ENTREPRENEURSHIP IN A STIGMA:
IN SEARCH OF AUDIENCE SUPPORT IN THE MEDICAL CANNABIS INDUSTRY

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ABSTRACT

In this two-essay dissertation I employ complementary methodologies to study the efforts by entrepreneurial firms to remove the stigma associated with their activities. I look at firms in the emerging but core-stigmatized medical cannabis industry, and examine how those firms use substantive and symbolic actions in an attempt to influence audience perceptions. For entrepreneurial firms that contend with the liabilities of newness (Stinchcombe, 1965) and smallness (Aldrich & Auster, 1986), core stigma creates an additional burden that further threatens their survival. Core stigma is the “negative social evaluation by some audience(s) of an organization because of certain organizational attributes, such as core routines, core outputs, and/or core customers” (Hudson, 2008: 252). As such, core-stigmatized organizations find it either difficult or impossible to sufficiently transform themselves to gain mainstream approval (Hudson & Okhuysen, 2009), since the stigma challenges central attributes such as their identity and projected image (Hudson, 2008).

Only a few studies have considered the actions of firms operating in core-stigmatized industries (e.g., Hudson & Okhuysen, 2009; Vergne, 2012), and even fewer have considered the strategic actions that are necessary to reduce core stigma (e.g. Helms & Patterson, 2014). Hudson and Okhuysen’s (2009) study of bathhouses showed that their survival efforts centered on safeguarding stakeholders from stigma transfer, while Vergne (2012) found that organizations managed core stigma by straddling both stigmatized and non-stigmatized categories, thereby diverting attention from their contested activities. These studies conceptualized core stigma as an organizational reality to be managed instead of removed. Conversely, Helms and Patterson (2014) counter-intuitively argued that some organizations benefit from stigma. They demonstrated that mixed martial arts organizations co-opted stigmatizing labels to draw public attention and
support, then engaged in “constructing practices” to change the specific factors that lead to their negative evaluations.

Collectively, these studies inform our understanding of core stigma, but also make salient that much remains unknown about organizational stigma, particularly for entrepreneurial firms. This dissertation contributes to this lacuna. I explore the strategic actions of entrepreneurs who are building enterprises around a plant that not only has a negative public perceptions built over decades, but that is also federally illegal. In the first essay I use a qualitative methodology to examine how entrepreneurial firms attempt to destigmatize. I show that they do so through morality infusion, where they use narratives and substantive actions to connect themselves and their industry to an alternative set of values, and to create an identity and image that resonates with important audiences. In the second essay, I combine content analysis with fuzzy set Qualitative Comparative Analysis (fsQCA) to analyze how firms configure their narratives to account for the resources that they have at their disposal, and the ultimate effectiveness of those configurations. This study is situated in the context of nascent firms that are applying for licenses to operate medical cannabis dispensaries in newly legal Massachusetts. Overall, I develop theory to explain the entrepreneurial de-stigmatization and legitimation processes, thus contributing to the literatures on entrepreneurship and core stigma. Furthermore, I also contribute to the literature on entrepreneurial storytelling.
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Chapter 1

INTRODUCTION

For new firms, legitimacy is critical for resource acquisition (Johnson, Dowd & Ridgeway, 2007) and ultimately for survival (Singh, Tucker & House, 1986). However, acquiring legitimacy can be difficult, particularly when firms do not fully subscribe to or conform to existing norms, values and generally accepted models of doing business (Zimmerman & Zeitz, 2002). This is especially the case for firms with “core” stigma—an extreme form of negative legitimacy (Hudson, 2008). Firms are stigmatized when audiences perceive them as having “a fundamental deep-seated flaw” and “values that are expressly counter” to their own (Devers, Dewitt, Mishina & Belsito, 2009; 155). These audiences are disinclined to provide the firm with the resources and other support that it needs. Furthermore, stigmatizing audiences often impose sanctions on the organizations that they disapprove of (Hudson, 2008). Goffman (1963) in his influential work on stigma, stated “we believe the person with a stigma is not quite human. On this assumption we exercise varieties of discrimination, through which we effectively, if often un-thinkingly, reduce his life chances” (Goffman, 1963; 14). The same holds for stigmatized organizations.

Organizations can experience core stigma in a number of ways. This can range from laws prohibiting their existence—as is the case for example, in states where abortion services are stigmatized—to boycotts, letters to editors, demonstrations and harassment (Hudson, 2008). This places stigmatized organizations at a disadvantage, particularly relative to those organizations that do not face similar challenges. As such, firms that face the daunting reality of stigma must devise ways to interface with their environments and to increase their support from those audiences
whose support is paramount for survival (Helms & Patterson, 2014). The literature has pinpointed a number of these approaches.

