




Entrepreneurship Out of Shame: Entrepreneurial Pathways at the Intersection of Necessity, Emancipation, and Social Change

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Abstract

Shame has been identified as a debilitating emotion that impedes entrepreneurial action. Yet, there are many examples of people who experience shame and go on to create entrepreneurial ventures. How then is entrepreneurship possible in the face of such shame? To address this question, we develop a theoretical process model that highlights the connection between individual and collective experiences of shame and elaborates when and how such experiences may lead to entrepreneurship. We suggest that third-person experiences of shame can transform first-person experiences and trigger identification with a community of similarly stigmatized others. We argue that the distinct narratives provided by these communities can reduce or enhance entrepreneurial self-efficacy, and therefore lead to different entrepreneurial pathways: some individuals may create ventures out of necessity, while others will create ventures that act as shame-free havens for themselves and others, and become a source of emancipation and social

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change. By outlining distinct entrepreneurial pathways out of shame, we extend current research at the intersection of entrepreneurship, necessity, emancipation, and social change.

Keywords

collective identity, emancipation, entrepreneurship, narratives, necessity entrepreneurship, negative emotions, shame, social change, stigmatization

Introduction

Entrepreneurship has been theorized as a critical driver of social change (Lounsbury & Glynn, 2019; Nicholls, 2006; Stephan, Patterson, Kelly, & Mair, 2016; Vedula et al., 2022). A growing number of studies speak to the emancipatory power of entrepreneurship for those who face significant constraints such as discrimination and exclusion from the workforce as a result of stigmatization—that is, when a person or group is devalued and marginalized based on perceptions of physical, emotional, servile, tribal, or moral stigma (Rindova, Barry, & Ketchen, 2009; Rindova, Srinivas, & Martins, 2022; Ruebottom & Toubiana, 2021). This emerging perspective suggests that such actors can, despite their hardship, still engage in and leverage entrepreneurship to challenge societal norms or structures that contribute to their stigmatization (Goss, Jones, Betta, & Latham, 2011; Haugh & Talwar, 2016). Yet, as past research shows, the potential for entrepreneurship as a solution for these actors is often-times limited by the demoralizing and action-impeding effects of the shame associated with stigmatization (Marsh, Ambady, & Kleck, 2005).

Indeed, when people are stigmatized because of who they are or what they do, they are often directly shamed by others, in the name of upholding societal norms and expectations (Creed, Hudson, Okhuysen, & Smith-Crowe, 2014). Shaming refers to actions “that seek to induce felt shame” (Creed, Hudson, et al., 2014, pp. 280, 285; Zietsma & Toubiana, 2018), where felt shame is a negative self-evaluative emotion on the part of an individual which is

generally paralyzing rather than energizing (Kwon, 2016; Tangney, Stuewig, & Mashek, 2007). For instance, racialized people, people with disabilities, those who do not conform to sexual or gender norms, and individuals who engage in taboo activities or “dirty” work, are often shamed for being “less than” by others in society (Ashforth & Kreiner, 1999; Goffman, 1963; E. C. Hughes, 1958; Zhang, Wang, Toubiana, & Greenwood, 2021). Such shaming episodes thus often lead to negative outcomes, like exclusion and other types of social stratification, that prevent those who are shamed from taking action to improve their situation as they come to see themselves as essentially defective or worthless (Clair, Beatty, & MacLean, 2005; Goffman, 1963; Jones & King, 2014; Kwon, 2016).

Despite the general agreement on the negative and inhibiting aspects of shame, there is at the same time growing evidence of new ventures being founded by individuals who experience stigma-induced shame for who they are or what they do. For instance, people who were previously incarcerated have been found to create ventures that provide employment opportunities to others based on dignity instead of shame (Goodstein, 2019; Hwang & Phillips, 2020; Irankunda, Price, Uzamere, & Williams, 2020); sex workers develop businesses that challenge the structural, cognitive, and emotional roots of their marginalization (E. Bernstein, 2007; Ruebottom & Toubiana, 2021); people with disabilities start businesses based on their strengths instead of simply compensating for their limitations (Kitching, 2014; D. Miller & Le Breton-Miller, 2017; Ng & Arndt, 2019; Pagán, 2009; Renko, Parker

Harris, & Caldwell, 2016); and people facing racist discrimination start ventures that combat systemic racism (Agius Vallejo, 2015; Bento & Brown, 2021; Wingfield & Taylor, 2016). Examples of this phenomenon abound, inviting us to challenge current assumptions regarding the demoralizing and action-impeding effects of shame.

In making sense of this phenomenon, existing theorizing tends to see these entrepreneurs as exceptions—as individual heroes who defy expectations to do the impossible, or as necessity entrepreneurs who provide for their basic needs but are not able to create any broader social change. However, the range of ventures across industries (e.g., sex, cannabis, restaurants) involving different sources of stigma (e.g., way of life, occupation, disability, race, gender), and their potential for emancipation and social change, warrants a closer look.

By challenging the view of these individual entrepreneurs as exceptions, in this paper we conceive of shame as not merely an individual experience but also a collective one: individuals may be shamed based on an attribute that is devalued in society, but they are usually part of a community of others who are similarly discredited (Creed, Hudson, et al., 2014; Goffman, 1963). People facing such shame, thus, may not just turn inward, but may look outward as well and connect with others facing similar experiences. In fact, existing theorizing on social movements points to collective experiences of injustice as critical in mobilizing movements such as Black Lives Matter (Nummi, Jennings, & Feagin, 2019), #MeToo (Strauss Swanson & Szymanski, 2020), and other forms of collective action (van Zomeren, Postmes, & Spears, 2008). However, this collective sense of injustice has so far not been seen as relevant when we think of entrepreneurs and the ways in which stigmatized actors may come to entrepreneurship.

We argue that theorizing how individuals engage in entrepreneurial action despite or because of stigma-induced shame is critical to understand the emancipatory power of entrepreneurship (Rindova et al., 2009) and shed light on entrepreneurial pathways that diverge from the

mainstream (Aldrich & Ruef, 2018). Indeed, the drivers and enablers that allow people to start businesses out of shame are likely to differ from those in ventures created by individuals who do not face such stigma-induced shame, discrimination, or any form of exclusion from the labor market (Ajunwa & Onwuachi-Willig, 2018; Goffman, 1963; Pescosolido & Martin, 2015; Rüsçh, Zlati, Black, & Thornicroft, 2014; Western, Braga, Davis, & Sirois, 2015). Furthermore, by focusing not on individual heroes, but by attending to the role of shared experiences of shame in influencing entrepreneurship, we address important limitations of extant understandings of the role of negative emotions in entrepreneurship (Williamson, Drencheva, & Wolfe, 2022). In particular, the current baseline assumption that individually held negative emotions result in negative entrepreneurial outcomes ignores the complexity of emotions and their role in influencing social action (Polletta & Jasper, 2001).

Therefore, to build theory, we articulate the processes through which shame felt at the individual level is transformed through identification with collective identities. While shame can be debilitating and lead to hopelessness, we show how transformative third-person experiences of shame can trigger identification with a community of similarly stigmatized others. These collective identities are rooted in narratives of injustice focused on community victimization or resilience. We argue that these distinct narratives can in turn reduce or enhance entrepreneurial self-efficacy, and therefore lead to different entrepreneurial pathways. Specifically, we suggest that a victimization narrative lowers entrepreneurial self-efficacy, while a resilience narrative increases entrepreneurial self-efficacy. In the former case, and despite low levels of self-efficacy, individuals remain shut out of the labor market and have therefore in many instances no other choice for their livelihood than to engage in a form of entrepreneurship to meet their basic needs. In the latter case, however, individuals are propelled to create ventures that act as shame-free spaces, thereby breaking free from constraints

for themselves and others. Our theoretical process model unpacks these connections between the individual and collective experiences of stigma-induced shame and highlights two distinct pathways from shame to entrepreneurship: a necessity entrepreneurship and an emancipatory entrepreneurship pathway.

We advance past research in several important ways. First, we contribute to the literature on stigma, shame, and entrepreneurship by theorizing how stigma-induced shame is not always paralyzing (Kwon, 2016; Marsh et al., 2005; Tangney et al., 2007) and counterproductive for entrepreneurship (Doern & Goss, 2014). Leveraging a theoretical lens at the intersection of collective identity (Basir, Ruebottom, & Auster, 2021; Polletta & Jasper, 2001) and the sociology of emotions (Scheff, 1990; Turner & Stets, 2005), we conceptualize two possible pathways that transform shame from a self-destructive emotion into productive forms of entrepreneurial action. Our conceptualization thus brings to light the overlooked role of entrepreneurship in reducing shame, in ways that extend the traditional strategies to address shame (e.g., Kibler, Mandl, Kautonen, & Berger, 2017; Lyons, Pek, & Wessel, 2017; Shepherd, Saade, & Wincent, 2020; Sutton & Callahan, 1987). The process model that we offer illuminates the role entrepreneurship may play in managing stigma-induced shame, and carries, as part of the model, an important set of extensions to past research on the emotional drivers of entrepreneurship, which has so far been largely cognitive and intrapersonal in orientation (e.g., Foo, Uy, & Murnieks, 2015; Wiklund, Nikolaev, Shir, Foo, & Bradley, 2019; Williamson et al., 2022). In focusing on instances of negative emotions inhibiting entrepreneurial action (e.g., Doern & Goss, 2014; Marsh et al., 2005), previous research has tended to overlook the powerful motivating effects of negative emotions in entrepreneurship (Wiklund et al., 2019).

