. This identity may be different or similar to other ventures/existing organisations in the industry (Navis & Glynn, 2011).
2.2 Accelerators and entrepreneurial identity

Accelerators target entrepreneurs in start-ups' early phases, providing a time-limited and intense mentorship and educator programme that contributes to the development and upscaling of new ventures (Cohen, 2013). Previous studies indicate that participants achieve a new understanding of “self” as one of the takeaways from participation in accelerators or similar types of programmes (Nielsen & Lassen, 2012; Tobiassen et al., 2018). Entrepreneurs’ choices and behaviours are largely influenced by their perceptions of themselves or who they want to be (Cruz et al., 2018). Entrepreneurship research has demonstrated that founders’ identities, in the sense of “who I am” and “who I want to be,” shape their behaviour (e.g., Cardon et al., 2009; Farmer et al., 2011). Mathias and Williams (2017) argued that it is unlikely that first-time founders will fully understand the variety of role identities implicated in entrepreneurial activity; instead, this is an aspect that is discovered and negotiated throughout the process.

Because start-ups are developed in interaction with its environment (Leitch & Harrison, 2016), their identity may be influenced by external entities, such as accelerators. Leitch and Harrison (2016) argued that start-ups’ identities are in many ways a reflection of expectations from the environment and that interaction with the environment helps entrepreneurs gain a clearer understanding of the start-up’s identity. This is also highlighted by Wagenschwanz (2021), who claimed that it is important to incorporate the external environment in consideration of entrepreneurs’ identity.

Elfving (2015) emphasised that a start-up company is highly dependent on partners and other stakeholders to succeed; accordingly, it must adapt parts of its identity to satisfy these entities. These can include certain expectations related to the start-up identity. Navis and Glynn (2011) argued that a name such as “Tony’s Pizza” is perceived as appropriate for a restaurant, whereas “Tony’s Bank” is inappropriate for a financial institution. Since the environment is dynamic, the start-up’s identity may need to change continuously to satisfy its surroundings over time (Fisher et al., 2016). Others have argued that a start-up should not uncritically adapt its identity to external influences. Elfving (2015) claimed that the part of the start-up’s identity that encompasses the entrepreneurs’ views of themselves and the start-up’s vision or mission should remain stable. Tryba and Fletcher (2019) emphasised that start-ups should have a clear perception of their own vision, and that it is vital that this contains some continuity.

3. Methods

3.1 Case study

A single embedded case study was chosen as the appropriate research strategy. Case studies combine inductive and deductive research to build theory, and are well adapted to study issues in a realistic context (Eisenhardt, 1989). The study is based on a Norwegian accelerator, The Factory, with participating entrepreneurs/new ventures representing the embedded units of analysis.

The Factory was established in 2016 in Oslo by a group of Norwegian serial entrepreneurs. It offers services, investments, and accelerator programmes for early-stage start-ups in the Nordic countries within various industries (fintech, proptech, and retail). In 2019, The Factory won the award “Best Accelerator/Incubator in the Nordics” in the Nordic Startup Awards, and its CEO was awarded the award “Ecosystem Hero of the Year in Norway”.

The main accelerator programme runs twice a year, with 8–10 start-ups participating each time. It is a two-step programme. After the first six weeks, The Factory organises “Pitch and Selection Night,” where the participants pitch their business ideas to partners. In collaboration with investors, The Factory chooses which start-ups to be included in step two. Step two, another six weeks, ends with “Demo Day”, where the remaining start-ups pitch their business idea to a larger audience of investors, customers, and other players in the start-up environment. As a part of the deal, selected start-ups receive an investment from The Factory Capital. Participation is based on application or invitation, and on interviews with participants in which the relevance and potential of the start-up companies are assessed. The evaluation is based on idea/concept versus needs in the market, the entrepreneurial team, and product/solution, the entrepreneurial team being perhaps most important. Since its start, The Factory has accelerated more than 100 start-ups and invested in a portfolio of more than 40 companies.
3.2 Data collection

The data collection took place during the spring of 2020 by the last author as part of her master’s thesis. Before the data collection, she spent some time in the accelerator, allowing close observation of accelerator activities and informal talks with participants.