Most often, organizations take steps to decouple themselves from the stigmatizing element. For example, Devers and colleagues (2009) point out that organizations are often made up of several units, making it possible for the organization to place the blame for an offense on a particular unit by suggesting that that unit acted on its own. Elsbach and Sutton (1992) demonstrated this approach in their study of how mainstream AIDS and environmental activists dissociated themselves from the radical groups ACT UP and Earth First! respectively—organizations that were pursuing the same causes, but did so through illegitimate actions.

Decoupling is possible when the stigma is associated with a specific event or action. However, if the organization is dealing with core stigma, its central attributes, such as its identity and projected image (Hudson, 2008), are called into question. This makes it difficult or impossible for the firm to sufficiently transform itself to gain mainstream approval (Hudson & Okhuysen, 2009). Accordingly, core-stigmatized organizations dedicate much effort to managing the stigma by making themselves and or their stigma inconspicuous by disguising the true nature of their activities (Hudson & Okhuysen, 2009; Vergne, 2012). For example, Hudson and Okhuysen (2009) detail the “isolation processes” that men’s bathhouses engaged in, where they made efforts to hide from stigmatizing audiences by locating in discreet areas and using nondescript signage. Conversely, organizations can use the stigma to first build support with individuals or groups that share similar values, and ultimately to increase their support by conforming to more generalized expectations of how they should behave (Helms & Patterson, 2014).

This dissertation extends the work on organizational core stigma. I focus on young firms in the medical cannabis industry trying to rid themselves of a taint that has been built over almost a century. Whereas the limited studies on organizational stigma look at organizations that do not
face the liability of newness (Dutton & Dukerich, 1991; Elsbach & Sutton, 1992; Hudson & Okhuysen, 2009; Sutton & Callahan, 1987), I focus on entrepreneurial firms in an emerging industry. They often lack the size, resources and legitimacy to decouple problematic components from the rest of their operations (Devers, Dewett, Mishina & Belsito, 2009). They also do not intend to hide their stigma, but instead to remove it. I am interested in firms’ efforts to remove the stigma and increase audience support, and this setting provides an ideal context for doing so. This industry is in many ways an “extreme situation” (Eisenhardt, 1989: 537) that provides a clearer view of the phenomenon of interest. Within this context, the range of strategic actions that entrepreneurs take to survive becomes more salient.

In two essays, I explore questions related to entrepreneurial efforts to increase audience support. In the first essay, I ask the question: How do entrepreneurs in an emerging but core-stigmatized industry destigmatize their firms and industry? In the second essay, I focus on a sample of firms that are competing for licenses to operate medical cannabis dispensaries in a state where it was newly legalized. I am interested in how the nascent firms use narratives in combination with other firm resources to increase their legitimacy and win a dispensary license. I ask the question: “How do firms configure their resources with storytelling to influence external stakeholders?”

**Essay 1: Waiting to Inhale: How Medical Cannabis Entrepreneurs are Destigmatizing their Industry**

In this study I seek to understand how entrepreneurs in the core-stigmatized medical cannabis industry are attempting to increase audience support and remove the stigma that is associated with their enterprises. Prior studies have shown that core-stigmatized organizations generally do not try to remove their stigma, but instead try to manage it by hiding it from disapproving audiences (Hudson & Okhuysen, 2009; Vergne, 2012). Alternatively, organizations can use the stigma to attract the support of those with similar values, and if the stigma is based on
specific organizational practices, they can alter those practices so that they align with audience expectations (Helms & Patterson, 2014). However, we know little about destigmatization when the stigma is not associated with a specific practice, but is instead derived from a generalized negative perception of the category of goods being traded.

I contribute to this growing literature by showing that organizations can reduce core stigma through a process of morality infusion, using narratives and substantive actions to tie their industry to an alternative set of values, creating an identity and image that resonates with critical stakeholders. Through this process entrepreneurial firms build moral legitimacy, a key antecedent to destigmatization (Hudson, 2008). Moral legitimacy involves an evaluation about whether an activity is “the right thing to do” (Suchman, 1995; 579). Thus, this study contributes to the literatures on stigma, legitimacy, and morality in markets.