Second, our process model reveals novel insights into the relationship between necessity and emancipatory entrepreneurship. By underscoring the role of shared experiences of shame

and how collective identities can result in alternate pathways to entrepreneurship in the face of shaming and labor market exclusion, we extend understandings of necessity entrepreneurship beyond the sole individual (Dencker, Bacq, Gruber, & Haas, 2021) and towards a more collective understanding of the emotional drivers of necessity entrepreneurship. In this way, we outline how entrepreneurship out of shame can be both out of necessity but also become, in specific instances, emancipatory in nature through its potential to remove structural, cognitive or emotional constraints (Rindova et al., 2009) at individual and collective levels.

Finally, our theorization of the second pathway, emancipatory entrepreneurship out of shame, challenges the current dichotomous framing of entrepreneurial motives as being either self- or other-oriented (Branzei, Parker, Moroz, & Gamble, 2018; Carsrud & Brännback, 2011). By attending to the complexity of entrepreneurial motives and extending work on role and social identities in entrepreneurship (Fauchart & Gruber, 2011), this pathway reconciles the self- or other-oriented drivers of entrepreneurship. By highlighting the interconnections between individual and collective emotions in social groups, our work highlights the importance of combining both individual and collective drivers of entrepreneurship. Taken together, these contributions of our theory pave a path for further fruitful research inquiries at the nexus of stigma, shame, and entrepreneurship.

Shame, Shaming, and Stigmatization

Shame is a “discrete emotion experienced by a person based on negative self-evaluations. . .” (Creed, Hudson et al., 2014, p. 280) and “arising from public exposure and disapproval of some shortcoming or transgression” (Tangney et al., 2007, p. 347). When people violate social norms and expectations because of who they are or what they do, they may experience shaming from others who aim to maintain the moral order (Creed, Hudson, et al., 2014). Shaming refers to efforts aimed at “inducing felt shame”

(Creed, Hudson, et al., 2014, p. 285) for one's discredited status or behavior. These shaming efforts can take the form of violence, threats and insults, and/or acts of exclusion, often leading to intense feelings of shame for the individual. For instance, Creed, DeJordy, and Lok (2010) detail the shaming that some "gay, lesbian, bisexual, and transgender" (GLBT) ministers experienced from the Church and society more broadly, where they were condemned and told they were "wrong" or "bad" because of their sexual orientation. Toubiana and Ruebottom (2022, p. 526) detail how the shaming of sex workers is often intense, with people constantly telling them "I'm some sort of whore" and that they were worthless.

Shaming is a form of stigmatization when shaming efforts emanate from devaluations of a person or group based on perceptions of physical, emotional, servile, tribal, or moral stigma (Ashforth & Kreiner, 1999; Doldor & Atewologun, 2021; Kvåle & Murdoch, 2022; Mikolon, Alavi, & Reynders, 2021; Summers et al., 2018; Wang, Raynard, & Greenwood, 2021; Zhang et al., 2021). Stigma is generally defined as "an attribute that is deeply discrediting," one that reduces the bearer "in our minds from a whole and usual person, to a tainted, discounted one" (Goffman, 1963, p. 3). Stigma may apply to or affect individuals—for example, people with disabilities (McLaughlin, Bell, & Stringer, 2004; Ng & Arndt, 2019), those who suffer from mental illness (Elraz, 2018; Pescosolido & Martin, 2015), or those who have a criminal history (Ajunwa, 2015; Pager, 2003). It can also apply to particular occupations (Ashforth & Kreiner, 1999, 2014; E. C. Hughes, 1958; Phung, Buchanan, Toubiana, Ruebottom, & Turchick-Hakak, 2021), organizations (Hampel & Tracey, 2017; Helms & Patterson, 2014; Hudson & Okhuysen, 2009), or even entire industries (Durand & Vergne, 2015; Hsu & Grodal, 2021; Lashley & Pollock, 2020; Vergne, 2012).

Individuals who experience stigmatization face widespread negative consequences across many aspects of their lives, including oftentimes extremely negative material impacts

(Clair et al., 2005; Doldor & Atewologun, 2021; Hudson & Okhuysen, 2009; Jones & King, 2014; Pescosolido & Martin, 2015), such as restricted opportunities for health, housing, and relationships (Ajunwa, 2015; Link & Phelan, 2001). Stigmatization, especially as it takes the form of shaming, often results in feelings of shame, as individuals or groups are discredited and devalued (Goffman, 1963; Matheson & Anisman, 2009; Ruebottom & Toubiana, 2021). The resultant shame is often directed at the self—i.e., internalized—and can lead individuals to feel "defective," triggering despair and yet further shame. As Tangney et al. (2007, p. 347) explain, "feelings of shame are typically accompanied by a sense of shrinking or of 'being small' and by a sense of 'worthlessness and powerlessness'." This "felt shame," as Creed, Hudson, et al. (2014) term it, is associated with withdrawal from the social world (Sheikh & Janoff-Bulman, 2010; Tangney et al., 2007), and can lead to acts of aggression toward the self and/or others (Tangney, Wagner, Fletcher, & Gramzow, 1992). For these reasons, shame is deemed mostly counter-productive and even destructive (Goffman, 1963; Stone, Stone, & Dipboye, 1992), such that it is generally defined as a negative emotion that tends to impede action, because "attention and effort are absorbed by intra-psychic conflict rather than channeled into purposeful action" (Doern & Goss, 2014, pp. 866–867). Therefore, based on existing literature, stigma-induced shame is seen as unlikely to trigger proactive behaviors such as entrepreneurship (Marsh et al., 2005). In sum, shame "diverts attention and energy away from business development" (Doern & Goss, 2014, p. 880).

However, and despite our awareness of the paralyzing effects of shame, there is extensive evidence of individuals and groups who experience shame due to stigmatization and who yet start and run their own business (Hope & Mackin, 2011; Kerr & Kerr, 2020; D. Miller & Le Breton-Miller, 2017; Shepherd et al., 2020; Vandor & Franke, 2016; Wiklund, Patzelt, & Dimov, 2016; Wiklund, Yu, Tucker, & Marino, 2017; Wolfe, Patel, & Drover, 2020), indicating

that some individuals are able to exercise entrepreneurial initiative despite being shamed (Al-Dajani, Carter, Shaw, & Marlow, 2015; Goss et al., 2011; Ruebottom & Toubiana, 2021; L. Scott, Dolan, Johnstone-Louis, Sugden, & Wu, 2012). To make sense of this puzzle, we review the literature on emotions and entrepreneurship, and then in turn outline our theoretical model of entrepreneurial pathways out of shame.

Emotions and Entrepreneurship

Understanding the drivers of new venture creation is an ongoing subject of interest in the entrepreneurship literature (Carsrud & Brännback, 2011; Levine & Rubinstein, 2017) with scholars traditionally categorizing such drivers as either being self-oriented or other-oriented (Ruskin, Seymour, & Webster, 2016; Van de Ven, Sapienza, & Villanueva, 2007).

Research on self-oriented entrepreneurial drivers dates back to the infancy of entrepreneurship research (McClelland, Atkinson, Clark, & Lowell, 1953; Naffziger, Hornsby, & Kuratko, 1994), with consistent findings that individuals choosing to start an entrepreneurial effort tend to be driven by an individual desire for achievement (Collins, Hanges, & Locke, 2004; Johnson, 1990; McClelland et al., 1953; Shane, Locke, & Collins, 2003; Stewart & Roth, 2007), for autonomy and independence (Douglas & Shepherd, 2000; Ryan & Deci, 2001; Ryff, 2019), and a willingness to be one's own boss (Deci & Ryan, 2002). More recently, researchers have highlighted entrepreneurs as being driven to entrepreneurship out of necessity when they find themselves shut out of the labor market (Dencker et al., 2021). Altogether, these drivers tend to relate to the entrepreneur's desire for personal gain as the main expected and desired outcome (Renko, 2013). This gain can be purely economic; for instance, an increase in income and financial returns (D. P. Boyd & Gumpert, 1983; Kuratko, Hornsby, & Naffziger, 1997; Naffziger et al., 1994); or non-pecuniary, for instance, feelings of safety

(Dencker et al., 2021) or self-actualization (Hitt, Ireland, Sirmon, & Trahms, 2011).