The selection of informants was based on the following criteria: (1) they had participated in the accelerator during the last 12 months to secure a more accurate memory of the programme, (2) were one of the entrepreneurs in the start-up company, and (3) had participated actively in the accelerator programme. Of the informants identified, seven entrepreneurs (seven firms) agreed to participate in the study. To ensure consistency, a semi-structured interview guide was used (Yin, 2013). The questions encompassed how participation in the accelerator influenced the way the participants understood themselves and their firms—that is, what we are and what we do.

The interviews lasted 30–60 minutes, were recorded, and subsequently transcribed to ensure reliability (Yin, 2013). The primary data were supplemented with secondary data, such as websites, newspaper articles, and podcasts. Table 1 provides a summary of the informants and the start-ups.

Table 1: Information about informants, teams, and start-ups pre-participation

<table>
<thead>
<tr>
<th>Informant / founder</th>
<th>Alpha</th>
<th>Beta</th>
<th>Cappa</th>
<th>Delta</th>
<th>Ecco</th>
<th>Fox</th>
<th>Gamma</th>
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<tbody>
<tr>
<td>Entrepreneurial experience</td>
<td>Mid-forties</td>
<td>Early-twenties, Just left high school</td>
<td>Mid thirties, Industry experience</td>
<td>Mid-twenties, Just graduated from university</td>
<td>Mid-forties, Industry experience</td>
<td>End of twenties, Business education</td>
<td>End of thirties, Entrepreneurial experience, Project manager, software developer</td>
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<tr>
<td>Self-confident</td>
<td>Mid thirties</td>
<td>Early twenties, Just left high school</td>
<td>Mid twenties, Just graduated from university</td>
<td>Mid-forties, Industry experience</td>
<td>End of twenties, Business education</td>
<td>End of thirties</td>
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<tr>
<td>Team experience</td>
<td>Both with entrepren. experience</td>
<td>Worked on the project besides school</td>
<td>One with entrepren. experience</td>
<td>One founder with industry and entrepren. experience</td>
<td>Employees with industry, technical and software experience</td>
<td>Product development, back- and front-end developers</td>
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<td>With one tech person during participation</td>
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<td>Team expansion</td>
<td>Laser scanner app to improve and simplify measurement of buildings/properties</td>
<td>Simplify various tasks related to connectios between property owner, tenants and suppliers</td>
<td>Develop tools to simplify/fasten sales and buying processes of private properties</td>
<td>Idea only. Solve noise problems in society</td>
<td>Idea only. Simplify renovation process, digitalise connections between sub-contractors</td>
<td>Digitalise demonstratio n/views of private properties for sale</td>
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<td>Value proposition</td>
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</tbody>
</table>

Table 1 provides a summary of the informants and the start-ups.
3.3 Data analysis

The transcripts were coded following a thematic analysis (Braun & Clarke, 2006). To strengthen validity and reliability and reduce potential personal bias in interpretation, a researcher triangulation strategy was chosen (Miles et al., 2014, Yin, 2013). Hence, the first and the second authors performed data analysis together for the purpose of this paper, starting with reading and re-reading the interviews, taking initial notes, and then meeting for discussion and further interpretation, thus following an individual–group procedure to ensure perspective. Initial coding was based on a preconception of the initial theoretical framework. As the analysis and interpretation of the data emerged, patterns in the data were analysed, searching for categories and themes. The combination of deductive and inductive analysis resulted in a code tree consisting of three main groups and several subgroups (see Figure 2).

Figure 2: Code tree

4. Results and discussion

4.1 Individual and team identity

The findings indicate that participation in the accelerator influenced entrepreneurial identity at both the individual and team levels. Asking why and how, the informants pointed to the accelerator programme content of high-degree process-focused “real-world activities” that challenged them as persons but also provided positive feedback. The recognitions they received for what they did and the advice from mentors and other employees at The Factory and the fellow participants in the accelerator were valued and important for self-reflection.