Legitimacy is important to new firms. According to Hybels (1995: 243), “legitimacy grows over time. Legitimacy accumulates as resources are obtained and resources accumulate as legitimacy is established.” For a new firm, the more time that passes without critical resources, the closer the firm gets to failure. Furthermore, new firms lack the resources needed to build legitimacy, and also lack the legitimacy to get those resources. Scholars have found that to legitimize, firms most often conform to the status quo. Conforming requires abiding by existing rules and norms (Elsbach & Sutton, 1994) and is ideal for new ventures (Zimmerman & Zeitz, 2002).

This approach, however, may not be an option for core-stigmatized firms, as to conform would be to cease to exist. Alternatively, organizations can gain legitimacy by challenging the status quo (Suchman, 1995; Zimmerman & Zeitz, 2002); they can attempt to establish new norms, values, and structures and convince others to take them for granted (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002). They can also try to change the established social structures in which they are embedded (DiMaggio, 1988; Greenwood & Suddaby, 2006). However, “discussions of
legitimacy and other organizational-level social evaluations are generally silent with respect to negative assessments (i.e., illegitimacy and inappropriateness)” (Devers, Dewett, Mishina & Belsito, 2009; 156). I contribute to this literature by increasing our understanding of how organizations can strategically alter these negative assessments.

The literature on morality in markets provides insights on pursuing legitimacy—particularly moral legitimacy—in the context of negative social evaluations. These studies highlight the key role of values in markets (Anteby, 2010; Chan, 2009; Livne, 2014; Zelizer, 1978), especially when trading categories of goods that are viewed as sacred. Here, scholars are interested in understanding the conversion of goods from sacred to secular. While they do not explicitly considering stigma, by looking at such goods as human cadavers (Anteby, 2010), life insurance (Chan, 2009; Zelizer, 1978) and hospice care services (Livne, 2014), stigma is implied. However, the stigma comes about because enterprising individuals are attempting to profit from goods that are considered too sacred to trade. For example, human body parts should not be sold (Anteby, 2010). I contribute to this literature by considering the process of destigmatizing something that is not sacred, but that was devalued over a long period of time.

For this study, I used a grounded theory approach to build theory (Glaser & Strauss, 1967; Corbin & Strauss, 1994). This method is appropriate as I am interested in a process about which we have limited knowledge. Primary data comes from semi-structured interviews with entrepreneurs and other stakeholders in the medical cannabis industry. Additionally, I collected data at two industry conferences for business professionals and from industry webinars. For one of the conferences, I have over 18 hours of transcribed video recordings. A significant amount of my data came from archival sources, both historical and contemporary, including newspaper articles, documentaries and websites.
Essay 2: Weed, Words and Winning: Entrepreneurial Storytelling in a Stigmatized Industry

While Study 1 examines overall efforts to destigmatize an industry, this study focuses on one particular tool for building audience support—language. The literature on entrepreneurial storytelling shows that storytelling has several benefits: stories link entrepreneurs to legitimacy and other resources (Lounsbury & Glynn, 2001; Porac, Mishina & Pollock, 2002; Santos & Eisenhardt, 2009; Suddaby & Greenwood, 2005; Zott & Huy, 2007) such as capital (Martens, Jennings & Jennings, 2007,); and they are accessible even to resource-poor firms (Zott & Huy, 2007). As such, a greater understanding of how entrepreneurs construct effective stories has both theoretical and practical implications. In this study, I explore how entrepreneurial stories are configured with the firm’s other resources to affect resource acquisition.

This study responds calls for research to understand the process of entrepreneurial meaning-making (Aldrich & Fiol, 1994; Lounsbury & Glynn, 2001). I do so in the context of nascent firms that are applying for licenses to operate medical marijuana dispensaries in Massachusetts, where the practice was newly legalized, and where the state ran a two-stage application process to award up to thirty-five licenses. This context is appropriate for studying entrepreneurial storytelling, since legitimacy concerns are most critical during the early stages of the firm’s life (Lounsbury & Glynn, 2001) and the applicants were required to provide substantial narrative statements supporting their applications. I find that in the successful configurations of rhetoric and resources firms altered their stories to account for their existing resources as well as the level of support in their external environments, using them to compliment rather than amplify their strengths. This study contributes to the literatures on entrepreneurial storytelling.