In parallel, there has been growing empirical evidence for, and scholarly interest in, other-oriented drivers of entrepreneurial action. Notably, the social and environmental entrepreneurship literature documents ventures created with the explicit mission to generate positive social (Tracey & Stott, 2017), environmental (Dean & McMullen, 2007), or community impact (Lumpkin & Bacq, 2019; Lumpkin, Bacq, & Pidduck, 2018; Peredo & Chrisman, 2006; Montgomery, Dacin, & Dacin, 2012). Research shows that these entrepreneurs are oftentimes driven by prosocial, other-oriented motives, such as altruistic and collective motives (Branzei et al., 2018; Henry & Dietz, 2012; Tan, Williams, & Tan, 2005; Van de Ven et al., 2007). The desired outcomes of such prosocial, other-oriented entrepreneurial motives mostly encompass societal benefits including positive social change (Stephan et al., 2016), social impact (Bacq & Janssen, 2011; Ebrahim & Rangan, 2014), or improvements to the natural environment (Parrish, 2010; Patzelt & Shepherd, 2011).

Within this broader literature on self- or other-focused entrepreneurial drivers, scholars have also examined how emotions can drive—or inhibit—entrepreneurial activity (Cardon, Zietsma, Saporito, Matherne, & Davis, 2005; Welp, Sporrle, Grichnik, Michl, & Audretsch, 2012) and entrepreneurs' decisions to start a venture instead of other career options (for recent reviews, see Shepherd & Patzelt, 2018; Zietsma, Toubiana, Voronov, & Roberts, 2019). Studies in this vein have found that positive emotions, such as passion, joy, love, compassion, hope, and affective empathy, are important drivers of entrepreneurship. For example, entrepreneurial passion reportedly motivates entrepreneurs (Cardon, Post, & Forster, 2017; Cardon, Wincent, Singh, & Drnovsek, 2009; X.-P. Chen, Yao, & Kotha, 2009; Gielnik, Spitzmuller, Schmitt, Klemann, & Frese, 2015; Yitshaki & Kropp, 2016), while joy and love reduce risk perceptions and

engender more optimistic cognitive evaluations of entrepreneurial opportunities (Branzei & Zietsma, 2004; Welpe et al., 2012). When it comes to other-oriented motives, compassion and affective empathy have been found to enable individuals to emotionally connect to the suffering of others (T. L. Miller, Grimes, McMullen, & Vogus, 2012), and drive them in turn to take action to alleviate that suffering (Bacq & Alt, 2018; Goetz, Keltner, & Simon-Thomas, 2010; Lazarus, 1991; Mair & Noboa, 2006). Hope as well enables social change agents to “challenge and reconcile incongruences between their image of a better future and (. . .) inequitable circumstances” (Branzei, 2011, p. 21). In sum, while positive emotions create an emotional investment in, or tie between, the entrepreneurs and their venture that can galvanize their activities and commitment, negative emotions, such as fear, regret, shame, and anger, predominantly inhibit entrepreneurial activity (Cacciotti & Hayton, 2015; De Cock, Denoo, & Clarysse, 2020; Doern & Goss, 2014; Markman, Baron, & Balkin, 2003; Welpe et al., 2012).

Despite the overwhelming agreement that negative emotions impede entrepreneurial action, recent evidence suggests that negative emotions may not *always* do so (e.g., Lindebaum & Geddes, 2016; Welpe et al., 2012; Wiklund et al., 2019). For example, anger, and associated feelings of certainty and control, have been shown to shape entrepreneurial risk perception and encourage individuals to pursue uncertain opportunities (Foo, 2011; Podoynitsyna, Van der Bij, & Song, 2012). Furthermore, negative emotions associated with job dissatisfaction could activate a “sense of energy or urgency” (Foo et al., 2015, p. 411) for a job change and may lead to entrepreneurship as individuals seek more meaningful work to help cope with their unhappiness (Nikolaev, Shir, & Wiklund, 2020). Motivated by this line of thinking, we outline in the next section a novel theoretical model that explains different entrepreneurial pathways that similarly extend out of a negative emotion, namely that of shame.

Entrepreneurship Out of Shame: Two Entrepreneurial Pathways

Our theorizing outlines two pathways to entrepreneurship out of shame. In doing so, we go beyond the oftentimes presumed linear individual pathway where shame leads to negative views of oneself and hinders action. Instead, we highlight the role of interactions and of identification with a collective as shaping entrepreneurial self-efficacy via narratives of injustice.

While emotions in the entrepreneurship literature have tended to be characterized as individually experienced and felt, we draw on the sociology of emotions that views emotions as relational and, in doing so, make space for a consideration of emotions as a collective experience between people, situated within structures that shape and define emotional reactions (Scheff, 1990; Turner & Stets, 2005). This shift from individual to collective is a critical element in addressing the individual isolation and exclusion faced by those who are shamed, and in explaining how some engage in entrepreneurship despite the action-dampening effects of their felt shame. Drawing on this idea, we outline a theoretical model that explains different entrepreneurial pathways out of shame.

To elucidate our theorizing, we build on past research practices that use vignettes in theorizing (e.g., Furnari, 2014; Joshi, Dencker, Franz, & Martocchio, 2010). We offer three vignettes (see the Appendix) that illustrate real-life entrepreneurs who have come to entrepreneurship out of shame stemming from physical, social, and moral stigma¹: a hearing-impaired entrepreneur who created a hair salon employing other hearing-impaired individuals (Cuong, vignette 1); a transgender pornography entrepreneur who developed his own porn label and motivational speaking company (Jeff, vignette 2); and an entrepreneur with a criminal record who founded a haute cuisine restaurant to train other individuals exiting the penal system (Brandon, vignette 3). We use these vignettes not as data sources, but as illustrative stories that help illuminate the theoretical processes

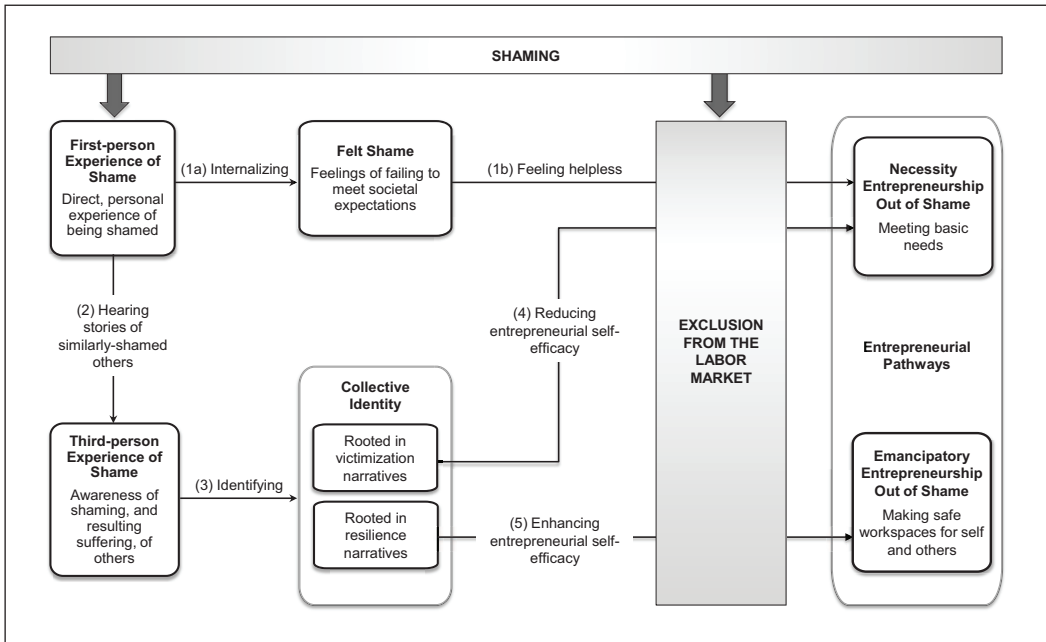


Figure 1. Theoretical model of entrepreneurial pathways out of shame.

and mechanisms we elaborate on. In the next sections, we outline the different stages of our theoretical model of entrepreneurial pathways out of shame, as captured by Figure 1.