Several of the informants referred to changes in identity by saying they “became more adult” or “grew as people”. This is consistent with previous findings (Tobiassen et al., 2018). The change in identity was especially the case for the younger entrepreneurs, represented by the informants in Beta and Delta. They felt that they were taken seriously and received a lot of support and positive feedback in the process. This strengthened their identity as entrepreneurs (Mathias & Williams, 2017):

Before the accelerator, we were teenagers with no experience. We were just testing out stuff to see if it could work. But they (the accelerator) believed in us, they treated us professionally... In a way, we became more grown-ups and no longer “kids” through being part of the accelerator programme. (Beta informant)

(…) As a team, we became a more professional, maybe, more structured. The division of roles became clearer. For me, I experienced an explosive start in my professional career. I finished my
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education a year ago ... I have grown so much through participation; it influences everything we do. (Delta informant)

The more experienced respondents also claimed that they grew as persons and became more aware of their own strengths and weaknesses, becoming energised in their role as entrepreneurs, which then became vital in the process of developing their firms.

It (participation) has formed us as persons, we have evolved considerably, and all the positive recognition we got, it is with us further, it gave us a lot of guts to continue the work. (Alpha informant)

However, being challenged by the personal did not always come without cost. It was particularly challenging for a young solo entrepreneur who could not lean on other team members in the process:

I saw myself as an entrepreneur, had done that for a long time, and had started companies previously. I looked forward to being challenged. But this was hard for me. I lost confidence for a while. I felt like an idiot. I felt so alone, but I learned a lot about myself, not least to trust people. And yes, they (the accelerator) supported me all the way. (Fox informant)

For team-based start-ups, the findings show that participation influenced the entrepreneurial team positively and that the teams became more “professional”. Although becoming more aware of each team member’s strengths and weaknesses, the entrepreneurs gained an increased understanding of what should be each team member’s responsibility. Further, the activities in the accelerator illustrated the complexity of the resources needed to form a new venture and that different skills were needed. This was pointed out by both the Delta (above) and Beta informants.

We were three people before and after completing the programme. It was probably more that the three of us, who were just friends, did this because it was fun. We kind of transformed into a team where we discovered our personal strengths. (Beta informant)

Being an entrepreneurial team is considered advantageous with regard to both potential customers and investors (Stoyanov et al., 2018). The Factory builds its activities in the programme around this, and some of the entrepreneurs were explicitly challenged by the accelerator on the lack of existing resources within the team. Responding to the challenge, some firms expanded their team during the programme.

So we were kind of a bit exposed to weaknesses as well, and it pushed us even harder to continue the search to find one, one last, in a way, technical person, for the team. (Alpha informant)

Alpha expanded its team during the programme, and Cappa and Fox did so after finishing the programme. Research shows that start-ups founded by a team have a significantly increased survival probability compared to solo entrepreneurs (Box & Segerlind, 2018). This may be one reason why The Factory prefers that participating start-ups are a team of entrepreneurs.

In general, the informants from all the entrepreneurial teams reported that collaboration between team members improved during the accelerator. This may be related to the practical training in collaboration within the program, and/or because cooperation in the team is a premise for participation in the accelerator. Improved team collaboration was particularly evident for the start-ups that had recently set up a team. This agrees with Ashforth et al.’s (2011) notion that team members who become more acquainted with each other and work closely together will simultaneously construct a sense of “who we are”.

4.2 What we do: The idea or start-up identity

Regarding “what we do,” the start-ups had different starting points pre-participation in the accelerator. Some had come quite far in developing their business idea and had customers; others were ready to commercialise their products; and others had vaguer ideas of what they wanted to do and wanted to be. The findings show that it is possible to separate the start-ups’ starting points into three:

- 1. Start-ups with a strong perception of “what we do” and had received confirmation of their idea in the market (Beta and Gamma),
- 2. Start-ups with a strong perception of “what we do” but had not yet received confirmation in the market (Alpha, Cappa, Fox), and
3. Start-ups with an idea of what they wanted to do and that had not started to shape their identity at the company level pre-participation (Delta, Ecco).

The analysis indicates that for start-ups in group 1 that had a strong perception of “what we do”, the accelerator’s impact on identity at the start-up level was not that large. Given that these start-ups were already fairly established in the market, neither the entrepreneurs in Beta and Gamma, nor the accelerator, nor other network connections had any intention of making major changes in “what we do”. It was rather a matter of small adjustments to better adapt to customers or other stakeholders, which Elfving (2015) argued is important for start-ups to succeed in their assignments.