Research shows that firms can successfully use language for sensegiving (Dutton, et al., 1983; Benford & Snow, 2000; Fiss & Zajac, 2006). Sensegiving is useful for influencing audiences so that they adopt a preferred view of reality (Gioia & Chittipeddi, 1991). Lounsbury &
Glynn (2001) suggest that entrepreneurial stories are often inaccurate or even misleading, and point to the need to explore the extent to which stories are independent of the firms’ resources. However, Porac and colleagues (2002) demonstrated that decision-makers consider various characteristics of their firms—CEO pay, corporate performance, and outside ownership—as they “package” stories to justify executive pay. (Martens et al., 2007; Porac et al., 2002; Zott & Huy, 2007). Lounsbury and Glynn (2001) in developing the concept of cultural entrepreneurship, theorized that entrepreneurs would derive their stories from their “resource capital” and “institutional capital.” Examples of resource capital include intellectual property, human resources, financial resources and firm-specific social capital. Institutional capital includes industry legitimacy, industry norms and rules, and industry infrastructure (Lounsbury & Glynn, 2001; Oliver, 1997). Martens and colleagues (2007) found evidence that entrepreneurs do in fact incorporate their resource capital into their stories to secure capital for their ventures. I add to this literature by showing that instead of selecting a single narrative, firms will combine multiple categories of language as they attempt to gain audience support, and that these categories shift as resource endowments vary.

I use content analysis (Krippendorf, 2004) and fuzzy set Qualitative Comparative Analysis (fsQCA) (Fiss, 2011; Ragin, 2008) to explore the configurations of rhetoric and resources that lead to successful outcomes for nascent firms. This answers a call by Jones and colleagues (2010) to use QCA to examine the combinations of language that influence audiences.

Contributions

My dissertation has the potential to make a number of theoretical contributions. According to Goffman (1963), stigma discounts and “deeply discredits” the target (1963: 3). These negative perceptions pose a challenge to entrepreneurs in core-stigmatized industries transcending the challenges entrepreneurs in un-stigmatized industries face. We know little about how entrepreneurs facing such significant constraints respond to these challenges, or how their
approaches differ from both more mature firms facing core stigma and those of entrepreneurs in un-stigmatized industries. I contribute to the literature on organizational core stigma by offering a grounded theory of the destigmatization process.

My dissertation also contributes to entrepreneurship research by increasing our understanding of techniques that are useful even in less “extreme situations” (Eisenhardt, 1989: 537). I agree with Hudson and Okhuysen’s (2009) assessment that even traditional organizations can face stigma for some of their core routines and practices. They give the example of Wal-Mart, which has been stigmatized for its labor practices. As a result, the company has faced difficulties in expanding into locations such as New York City (Barbaro & Greenhouse, 2007). Hudson and Okhuysen (2009) argue, “It seems likely that all organizations or populations of organizations face criticism and stigma at some time to a greater or lesser degree. Given its ubiquitous nature, further research on core stigma and the organizational responses to a greater range of core-stigmatized organizational attributes is, we argue, very much warranted” (Hudson & Okhuysen, 2009: pg. 151). In the entrepreneurial context, though a firm may not face stigma, it must often interface with contentious audiences, particularly when promoting paradigm-shifting innovations (Lynch, Cole, McNally & Jordan, 2010).

My dissertation also contributes more generally to the literature on social evaluations. Most of this literature has focused on positive social evaluations such as legitimacy, status, reputation and celebrity, and how firms transition from neutral (or no) evaluations to positive evaluations. Stigma, however, is a negative social evaluation lying at the other end of the spectrum (Devers, et al., 2009). As such, firms dealing with stigma need to take actions that differ considerably from those attempting to build positive types of social evaluations.

Finally, my dissertation adds to the literature on entrepreneurial storytelling and its role in resource acquisition (Lounsbury & Glynn, 2001; Martens et al., 2007). By adopting a configurational approach (Fiss, 2011; Ragins, 2008) to studying a unique, naturally occurring
experiment, I show the variations that must take place in entrepreneurial stories to account for the resource endowments and environmental context of the firm.
Chapter 2
FROM CANNABIS PAST TO CANNABIS PRESENT

The cannabis plant (also known as marijuana or marihuana) has had a long and controversial history. There are reports that cannabis has been grown in China at least since 4,000 B.C., and was used for ailments such as constipation, rheumatic pains, malaria and “female disorders” (Grinspoon, 2005). Cannabis was also used medicinally in the United States, and was available both with and without a prescription (Snyder, 1970). Both American and European medical journals published articles on the therapeutic uses of cannabis, including its use as an appetite stimulant, muscle relaxant and analgesic (Grinspoon & Bakalar, 1995). Additionally, in many southern states marijuana as hemp was a crop of great importance, second only to cotton (Geller and Boas, 1969).