First-person experience of shame: Shaming triggers internalized feelings of shame

People may be shamed by others because of who they are or what they do, which we label a “*first-person experience of shame*”—a “negative evaluation of their global self” which is seen as somehow “defective” or “discredited” (Tangney et al., 2007, p. 349). For example, people who were past terrorists or engaged in criminal activity face denigration from society for their past behaviors (Chandra, 2017); individuals with mental illness at work have been shamed for being “weak” and less capable (Elraz, 2018), and those who come out as lesbian, gay, bisexual, transgender or queer (LGBTQ+) can experience shaming from religious institutions that define homosexuality as

an “abomination” (Creed et al., 2010). As we illustrate at the top of Figure 1, shaming—or what we call “*first-person experience of shame*”—can take many forms, from insults and violence to exclusion from the labor market (Ajunwa & Onwuachi-Willig, 2018; Goffman, 1963; Pescosolido & Martin, 2015; Rüsche et al., 2014; Western et al., 2015).

Many who directly experience shaming come to feel shame and internalize the negative views that have been cast. Feelings of shame can cause withdrawal, aggressive behaviors, and maladaptive identity outcomes, such as self-blame and self-doubt (Sheikh & Janoff-Bulman, 2010; C. A. Smith & Ellsworth, 1985; Tangney et al., 2007). Indeed “feeling shame triggers a deluge of painful consequences” (Kwon, 2016, p. 67). Specifically, the shame associated with being excluded from social interactions and work opportunities can lead to an “emotional spiral” (Scheff, 1990, 2007). When emotions escalate, they can begin to damage one’s self-worth, as well as one’s belief that one can alter these negative evaluations.

These negative emotions can thus have dampening effects on entrepreneurial action by fostering or reinforcing feelings of helplessness, and a perceived inability to change the status quo (Doern & Goss, 2014). Accordingly, direct and personal experiences of being shamed can lead an individual to internalize feelings of shame (mechanism (1a), Figure 1). This “felt shame” translates into self-perceptions of failing to meet societal expectations. Felt shame often leads to feelings of helplessness (mechanism (1b) in Figure 1), which impedes action, including entrepreneurship.

Third-person experience of shame: Connecting to a collective identity

Individuals are embedded in the social world and, even though they may be shamed as an individual (e.g., for being a sex worker), there are often others who are similarly shamed for the same attribute or behavior (Ashforth & Kreiner, 2014; Ashforth, Kreiner, Clark, & Fugate, 2007). When one has the opportunity to witness, and connect with, similarly shamed others by hearing their stories (mechanism (2), Figure 1), individuals may have what we call a “*third-person experience of shame*.” Through this experience, an individual becomes aware of the shaming, and the resulting suffering, experienced by similarly shamed others. In this case, shame comes to be understood as a shared, collective experience taking place beyond oneself.

A third-person experience of shame requires opportunities to witness or connect with others being shamed. J. C. Scott (1990) found that clandestine communication that took place in paddy fields, kitchens, and hidden corners of villages (i.e., safe spaces away from power) resulted in the development of a “hidden transcript” that allowed peasants to realize the collective nature of the injustice they faced. While in the time of J. C. Scott’s (1985) seminal peasant resistance it was often difficult to find ways to connect with others, in an age of open and widespread information technology such opportunities are now more commonplace. For instance, on *RuPaul’s Drag Race*, a famous

reality competition television show, many participants recount how they felt alone in their shame when they were stigmatized over their sexual orientation throughout their lives. One of the show’s accomplishments is that it allows people globally to witness how others have been shamed for similar reasons (i.e., their gender expression) (Campana, Duffy, & Micheli, 2022). This also happens more frequently now over social media. For example, Ruebottom & Toubiana (2021) show how sex workers could observe others virtually and hear their stories. To the extent that individuals can communicate and engage with others in the community experiencing shaming, they can share stories that make sense of their shared experiences of shame.

We argue that a third-person experience of shame has important implications in terms of coming to see shame as a collective experience, which can then transform the impact shame has on one’s views of oneself. When individuals experience shame in the third person and witness the shaming of similarly shamed others, they can begin to connect their own direct and personal stories to those who have also been shamed. They begin to make sense of their experiences collectively—triggering identification with a collective (mechanism (3), Figure 1).

Research on stigmatized occupations and groups, for example, has suggested that collective experiences of stigmatization, and shame, can lead to “entitativity”—a sense of being grouplike (Ashforth & Kreiner, 2014, p. 92). Establishing a connection between self and others enables a shift in focus from “me” to “we” (Creed et al., 2020; Prins, van Stekelenburg, Polletta, & Klandermans, 2013). As such, a third-person experience of shame can provide individuals with a way in which to see themselves as part of a group. Through the mechanism of identification, a “person’s unique sense of self comes to be understood in reference” to a particular group (Postmes & Jetten, 2006, p. 260; Toubiana, 2020). Through this mechanism, an individual self-identifies as a member of a specific group, and integrates the prototypical features of that group as their own (Ashforth, 2001).

As illustrated with the entrepreneurs' stories presented in our vignettes, Jeff (vignette 2) began to see himself as part of a community of transgender people, particularly those in the sex industry who are exploited and shamed as a "freak show." He shared how his story was similar to others even though he came out so long ago. In doing so, Jeff was connecting himself to this community who were shamed for being transgender. Similarly, Brandon (vignette 3) began to see himself as part of a community of the previously incarcerated as he witnessed the shame cast on himself and others. By identifying with others who are similarly shamed, an individual begins to understand that they are part of a group with a "shared status" (Polletta & Jasper, 2001, p. 285). By contrast, in the absence of such identification, the individual may be "stuck" feeling shame on their own and which may continue to impede action through feelings of helplessness (as theorized as mechanism (1b), Figure 1).

Collective identity, narratives of injustice, and entrepreneurial self-efficacy

Collective identity is defined as "an individual's cognitive, moral, and emotional connection with a broader community, category, practice, or institution. It is a perception of a shared status or relation, which may be imagined rather than experienced directly" (Polletta & Jasper, 2001, p. 285). In this way, collective identity is a sense of "who we are" as a group. Collective identities are particularly salient for groups that have been stigmatized. Van Maanen and Barley (1984) explain that stigmatized "members will turn to one another for aid and comfort and, through such interaction, sustain a view of the world that justifies and vindicates itself as a defense against outsiders" (p. 326). The idea is that when an individual feels identified with a community based on shared experiences of stigmatization and shaming, they can generate positive views of themselves as a collective which acts as a defense against shaming at the individual level.

One of the key ways that shamed individuals develop identification with a community is through shared narratives that define and elaborate "who we are" (Brown, 2006). From this perspective, "collective identity is a discursive (rather than, for example, psychological) construct, and 'resides' in the collective identity stories that, for example, people tell to each other in their conversations" (Brown, 2006, p. 734). For individuals facing stigmatization and shame, narratives of injustice are often used to build collective identity (Benford & Snow, 2000; Prins et al., 2013). As Prins et al. (2013) found, these stories of injustice contain examples of "typical" treatments of the group, such as those of Moroccan-Dutch young adults who were discriminated against in job interviews and often excluded from the job market. The stories of injustice are shared and compiled by the group, and often shift from "I" to "we," which "implies that this is not just his [or her] experience and that it is not an isolated experience" (Prins et al., 2013, p. 91). In this way, the narratives of injustice come to define the shared experience of those who identify with the collective.

Importantly, when a collective identity focuses on shared injustice instead of individual failing, it serves as a critical moment for individuals that can "open their eyes and sharply increases their grievances" (Opp, 1988, p. 854). Injustices based on shared shaming accounts thus provide the fuel for a reflexive shift, "externalizing" the personal to a collective consciousness (Freire, 1970; J. C. Scott, 1990). A collective identity rooted in narratives of injustice thus helps shift an individual's perception of who bears the responsibility for shame—from the individual being shamed, to those involved in the act of shaming, and to the social structures that define what is shameful.

While many narratives, with varying details, combine to shape the collective identity centered around injustice (Brown, 2006; Prins et al., 2013), we argue that there are two core themes underlying narratives of groups who have been shamed. Some narratives of injustice focus on victimization, while others are centered around

resilience. We suggest that whether an individual's identification is rooted in a victimization or a resilience narrative will affect their entrepreneurial self-efficacy.² Individuals for whom the victimization narrative is primary can become "stuck" in their status and will likely have low levels of entrepreneurial self-efficacy. By contrast, individuals whose identification is rooted in a resilience narrative will experience higher levels of entrepreneurial self-efficacy.

Victimization narratives and reduced entrepreneurial self-efficacy. As Benford and Snow (2000) articulated: "A plethora of studies call attention to the ways in which movements identify the 'victims' of a given injustice and amplify their victimization" (p. 615). The power of a victimization narrative is that it helps shift the blame from an individual and/or the community, to a perpetrator or system (Prins et al., 2013). As a means of transforming shame, it is immensely powerful. However, it has also been associated with reduced agency. Indeed, narratives propel a sense of (in)action in that they are "performative, they are speech-acts that 'bring into existence a social reality that did not exist before their utterance' (Brown, 2006, p. 734; Ford & Ford, 1995, p. 544)". For instance, Toubiana (2020) outlined in her study of previously incarcerated men that those who identified with a victim-based narrative were able to shift blame from themselves to others, but ended up stuck in anger and failed to develop new "productive" identities.