We just made a few changes to simplify user features to make the product more user-friendly for our target customers. Participation made us more concerned about how to present and communicate our product to users. (Gamma informant)

Start-ups in group 2 found it stressful to be challenged on “what we do”. Taking Alpha as an example, the entrepreneurs made many changes in the concept based on feedback and suggestions from The Factory, potential partners and customers. Hence, they wanted to adapt. However, after finishing the accelerator programme, the entrepreneurs realised that the new concept did not work well for them and decided to change back to the original concept. Yet, the informant argued that the process had been valuable as the concept became more precise and clear:

It became clear to us that we have an “asset-as-a-service” model; we didn’t understand that before participating. We learned a lot in the process. And we have become more conscious of “what we do” and not to think too complicated about it. (Alpha informant)

The start-ups in group 3 experienced that the impact on identity at the company level was large and positive. These start-ups had not developed a strong “what we do” identity pre-participation. Thus, through participation, the entrepreneurs became more familiar with their own business and developed a strong perception of “what we do”. The entrepreneurs saw that working with their start-ups based on feedback from external parties was helpful and much needed to develop the start-up’s identity and clarify how they could be legitimately distinct from incumbents (Navis & Glynn, 2011). The entrepreneurs realised that a distinct understanding of “what we (want to) do” was a prerequisite for all else. This may explain why the start-ups in group 3 experienced the impact on identity at the company level as highly positive and did not experience this as a frustrating process. For example, Delta shared that:

We understood that our idea was naïve, solving noise problem for society was far too ambitious. The concept became more concrete and for a smaller market (B2B). (Delta informant)

Overall, the analysis revealed that simplification—or clarification of “what we do” became clearer for most of the participating start-ups through participation in the programme, independent of how far they come in developing their business idea pre-participation.

For the start-ups in group 1, the identity at the company level was most ingrained pre-participation. This may not be surprising since the literature emphasises that identity is shaped through activities, experiences, and social processes (Ashforth et al., 2011; Lindgren & Wåhlin 2001; Read et al., 2016). The start-ups in group 1 had tested their concept in the market pre-participation.

5. Conclusion

This study contributes to an enriched understanding of how participation in accelerators influences identity at different levels, a theme not much studied from an effectuation theory perspective. Identity is one of the entrepreneurs’ means (Sarasvathy, 2001) vital for start-up development. The study takes a broader perspective by including start-up identity (“what we do”) with identity at the individual/team level (“who I am/who we are”).

The participant entrepreneurs experienced some changes at the individual level, yet the change in self-perception seemed the largest for the youngest and less experienced entrepreneurs. Consistent with Watson et al.’s (2015) findings, the accelerator programme helped entrepreneurs become better acquainted with their identity pre- and post-participation. Both as individuals and as a team, they became more aware of their own strengths and weaknesses, became more confident, and were better able to act on their identities by dividing tasks and gathering new resources to develop their ventures. Being challenged both as persons and as a team (who I am/who we are) and on their ideas (what we do) while simultaneously experiencing support seemed vital in this process.
Due to intensive work with the start-up during the accelerator period, several entrepreneurs experienced that the accelerator made them more focused, structured, and dedicated to developing their firms. For most start-ups, this process changed the start-up’s identity (“what we do”) to a large or small extent. That identity at both the individual/team and start-up level is formed through daily activities and experiences has been emphasised by previous studies (e.g., Read et al., 2016; Tobiassen et al., 2018). The findings indicate that participation in the accelerator increased the pace of development by pushing the start-ups through difficult decisions.

Adapting identity to external influence can be crucial for start-ups to succeed (Elfving, 2015; Fisher et al., 2016; Leitch & Harrison, 2016). Nevertheless, the literature points out that start-ups should be careful not to let the influence of external actors overcome their own vision for the company (Elfving, 2015), as experienced by some of the entrepreneurs.

This study has some limitations. Due to the COVID-19 situation (interviews were done during Spring 2020), and heavy workload for the start-ups, we were not able to recruit more than one informant from each start-up. This is not ideal, as the study intended to uncover how participation in an accelerator may influence team level and start-up identity. Accordingly, it would have been preferable to interview all founding team members, which should be encouraged in future studies. Further, we interviewed only one start-up within fintech, compared to six in proptech. Although differences related to industry were not found in this study, future research could emphasise potential differences in identity across industries.

References


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