However, in the early 1900s public perceptions of cannabis started changing. These changing perceptions eventually resulted in the 1937 Marijuana Tax Act—which was passed to prevent non-medical use of cannabis—and later the 1970 Controlled Substances Act that classified cannabis as a Schedule I drug. According to the federal government, Schedule I drugs have (1) a high potential of abuse, (2) no currently accepted medical use in treatment in the United States, and (3) a lack of accepted safety for use of the drug or other substance under medical supervision (USDOJ, 2012). These Acts greatly affected the prospects for cannabis as a medicine, because doctors cannot prescribe schedule I drugs and researchers have great difficulty accessing them for studies. Altogether, changing perceptions of cannabis influenced regulations, those regulations in turn affected public perceptions, and cannabis was delegitimized as viable medicine. Below, I outline the historical “fall” of cannabis.

The Origins of Cannabis’s Stigma

Geruardi (2010) details the origins of cannabis’s stigma. In the late 19th century, cannabis
was commonly used throughout Mexico, where it picked up the name *marijuana*; believed to have come about by combining “Mary” and “Jane”—slang for prostitutes. In the early 1900s Mexicans began migrating to the United States, bringing marijuana with them. The Mexicans took on low-wage jobs as laborers, but they and their practices (including the smoking of cannabis) were looked down on. It was not long before there were laws prohibiting the possession and use of cannabis. Cannabis was also making its way into the United States from the Caribbean, and its use among lower socio-economic groups was growing. All of this was happening at a time when there was a growing international temperance movement against opium. Cannabis was added to the list of dangerous drugs that the movement wanted to control.

In 1930, the Federal Bureau of Narcotics (FBN) (subsequently renamed the Drug Enforcement Agency) was created, and Harry J. Anslinger was appointed by President Hoover to lead the agency. Almost immediately Anslinger committed himself to the eradication of narcotics, which for him included cannabis. He reconstructed the meaning of the word *marijuana* by suggesting that among ancient Aztecs it meant “captured prisoner” or “addict.” Anslinger also used his connections to circulate fabricated stories of immigrants—under the influence of cannabis—committing evil acts and engaging in promiscuity and homosexuality. All of these campaigns served to create a negative perception around cannabis and its users. By 1931, Anslinger was asking states to prohibit the cultivation of marijuana (New York Times, 1931). Then, in the 1950s, cannabis became a part of the San Francisco counterculture and its use grew among those advocating environmental awareness, sexual freedom and radical politics (Geruardi, 2010). As such, cannabis continued to be regarded as a substance used by the less desirable segments of society. Indeed, the “Cheech and Chong” image of the lazy “stoner” who is content to just sit around and smoke pot all day still persists.
The stigma around cannabis that built up over several decades was centered on the cannabis plant, and was transferred to those who used and or touched it. As such, this stigma revolved around “the users”, “the use”, and “the sellers” of cannabis.

Perceptions related to the Use and Users of Cannabis

The stigma around cannabis emerged against a backdrop of a general societal disapproval of using intoxicating substances for pleasure:

“The early campaigns against marijuana use can be viewed as an extension of the temperance and moral reform movements which swept the country during the 1920’s. They were generally spearheaded by persons who opposed the use of opiates, alcohol and tobacco on the grounds that all such substances were physically, mentally and morally debilitating” (Shafer, 1972; 424).

In addition, because the use of the drug as an intoxicant was primarily associated with immigrants from Mexico and the Caribbean (Shafer, 1972)—individuals on the fringes of society—their “otherness” made it easier for Americans to succumb to the fear and stigma associated with their use of cannabis. It was during this period and the decades that followed that marijuana was labeled the “killer weed” that induced violent behavior in its users. Newspaper articles frequently carried stories that alluded to the users’ demographics and the link between marijuana use and violence. For example, an article in the Chicago Daily Tribune stated, “in June 1918, a Carranza soldier, in uniform, walked into the Pilares store. He was under the influence of marijuana, a weed of the Mexican desert. With no warning or cause the Mexican opened fire on the store timekeeper” (Hunter, 1919). Similarly, more than a decade later, a New York Times article stated:

“Although as appalling in its effects on the human mind and body as narcotics, the consumption of marijuana appears to be proceeding, virtually unchecked in Colorado and other Western States with a large Spanish-American population. The drug is particularly popular with Latin Americans and its use is rapidly spreading to include all classes. The poisonous weed which maddens the sense and emaciates the body of the user, is being sold more or less openly in pool halls and beer gardens throughout the West and Southwest and, according to some authorities, it is being peddled to school children.
...Most crimes of violence in this section, especially in the country districts, are laid to users of the drug.” (New York Times, 1934, Sept 16).