We argue that when an individual's identification with a collective is rooted in a victimization narrative, this can negatively influence their entrepreneurial self-efficacy. Self-efficacy involves "judgements of how well one can execute courses of action required to deal with prospective situations" (Bandura, 1982, p. 122). Entrepreneurial self-efficacy, specifically, refers to an individual's confidence in their competencies and abilities to perform activities related to the identification of opportunities and the launching of new ventures (Zhao, Seibert, & Hills, 2005). When a collective narrative is oriented around the ways in which a particular

group has been constantly victimized, this can reduce the shame that an individual will feel; yet, this can also contribute to a reduction in agency to act against the shaming and change the situation (Toubiana, 2020). This is because a victimization narrative names the injustice that has been done to the group—it places blame on other people or systems—but does not provide narrative resources that elaborate how individuals themselves can make a change or alter the injustice, as other narratives do (Creed, DeJordy, & Lok, 2014). Internalizing the victimization narrative, therefore, does not improve entrepreneurial self-efficacy. Furthermore, the narrative underlying the collective identity operates in a self-reinforcing cycle: if an individual's identification is rooted in a victimization narrative, their identity is validated when they focus on their victimhood. Put differently, displaying any agentic sense of action runs counter to their identification with the group. Therefore, we propose that victimization narratives can reduce entrepreneurial self-efficacy (mechanism (4), Figure 1).

Resilience narratives and increased entrepreneurial self-efficacy. In the face of injustice, there are often other narratives that focus on community resilience, which may be "second stories" that "elaborate, challenge and revise" the original stories (Prins et al., 2013). Research has found that groups share stories of success that promote a belief in group members' strength in the face of injustice (Creed et al., 2014). For instance, while the deaf community is shamed for their disability, they share a sense of bravery and fortitude for knowing and using another language, for eschewing new medical advances like cochlear implants and sophisticated hearing aids that preserve the traditional bonds they feel with others who communicate by signing (Sparrow, 2005). Other minorities, such as people of color, women, or those who are LGBTQ+, tell stories of overcoming adversity, persevering under extremely difficult circumstances, and of important social changes that have been created by the group's strength. Importantly, it is these narratives of resilience

and strength that “animate their capacity for action” (Creed et al., 2014, p. 112) and, in doing so, lead to the construction of agentic selves.

These stories impact their “capacity for action” by providing the narrative resources that show success, and explain how others similarly shamed were able to cope with and overcome the injustices they have all faced. The resources in the narrative are the mechanism “through which potentially any persons can reconstruct themselves to become more generative” (Creed et al., 2014, p. 114). As the narratives move between “we” and “I,” the stories can be taken on by individuals in the group, making them feel confident in their own ability to tackle or overcome the injustice of stigmatization or exclusion (Creed et al., 2020; Prins et al., 2013). That is, we argue that when an individual’s identification with a collective is rooted in a resilience narrative, this enhances entrepreneurial self-efficacy (mechanism (5), Figure 1).

This is because the narrative shows how similarly shamed others have challenged and overcome injustice. In addition, as individuals work to validate their identity, they will seek to show their own resilience and strength which then also further supports the narrative, and reinforces and strengthens their identification. This mechanism will further fuel their sense of agency and, when targeting their actions towards entrepreneurship, serve to bolster their entrepreneurial self-efficacy. Entrepreneurial self-efficacy is what leads these individuals out of the paralyzing impacts of shame into believing they can do something about it.

In sum, while victimization narratives can direct attention to the wrongs in the system and reduce individual shame, they can also undermine the belief in one’s ability to solve the problem and thus restrict one’s self-efficacy to engage in entrepreneurial activity. As a result, combined with feelings of helplessness stemming from shame (mechanism (1b), Figure 1), an individual whose identification is rooted in victimization narratives is more likely to tend toward inaction. By contrast, resilience narratives can direct attention to strength in the face of injustice, such that an individual whose

identification is rooted in resilience narratives is more likely to feel propelled to engage in entrepreneurial activity to change their situation, as we articulate below.

From collective identity to entrepreneurial pathways

Even though shared stories of injustice transform individual feelings of shame, the stigma that leads to shaming is not necessarily eradicated. This means that while individuals may be buffered by the third-person experience of shame that connects them to a community of similarly shamed others, they will still be exposed to shaming (see the top of Figure 1) by those who perceive them as having a discreditable attribute. This shaming can impact all areas of life, but particularly relevant for entrepreneurship is the impact on work and employment. As Stone et al. (1992) explained:

In the context of work organizations, stigmatized individuals may face a host of problems that relate to both (a) access to jobs, and (b) treatment as a job incumbent. With respect to access, stigmatized individuals may be unfairly excluded from jobs through organizational recruitment, and selection practices (p. 396).

As such, stigmatization and the shaming that ensues can mean difficulty within the work context or exclusion from the labor market altogether (Ajunwa & Onwuachi-Willig, 2018; Goffman, 1963; Pescosolido & Martin, 2015; Rüsçh et al., 2014; Western et al., 2015).

Recognizing this broad-based observation, we theorize two entrepreneurial pathways out of shame, depending on the narrative of injustice that is the basis of an individual’s identification—victimization or resilience. As argued above, identification rooted in victimization narratives will reduce individuals’ agency and, thus, entrepreneurial self-efficacy. Yet, even though this may curb an individual’s intention to engage in entrepreneurship, such shaming is often paired with exclusion from the labor market, such that the individual has in many

instances no other choice but to start a venture out of necessity. We call this pathway *necessity entrepreneurship out of shame*. Indeed, necessity entrepreneurship has been shown to serve as a vehicle to fulfill an individual's personal basic needs when no other employment options remain (Dencker et al., 2021). Necessity entrepreneurs thus aim at addressing their most basic needs, such as providing food and shelter for themselves and their families, and ensuring their own safety.

By contrast to this first pathway, when third-person experiences of shame lead to identification rooted in resilience narratives, we argue that this will fuel individuals' entrepreneurial self-efficacy. When individuals have high entrepreneurial self-efficacy while being shamed in the workplace, they can be propelled to start a venture, not only for themselves but also to alleviate the shaming experienced by others. Beyond financial necessity and the need to provide for themselves, we argue these individuals will be compelled to turn the lack of access to safe spaces in the labor market into an opportunity to bring about important social change, fueled by their shared identity grounded in resilience. We name this pathway *emancipatory entrepreneurship out of shame*.

Entrepreneurship can thus become a direct form of action through which individuals can improve the situation for themselves as well as for similarly shamed others, allowing them to work beyond the boundaries of the current labor market by creating a shame-free space. For those who are shamed, entrepreneurship can provide tangible benefits, such as employment, as well as intangible benefits, such as the development of a positive sense of self and protection from further shaming. For instance, Brandon's (vignette 3) primary goal was to enable himself and other individuals with criminal records to reduce or eliminate their collective sense of shame surrounding their background by gaining prestigious employment in the haute cuisine restaurant industry—an industry that was *not* open to hiring “ex-cons”—thereby allowing individuals to develop a positive work identity.

Similarly, Cuong (vignette 1) was told he would never work because he was deaf. After witnessing the shaming of other deaf people and sharing stories with the deaf community, he developed a collective identity based on a resilience narrative that inspired him to start a venture to create work for himself and others who are deaf. Not only did he create jobs and training for deaf individuals who were shamed and excluded from the labor market, he also created a safe space for deaf and hearing-impaired youth to come together. In this space, they would not be demeaned or told that they cannot provide valuable work. Additionally, Jeff (vignette 2) could not find work in porn that would not cast him as a “freak” and thus created his own label to provide a shame-free space. He did so first for himself, but later as the business grew, it became a space for other transgender people to share their own stories without shame.

While the design of these ventures generates a shame-free space, entrepreneurs may also push to create social change beyond their venture, challenging the sources of stigmatization altogether. For instance, Cuong's salon (vignette 1) encourages signing between hearing customers and hearing-impaired employees to destigmatize sign language and create stronger social cohesion among the hearing-impaired and the broader community. Similarly, Jeff's (vignette 2) “docu-porn” aims to educate and normalize transgender bodies, identities, and sexualities, spurring critical discussion among a wide base of viewers beyond the stigmatized community about what it means to be a man or woman. Jeff's films are shown in gender studies classes at universities around the world, and he is a guest speaker at many sexuality events and conferences. As such, entrepreneurs like Jeff use entrepreneurial action as a way to create a shame-free space within the venture, but also as a vehicle to reduce the stigma in society (Hampel & Tracey, 2017; Lyons et al., 2017).