News stories such as these were common, and continued to appear for several decades. Many of the stories were anecdotal, but they were nonetheless instrumental in generating and subsequently increasing the fear and stigma related to the use and users of cannabis. Between 1914 and 1931, border states such as Texas and port states such as Louisiana gradually prohibited the sale, cultivation and importation of marijuana. During the great depression of the 1930s, public frustrations led to greater resentment and mistrust of Mexican immigrants, and to prohibition of the possession and sale of marijuana in every state west of the Mississippi (Shafer, 1972). “Police commissioners, prison wardens, judges, attorneys, and politicians joined other reformers in using this rhetoric, lending it added credibility” (Speaker, 2001; 592).

Anslinger was a key promoter of the negative perceptions of cannabis. He often made statements with the intention of connecting marijuana use and violence. Referring to marijuana, he stated, “murders and other crimes of brutality, are often committed by those addicted to this narcotic” (Chicago Daily Tribune, 1935):

“Not long ago, the body of a young girl lay crushed on the sidewalk after a plunge from a Chicago apartment window. Everyone called it suicide, but actually, it was murder. The killer was a narcotic known to America as marijuana, and to history as hashish. Used in the form of cigarettes, it is comparatively new to the United States and as dangerous as a coiled rattlesnake” (The American Magazine, 1937).

In that article, Marijuana: Assassin of Youth, Anslinger went on to give examples of atrocious crimes that were committed by individuals under the influence of marijuana. He stated, “In at least two dozen comparatively recent cases of murder or degenerative sex attacks, marijuana proved to be a contributing cause.” Those stories found their way into the 1936 film Tell Your Children—later renamed Reefer Madness—that told the story of teenagers’ lives falling apart after being introduced to cannabis, and helped to popularize the notion of cannabis as the
“killer weed.” “The film’s prolog, which warns that persons who smoke marijuana are thrown into fits of “uncontrollable laughter” followed by “hallucinations, time expanding, and all loss of power” until, finally, they become “incurably insane.”” (Siskel, 1972). Americans became fearful of cannabis use and of those who used it. “During the years between 1856-1937, cannabis lost its image as a medicine and was left with a disreputable image as an intoxicant. Strong public reaction coupled with a campaign in the public press led to a federal anti-marihuana law in 1937” (Shafer, 1972; 4). Anslinger and others brought in several newspaper articles to highlight the vicious crimes that individuals are likely to commit under the influence of marijuana. These stories were presented as adequate evidence, while being dismissive of the scientific community. Anslinger of the FBN testified:

“Despite the fact that medical men and scientists have disagreed upon the properties of marihuana, and some are inclined to minimize the harmfulness of this drug, the records offer ample evidence that it has a disastrous effect upon many of its users. Recently, we have received many reports showing crimes of violence committed by persons while under the influence of marijuana” (US Congress, 1937; 30).

Over time, particularly into the 1950s and 1960s, the profile of cannabis users changed, and with them so did perceptions related to its use. “In just a dozen or so years, marijuana has graduated from a feared substance mostly used by ghetto youths and “long-haired freaks” to a mild “recreational” drug “toked” regularly in public and private by millions of middle-class Americans, not excluding doctors, lawyers, policemen and newspaper reporters” (Reinhold, 1977). Furthermore, newspaper articles increasingly featured college students at some of the United States’ most prestigious universities who were in trouble with the law for the use and possession of cannabis. This was seen as problematic for several reasons. First, cannabis was viewed as a “gateway drug” that led to experimentation with other drugs that were far more dangerous. This sentiment was expressed during congressional hearings:

“Most, if not all, heroin addicts in California start in their teens through marihuana parties. They are told marihuana is harmless and not habit- forming; that the feeling is
wonderful. This is the bait. Once they become accustomed to marihuana, the teenagers are introduced to “hard” narcotics. The hook is set. At first, they do not feel it. They fool themselves that they can quit. Suddenly they realize they are “hooked”, helplessly enslaved to a drug they will come to hate but cannot live without. They are on their way to physical and moral dissolution, a living death” (US Congress, 1956).