In sum, when individual shame is transformed through collective identification and is focused on community resilience, we theorize that emancipatory entrepreneurship can emerge

as a result. Importantly, the resultant ventures may not just solve individual-level issues such as a lack of employment opportunities for those shamed and excluded from the labor market, but they can also create solutions for the collective by providing a shame-free space and societal-level change by challenging the root causes of stigmatization. Yet, as the pathways to entrepreneurial action described above are rife with challenges, many situations may break down these processes. Next, we discuss these possible breakdowns.

Counterfactuals and breakdowns along the pathways

It is important to acknowledge that elevating shame from a first-person to a third-person experience depends on how an individual perceives themselves in relation to similarly shamed others, and the stories that are shared within communities. If there is no space for sharing stories of shame, an individual may feel stuck in shame and be barred from shifting their understanding from individual failure to a collectively shared injustice. It is also possible that the pathways to entrepreneurship we identified might break down because of persistent shaming of an individual. We have argued that identification with similar others may help an individual shield her/himself from any ongoing shaming. It is possible, however, that the intensity of shaming in the labor market is so severe that it can undermine the possibilities of this process. For instance, aspiring entrepreneurs could be persistently blocked from gaining access to resources necessary to found a venture or may more generally come to doubt their ability to found a venture as a result of years of exposure to shaming and negative self-evaluations. Indeed, following longstanding devaluation and exclusion, an individual may be worn out to the point that it is hard to connect with similar others. In Toubiana's (2020) study of previously incarcerated men, many had been cycling in and out of prison for years and had given up hope on themselves. As such, a sense of resignation to shame and one's stigmatized

status after prolonged shaming can break down the process we have outlined.

We have also argued that identifying with a collective of similarly shamed others is a critical component of transforming shame and enabling entrepreneurship out of shame. It is likely, however, that the strength of the identification with the group may vary. Existing theory suggests that the more intense the stigmatization, the greater the sense of group likeness—meaning that the more shaming that is collectively experienced, the tighter the bonds felt by those who are stigmatized (Ashforth & Kreiner, 2014; Kreiner, Ashforth, & Sluss, 2006). However, an individual may hold dual identifications that impede a strong identification with the group, despite intense stigma. For example, someone might come to see themselves as part of the LGBTQ+ community, but may also have strong and longstanding ties to a religious congregation with conflicting values that prevent the individual from fully identifying with the LGBTQ+ community. If identification with the shamed group is not made or is weak, we expect shame to remain in the intrapersonal dimension and stall agentic behaviors toward social change. While entrepreneurship out of necessity may in such instances still happen as individuals are shut out of the labor market and may have no other choice, any attempts at creating a shame-free space, as well as at engendering any broader social change, will likely be stalled.

Additionally, our model assumes the presence or pre-existence of two different kinds of narratives: victimization and resilience. Some more nascent communities may not have reached the point of developing such cohesive master narratives. Instead, there may be many, fragmented stories told by individuals within such a collective that do not yet represent the group (i.e., the narratives do not shift from “I” to “we”; for an example of research theorizing the process by which collective identities can become legitimated, see Wry, Lounsbury, & Glynn, 2011). If this is the case, these narratives will not offer the same narrative resources as those found in the victimization or resilience narratives, thereby limiting their subsequent

impact on the entrepreneurial pathways. Alternatively, competing narratives within the group could also complicate an individual's identification, thereby limiting the impact on entrepreneurship. For example, within the sex industry, different groups of sex workers may have their own interests and narratives that privilege some and disadvantage others, impacting the master narratives of the community as a whole (Toubiana & Ruebottom, 2022).

Finally, other contingency factors and personal circumstances may also shape an individual's entrepreneurial self-efficacy and can therefore impact the entrepreneurial pathways that we have conceptualized. We have theorized the direct factors tied to shame—shaming and collective identity—that can lead individuals to entrepreneurship out of shame. However, many of the factors that impact entrepreneurial self-efficacy in other contexts may also apply, such as prior education and the presence of entrepreneurial role models, among others (e.g., N. G. Boyd & Vozikis, 1994; C. C. Chen, Greene, & Crick, 1998). Our vignettes suggest that collective identification is likely to have a stronger impact on self-efficacy than factors such as prior education; however, it is quite likely that factors such as class or gender, and the broader social support that is present or absent due to one's class or gender, will have quite a large impact on entrepreneurial self-efficacy (e.g., Tonoyan, Strohmeier, & Jennings, 2020). Further exploration of each of these factors and their impact on the entrepreneurial pathways out of shame is required to understand the factors that can lead to a breakdown in this process.

Discussion

We have outlined a theoretical process model with two entrepreneurial pathways out of shame that explains how individuals facing stigma-induced shame can engage in entrepreneurship despite the possible action-impeding effects of this negative emotion. We elaborated on how hearing the stories of similarly shamed others can shift their personal experiences of shame

(i.e., first-person) to the experiences of a broader community (i.e., third-person) and trigger identification. Individuals' identification with these collective identities, anchored in different narratives of injustice, galvanize in turn differing levels of entrepreneurial self-efficacy and lead to different entrepreneurial pathways—namely, *necessity entrepreneurship out of shame* and *emancipatory entrepreneurship out of shame*. While ventures created out of necessity mostly aim at alleviating the entrepreneur's basic needs, emancipatory entrepreneurship out of shame can give rise to the creation of ventures that provide shame-free spaces for entrepreneurs themselves and similarly shamed others. Building on this theorizing, we elaborate on our contributions to the existing literature.

Stigma, shame, and entrepreneurship: The promise for social change

While existing research has emphasized the multiple strategies that individuals can employ to cope with stigma and with the negative emotions associated with stigmatization such as shame (e.g., Ashforth & Kreiner, 1999; Ashforth et al., 2007; Dick, 2005; Goffman, 1963; Hamilton, Redman, & McMurray, 2019; Mavin & Grandy, 2013), the role of entrepreneurship has been overlooked. This lacuna is perhaps the result of a historic paucity of entrepreneurial ventures being founded to combat or reduce shame, given the often marginalized and/or disempowered status of stigmatized actors, and their resultant lack of financial, social, and/or cultural resources needed for entrepreneurship (Goffman, 1963; Pescosolido and Martin, 2015; Western et al., 2015). Nevertheless, the barriers to entry to entrepreneurship have decreased in recent years (Ismail, Malone, & van Geest, 2014), and stigmatized individuals are increasingly finding ways to launch new ventures (Hwang & Phillips, 2020; Irankunda et al., 2020; D. Miller & Le Breton-Miller, 2017; Ruebottom & Toubiana, 2021). As these ventures gain more exposure, we thus shed light on entrepreneurship as an alternate coping

mechanism for shame and as one with the potential for positive social change (Haugh & Talwar, 2016; Lounsbury & Glynn, 2001, 2019).

Whereas other recognized strategies, such as media appeals, act as disruptive mechanisms that unsettle the status quo and call for others to change policies and practices (Gamson, 1989; Ostrom, 2000; van Stekelenburg & Klandermans, 2017), entrepreneurship directly implements changes needed to improve the conditions for oneself and possibly others, as in the case of emancipatory entrepreneurship out of shame. As such, entrepreneurship is a form of “prefigurative organizing” that enacts the desired future state, putting the alternative ideology into practice (Reinecke, 2018). By creating jobs *for themselves and for others* who are similarly shamed and excluded from the labor market, the entrepreneurs such as those featured in our vignettes have the potential to challenge their own self-perceptions as well as overall societal perceptions of whether stigmatized individuals can be valuable and visible workers in the labor market. Therefore, our theory extends past work on the complementarities and synergies between entrepreneurial endeavors and other social initiatives aiming to create social change (Akemu, Whiteman, & Kennedy, 2016; Hiatt, Sine, & Tolbert, 2009). Further research may build on the insights of our study and explore further when and how forms of collective action and social movements (Polletta & Jasper, 2001; van Stekelenburg & Klandermans, 2017) can spring from entrepreneurial processes (e.g., Shepherd, McMullen, & Ocasio, 2017; Zahra, 2008) and foster social change.

Further, by theorizing why and how stigma-induced shame is not always paralyzing and counterproductive for entrepreneurship, we are among the first to discuss pathways from this negative emotion of shame to entrepreneurship. Past entrepreneurship research has proposed that negative emotions, and specifically shame, tend to stifle entrepreneurship (e.g., Doern & Goss, 2014). By contrast, we outline two possible pathways that transform shame from a self-destructive emotion into either a sustainable

source of livelihoods for individuals excluded from the labor market (*necessity entrepreneurship out of shame*) or into a venture that addresses shame for self and others, thereby creating a path for broader social change (*emancipatory entrepreneurship out of shame*). We argue that attending to the broader social context and experience of emotions, and how they relate to collective identification and shared narratives, can make us more attuned to when and how emotions may be at play in, and shape, entrepreneurial action. In doing so, we build bridges between the literatures on negative emotions (Cardon, Foo, Shepherd, & Wiklund, 2012; De Cock et al., 2020; Foo, 2011; Jennings, Edwards, Jennings, & Delbridge, 2015; Nikolaev et al., 2020; Shepherd & Patzelt, 2018; Welpe et al., 2012) and entrepreneurship (Foo et al., 2015; Shepherd, 2015; Shepherd, Patzelt, & Wolfe, 2011).

Given the paucity of work at the intersections of stigma, negative emotions, and entrepreneurship, scholars may study the noticeable rise of entrepreneurship by stigmatized individuals being shamed as a way of further examining the drivers of this phenomenon. For instance, future research could examine how to best manage entrepreneurial ventures working to reduce shame and protect against shaming. Future research could also explore how other negative emotions (e.g., guilt or pity, instead of shame) might have an energizing impact on entrepreneurship; research could also explore whether this impact has a limit (Lebel, 2017). These lines of research could uncover a range of negative emotions that can play a productive role in entrepreneurship, and conceivably perhaps even identify a range of positive emotions that may impede entrepreneurship.

Necessity entrepreneurship and its emancipatory potential

Our theorizing enriches the traditional conceptualization of necessity entrepreneurship, understood as “venture creation activities by individuals who seek to fulfill their basic physiological and safety needs” (Dencker et al.,

2021, p. 63). Specifically, the emotional drivers of necessity entrepreneurship have largely been ignored in existing literature. Since individuals are “pushed” to necessity entrepreneurship out of lack of any other or better options, any emotional antecedents to their venture creation have been deemed irrelevant in comparison to their pressing basic needs. However, just as Dencker et al. (2021) revealed that necessity entrepreneurs may differ in the types of opportunities they exploit, we add further texture by suggesting how shame can trigger different pathways to entrepreneurship for individuals under conditions of basic needs.

Importantly, we highlight two instances leading to necessity entrepreneurship out of shame (one through mechanism (1b) and one through mechanism (4), Figure 1). As a baseline, we propose that when individuals do not have third-person experiences of shame and continue to feel shame as an internalized, first-person experience, feelings of helplessness combined with exclusion from the labor market will lead to necessity entrepreneurship (upper pathway in Figure 1, through mechanism (1b)). By contrast, upon third-person experiences of shame, when an individual’s identification is rooted in a victimization narrative (mechanism (4), Figure 1), it will generally hinder and reduce entrepreneurial self-efficacy. As such, it appears that in this second instance, these individuals are not driven by intrapersonal feelings of shame but by a collective identity rooted in stories of victimhood—which in turn may affect the way in which they evaluate their business opportunities (mechanism (4), Figure 1). Future research may therefore helpfully explore the effects of different emotional antecedents on necessity entrepreneurship and on opportunity recognition and exploitation. For instance, building on Dencker et al.’s (2021) insights, might entrepreneurs entrenched in feelings of shame be more inclined to replicate existing business models, rather than create entrepreneurial opportunities?

We further distinguish another pathway out of shame from the *necessity entrepreneurship out of shame* one, namely the *emancipatory*

entrepreneurship out of shame. In this pathway, individuals’ collective identification is rooted in resilience narratives (see the lower pathway, Figure 1). As a result, their entrepreneurial self-efficacy is heightened (mechanism (5), Figure 1), propelling their entrepreneurial action towards emancipation for themselves and the collective. They do so by creating shame-free spaces. Our theorizing highlights that being driven to entrepreneurial action by the necessity to fulfill one’s basic needs may shift into other motives and outcomes such as, in this case, emancipation. By contrast to the first and basic *necessity entrepreneurship out of shame* pathway, we labeled this pathway as emancipatory because it helps remove or lessen constraints: cognitive as entrepreneurs feel more capable, emotional as their shame is reduced, and structural as they create new structures and work to change the various conditions that lead them to be shamed in the first place.

In sum, we reveal that entrepreneurship can become emancipatory in situations of necessity when actors experience collective identification in the face of shame. When stories of resilience are primary, this gives individuals fuel to believe they can reduce or lessen the constraints they face and that contribute to their stigmatization. In this way, we help make sense of when and how entrepreneurs in situations of necessity may be able to turn to, and indeed benefit from, the emancipatory power of entrepreneurship. Importantly, in outlining two distinct pathways to entrepreneurship for those facing basic needs out of shame (see Figure 1), we highlight a form of entrepreneurship that can be both out of necessity *and* emancipatory, building bridges between these separate literatures.

Transcending the self/other dichotomy in entrepreneurial motives

Alongside the above contributions and implications, our model furthermore highlights the possibilities that arise from breaking down existing dichotomies in the literature. The emancipatory entrepreneurship out of shame pathway suggests that entrepreneurs may be positioned to

seize opportunities that simultaneously lead to first- and third-person outcomes. By doing so, our model breaks down distinctions traditionally portrayed in the current literature on entrepreneurial motives as being *either self or other-oriented* (Branzei et al., 2018; Carsrud & Brännback, 2011; Ruskin et al., 2016; Van de Ven et al., 2007). We challenge this dichotomy by theorizing an entrepreneurial pathway that is driven by and connected to both self and others.

Specifically, the emancipatory pathway out of shame reveals how stigma-induced shame, usually considered debilitating, can turn into entrepreneurial action that creates positive social change for both the self (e.g., employment, income, reduction of shame and other negative emotions, development of a positive sense of self) and others (e.g., employment and training opportunities for the community of stigmatized individuals, positive changes in societal norms, expectations and societal perceptions of the specific stigma). Critically, entrepreneurial efforts to reduce shame bridge individual and collective feelings of injustice that transcend the self/other dichotomy of entrepreneurial motives entrenched in the current entrepreneurship literature (e.g., Grant, 2008; Ruskin et al., 2016; Van de Ven et al., 2007). In fact, our emancipatory pathway is unique in that it seems to have both components of necessity entrepreneurship (Ballesteros-Sola & Osorio-Novela, 2021; Doering & Wry, 2022; Weber, Fasse, Haugh, & Grote, 2022) and social entrepreneurship. These two types of entrepreneurship have been cast as distinct: one being self-interested and driven out of need (Dencker et al., 2021), the other being other-orientated and driven by a desire for change (Chatterjee, Cornelissen, & Wincent, 2021; George, Haas, Joshi, McGahan, & Tracey, 2022; T. L. Miller et al., 2012; Vedula et al., 2022). Yet, while the entrepreneurs following the emancipatory pathway may be experiencing conditions of material necessity (similar to necessity entrepreneurs) and are removing constraints for themselves and others (which aligns with the concept of emancipatory entrepreneurship), they also aim

at creating broader societal change by tackling shame (similar to social entrepreneurs). In this way the pathways in our process model transcend the existing self-other dichotomy of entrepreneurial motives, and related ones, such as those dividing entrepreneurial activity into particular “forms” of entrepreneurship.

While much entrepreneurship out of necessity can enable marginalized individuals to make a living for themselves (Dencker et al., 2021), entrepreneurship also has the potential to help transform the labor situations that may have placed them in such positions for themselves and others. We argue that combining first- and third-person experiences of shame, related to stigmatization and marginalization, is what may enable entrepreneurship to fulfill its emancipatory outcomes and act as a force for good. Critical to this shift from the necessity to the emancipatory pathway we have outlined is a connection between the individual and a community of similarly stigmatized others: between individual and collective identities.

The literature has revealed a great deal about the importance of identity for entrepreneurship (Cardon et al., 2009; Demetry, 2017; Essers & Benschop, 2007; Foy & Gruber, 2022). For example, we know that founder identities shape entrepreneurs’ motivations and approaches to entrepreneurship (e.g., Fauchart & Gruber, 2011; Gruber & MacMillan, 2017). The literature has also considered when founder identities are aligned and misaligned with the social context and the consequences of that for entrepreneurship (Foy & Gruber, 2022). We extend and complement this body of work by introducing the impact of collective identity on individual entrepreneurs. We show that narratives from the community can shape entrepreneurial self-efficacy and have an impact on how actors move from shame to entrepreneurship. We reveal how some collective identities may be generative at a personal level but not necessarily engender self-efficacy for entrepreneurship: the victimization narrative can help people cope with shame and avoid internalizing it, however, the narrative does not develop self-efficacy that can support entrepreneurship; the resilience

narrative, on the other hand, can fuel entrepreneurial self-efficacy and drive actors towards social change. In doing so, we illuminate the importance of collective identities and the narratives that comprise them, and suggest they can shape the identity of prospective entrepreneurs. As such, we point to fruitful pathways for future research to consider the ways in which collective identity might shape role or founder identities, and/or how different nested combinations of identities may result in different entrepreneurial intentions and activities.