Second, as the users changed, the label around cannabis changed from “killer weed” to “killer of motivation.” In other words, it was believed that once young people used the drug, they withdrew from society and lost their desire to achieve.

“Many succumb to the drug as a hand means of withdrawing from the inevitable stresses and legitimate demands of society. The evasion of problems and escape from reality seem to be among the desired effects of the use of marijuana” (Judge Joseph Tauro, 1967 cited in Himmelstein (1983), From Killer Weed to Drop-Out Drug).

Dr. Edward Bloomquist of the University of California School of Medicine, during a 1970 conference of the National Institute of Narcotics and Dangerous Drugs, stated:

“Kids are being hurt on pot. It promotes immaturity; teaches that there is an easy way out; that the answer to crisis is to ‘turn off and tune on’; and that pain is unacceptable.” (O’Brien, 1970).

Perceptions Related to the Sellers of Cannabis

Cannabis’s stigma was also closely linked to perceptions of what it meant to be a cannabis seller. Sellers were viewed as menacing “pushers,” “peddlers,” and “dealers” with the intention to corrupt America’s youth. They targeted innocent and impressionable children when at school, introducing them to cannabis and using it as a way to get them interested in and hooked on more potent drugs. In evaluating general perceptions of cannabis, a 2014 New York Times article had this to say about the portrayal of sellers, “the city was awash in sensationalistic newspaper articles that depicted pushers hovering by the schoolhouse door turning children into ‘addicts’” (Staples, 2014).

Examples of this representation of sellers can be seen in media coverage related to cannabis during the early twentieth century. Below is an excerpt from a 1927 Chicago Daily
Tribune during the 1920s, which suggests that “drug peddlers” were intentionally trying to convert high school students into marijuana addicts:

“Drug peddlers in Gary have recently made a systematic effort to enslave high school students to marijuana, or “loco weed,” detectives there asserted yesterday after a bushel of the narcotic had been seized and three vendors arrested. The attention of the police was attracted to the evil last week when a group of students became quarrelsome in a downtown hotel and reserves were called to subdue them. Investigators learned from the youth that they had been smoking cigarettes impregnated with marijuana” (Chicago Daily Tribune, 1927).

Another example of the idea that cannabis sellers are sinister individuals who target the children of affluent and poor neighborhoods alike can be seen in a quote from Joseph Fieldoral of the crime prevention bureau, who talked about these pushers’ influence being far reaching:

“Youngsters from ‘nice neighborhoods’ are just as likely to be prey for narcotic pushers as the ones from poor homes”.

Fieldoral went on to describe just how cannabis peddlers work:

“Fieldoral said the peddler contacts youngsters on the fringe of the school’s popularity rating. Marijuana cigarettes are given to them free, and they can feel a sense of importance as they pass the word around that here is something new. But the “hangovers” from marijuana are too much for most of the smokers. Then the pushers and their stooges describe something better, a little shot that won’t leave a hangover. Then it is a “kick party,” at some “joy flat” (a rented room where the first free doses of heroin are administered) and another addict is well on the way.”

These articles demonstrate that public perceptions of those who sold cannabis were as unscrupulously intent on corrupting the most vulnerable—children. They were criminals to be feared.

Although general perceptions related to how cannabis is used, those who use it, and those who sell it have changed over time, many of the negative perceptions that led to the stigmatization of cannabis persist today. For example, in a recent documentary about the legalization of medical cannabis, one of the interviewees—a young mother—expressed concerned for what that would mean for her ability to protect her children from drugs:
“‘You don’t want it invading your household, let alone your neighborhood, let alone your state. As a parent, drugs are always in the back of your mind the minute your child is born, it’s something you know you have to teach your child. Because it’s out there. It’s like, can my kids get ahold of it?’ She supports the use of medical marijuana by those who are seriously ill, but believes the states’ embrace of pot, is a threat to her children” (CNBC, 2010).

Despite all of this, cannabis-related entrepreneurial activity is proliferating across the country, primarily in the states where it has been legalized. Following the passage of proposition 215 in 1996, California became the first state to pass a medical marijuana initiative, allowing patients and their caregivers—with the recommendation of a physician—to grow and use cannabis. In 1998, Alaska, Oregon and Washington followed suit, and in 1999 Maine became the fifth state to legalize medical marijuana. Starting in June 2000, several other states passed bills that legalized medical cannabis, and as of 2015 medical cannabis is legal in 23 states and the District of Columbia. It is important to note, though, that regulations vary greatly across the states, with some legalizing medical cannabis but failing to develop regulations to govern its distribution and use. California is the most notorious of the unregulated states. Though it was the first state to legalize medical cannabis, it left the rule-making to local municipalities, who have shown varying levels of receptiveness to the industry. States such as Delaware, Hawaii and Maryland legalized medical cannabis but have not passed regulations to manage the industry, and thus currently have no dispensaries. Other states such as Colorado, Washington and Oregon are not only fully regulated, they have taken the industry a step further by legalizing cannabis for both medical and adult recreational use.