While beyond the scope of our theorizing, we suspect that entrepreneurial pathways from shame will have a reinforcing impact on collective identities and their associated narratives. As entrepreneurs in the emancipatory pathway provide more evidence in support of resilience narratives, the necessity pathway may similarly reinforce victimization narratives. This then raises the question of how individual entrepreneurs might break out of these reinforcing patterns. It could be that individuals have to de-identify with a collective or perhaps engage in cultural entrepreneurship (Wry et al., 2011) to generate new collective identities and narratives. Looking beyond past entrepreneurship research on role and social identities (e.g., Fauchart & Gruber, 2011), we encourage future research to examine the ways in which collective identification may shape entrepreneurial behavior and action. These questions will no doubt open up exciting new conversations about entrepreneurship and identity.

Conclusion

By describing previously overlooked entrepreneurial pathways emanating out of shame, we extend the literatures on stigma, emotions, entrepreneurship, and social change. We present a theoretical process model of two entrepreneurial pathways out of shame that detail how first- and third-person experiences of shame can generate collective identification rooted in narratives of victimization or resilience which act as hurdles or drivers of entrepreneurial action. While some individuals will

engage in the necessity entrepreneurial pathway out of shame, others will enact the emancipatory entrepreneurial pathway out of shame, centered on creating a shame-free haven for those who experience shaming and exclusion from the labor market. By highlighting the role of negative emotions as entrepreneurial motives, our study points to an extended set of processes that have so far been neglected at the intersection between organization theory and entrepreneurship research. Providing insights into what we labeled as productive pathways out of shame is however not only valuable theoretically as we consider the broad-ranging consequences and importance of shame (Creed, Hudson, et al., 2014), but also practically for people who may be stuck in shame and the paralysis it can cause (Phung et al., 2021). We thus join others (e.g., D. Miller & Le Breton-Miller, 2017; Scott, 2013; Stephan, 2018) in calling for further research that explores the illegitimate, the informal, and the underdog, and which, while doing so, expands our understanding of the different forms, possibilities, and outcomes of entrepreneurship.

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Notes

1. It is important to note that we are not assigning shame to these individuals; they have independently shared with us their experiences of being shamed and of feeling shame as a result of perceptions of stigma.
2. Which comes to be the primary narrative in their identification will depend on which narrative is most resonant with them personally (Giorgi, 2017).

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Author biographies

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Appendix

Illustrative vignettes

Vignette 1—Combatting Physical Stigma: The Deaf Hair Stylist

Cuong* is a deaf hair stylist and makeup artist running a salon in Vietnam that provides employment and training opportunities for deaf and hard of hearing Vietnamese youths.

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Throughout his youth, Cuong felt ostracized in his local educational system. He recalls specifically how he felt sad and ashamed when teachers yelled at him for not understanding them. When Cuong left his province, he was exposed to the shaming and stigmatization directed toward other deaf people within Vietnamese society as well. It became clear that most people viewed him and others like him as incapable of performing work as well as those without hearing impairments. He was consistently told that the only work he would be able to find as an adult would be in manual labor.

During his late teens, while studying at a school for the hearing impaired, he began to share his experiences of shaming with, and see the collective stories of experiences of shaming from, his fellow students. These interactions convinced him of the injustice of the shaming they faced. He began to feel a desire to correct the “wrong” of stigmatized perceptions of those who are hearing impaired.

To challenge and help overcome this collective experience of shaming, Cuong dreamed of starting a business with the purpose of shifting the perceptions about deaf and hearing-impaired people held by society. Cuong shared: “Before I opened this salon. . . I always harbored a dream of starting a business and my purpose was simply to prove that the notion of deaf people in the current society is not correct. Deaf people can do business on their own. I want the young community to see that deaf people can do it.”

After gaining experience as an assistant in a hair salon in his hometown, Cuong mobilized support from his family to change these perceptions, and his own fate. He moved to a nearby city and set up his own salon. He started using his salon to train other hearing-impaired youths in hairdressing. Cuong’s goal in creating the salon was to show that young hearing-impaired people can succeed in business. Through his example, he wants to encourage other deaf people to overcome the challenges and injustices they face in society.

Cuong believes that his salon provides opportunities for hearing-impaired people to engage in a job that allows them to use their strengths to create beauty. By encouraging signing between hearing customers and hearing-impaired employees the salon assists in destigmatizing sign language. The salon has provided a space to actively challenge perceptions of the deaf community and create stronger social cohesion among the hearing impaired and the broader community. Cuong often talks about how the success of his enterprise has changed the way even family and friends view him and his trainees and employees.

*“Cuong” is a pseudonym to protect the anonymity of this entrepreneur.

Vignette 2—Combatting Social Stigma: The Transgender Porn Company

Jeff* is the founder of a pornography label that produces transgender porn and a motivational speaking company, both of which aim to educate the public and change perceptions of transgender individuals and their sexualities.

Jeff experienced shaming because of his identity as a transgender male, leading him to feel shame for many years. When he went into the sex industry to confront the shame he felt about his gender and sexuality, he again faced stigmatization from industry insiders because he was a man with a vagina. At first, Jeff contracted with a large porn company to shoot three feature films. Although the company initially gave him full creative control, partway through the contract they decided to change the content of the films to exploitative and stigmatizing representations that market transgender performers as “freaks of nature”—shaming him in the film. In facing this exploitation, he says, “I got upset. I got depressed. I got—fuck this, I’m not doing it.”

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While his first reaction was to give up, he recognized that the approach the company had taken was an industry standard that other transgender individuals were dealing with, as well. He felt a strong connection to this community, and began to see both the injustices they faced as well as their strength, shifting his perspective from an individual experience to an understanding of the collective injustice. Through this connection to others, he began to feel that there was work to be done to change the position of transgender individuals in the industry, and in society more broadly. Jeff created a company to produce his own genre of “docu-porn” that could challenge the exploitative representation of transgender people in the industry.

“For most of the companies that produce trans porn, it’s about money,” he says. “It’s a business. It is not about educating the world. It is not about what I do and what I stand for at all.” Thus, motivated by this collective sense of injustice at the stigmatization facing himself and other transgender porn actors, and pride in the beauty he saw in the community, Jeff started his own business. Through his porn and motivational speaking, he began sharing his story of empowerment. Jeff aims to create a positive production space for himself and other transgender performers to work in order to reduce the shaming facing many transgender people. As a result, Jeff hopes to build a positive and empowering community of practice for transgender individuals working in porn. By creating porn that does not use derogatory representations of transgender individuals and speaking about his experience publicly, Jeff aims to challenge perceptions that stigmatize transgender individuals.

*‘Jeff’ is a pseudonym to protect the anonymity of this entrepreneur.

Vignette 3—Combatting Moral Stigma: The Restaurateur With a Criminal Past

Brandon is the founder and head chef of a high-end restaurant that has sought to reduce the stigma facing individuals with criminal records as morally suspect or inferior individuals by associating them with the labor market for high-end cuisine. The restaurant has earned accolades across the United States.

Brandon first experienced shaming and stigmatization when he was arrested as an 18-year-old kid in Detroit, Michigan, and charged with fleeing arrest when the police could not make the case for a drug dealing charge. The judge in his case opted to give him a second chance, ordering him to spend just a few days in incarceration. While Brandon only spent a few nights in jail, that experience changed his view of the incarcerated and changed the trajectory of his life.

After experiencing feelings of shame and helplessness related to even this brief brush with the legal system, Brandon wanted to change the reality that individuals with a criminal record were shamed and unfairly prevented from finding employment, especially in the United States. As he related and connected to this community—he saw the talent and potential within it. As a result, Brandon found himself motivated to change the face of reentry.

In 2007, building on an education in culinary arts, Brandon founded his venture. His belief that “every human being, regardless of their past, has the right to a fair and equal future” served as his motivation to form the venture, which offers a six-month training program in Culinary Arts and the Hospitality Industry at the restaurant, as well as in the prison system. As Brandon employed only workers with criminal records in his restaurant, those workers were able to build a cohesive community absent the shame and isolation they might have felt in other restaurants where there might be only one or two other people like themselves.

For Brandon, the motivation behind the restaurant goes beyond just being financially successful. He has expressed the goal of making his restaurant one of the best culinary schools in the country as a means of reducing the stigmatization of those with criminal records and their exposure to shame and exclusion from labor market. “CIA, Johnson & Wales, they can eat our sh***,” he says. “It has to be better than great, because people look at us [people with criminal records] as half as good. About 50 percent of the restaurant’s students complete the program’s first three-week portion. The recidivism rate for those who graduate the full six-month course is only one percent. Ninety-nine percent of the restaurant graduates have gone on to work in restaurants in New York, Paris, and many other locales.