However, cannabis continues to be illegal at the federal level. Federal agents have raided dispensaries, arrested owners and workers, and some—like Matt Davies and his 31-year old employee Robert Duncan—were tried and sentenced to time in prison (Ferner & Schwartz, 2014). Furthermore, cannabis and those associated with it, has had to deal with the stigma built over many years, and that still persists today.
Regardless of their states’ regulatory status, entrepreneurial firms in the cannabis industry face many of the same problems; the two most critical being access to banking and tax regulations. With respect to banking, because cannabis is federally illegal, banks that do business with cannabis-related businesses are subject to federal punishment. “It is illegal to aid and abet the manufacture, distribution, or dispensing of marijuana. It is illegal to conspire to manufacture, distribute, or dispense marijuana” (Hill, 2014; 10). Accordingly, providing an account or a loan to one of these firms, or accepting their deposits—regardless of whether cannabis is legal at the state level—could result in federal sanctions. Banks that enter into financial transactions with entities engaged in illegal activities and that do not report any knowledge they have of those activities are criminally liable under the Money Laundering Control Act. Those banks are subject to substantial fines and imprisonment of its employees (Hill, 2014). Understandably, banks are reluctant to do business with firms in the cannabis industry, even the ones that are not directly engaged with the plant.

For the firm, this banking climate creates a number of problems. First their transactions have to be predominantly cash-based. As such, they must devote a considerable amount of their time and resources to managing and protecting their cash. In addition, the traditionally mundane tasks of paying employees, vendors and taxes assume great significance. For example, it is not uncommon for entrepreneurs to go to the tax office and pay their taxes with stack of cash. Natriece Bryant of the Colorado Department of Revenue was quoted as saying, “Some people walk in with shoe boxes. Some people have it in locked briefcases. We've had people bring it in buckets” (Hughes, 2014). Furthermore, without the support of banks, entrepreneurs in this industry have had to rely on their personal finances, or that of friends and family. Overall, not having access to banks is a major challenge that could adversely impact the growth potential of the firms in the cannabis industry.

Since selling cannabis is federally illegal, firms in the industry also experience major
challenges determining their tax liabilities. Under Section 280E of the federal tax code, “No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted” (Legal Information Institute, 2015). This means that firms in this industry could have an effective tax rate of between 60 and 90 percent since they cannot deduct their business expenses (McCoy, 2014), again threatening their survival and growth.

Overall, the history of cannabis in the United States is a contentious one, where public perceptions have followed the pendulum swing from acceptability to marginalization and is currently gradually back on its way to acceptability. Moreover, because the plant is still federally illegal, pioneers of the cannabis industry continue to encounter challenges that threaten the viability and survival of their firms and ultimately, industry.
Chapter 3

ESSAY 1: WAITING TO INHALE: HOW MEDICAL CANNABIS ENTREPRENEURS ARE DESTIGMATIZING THEIR INDUSTRY

“How selfish soever man may be supposed, there are evidently some principles in his nature, which interest in him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it” – Adam Smith, 1854

Stigma is an organizational reality. Scholars have long demonstrated its ubiquity in various forms; for example, as a repercussion of particularly unacceptable organizational behavior (Elsbach & Sutton, 1992), as a result of undesirable organizational outcomes (Elsbach, 1994; Sutton & Callahan, 1987), or even as a consequence of unintended associations with stigmatized groups (Dutton & Dukerich, 1991). Furthermore, organizations can be subject to “core” stigma (Hudson, 2008), and be stigmatized through their mere existence when important audiences view their practices and/or key clients with disdain (Helms & Patterson, 2014; Hudson & Okhuysen, 2009; Vergne, 2012), and impose sanctions or withhold their support, thereby threatening the organizations’ abilities to fulfill their goals (Hudson, 2008).

Yet, industries such as the medical cannabis industry also emerge to capitalize on opportunities in core-stigmatized industries. The stigma threatens the very survival of these firms, and forces the entrepreneurs to confront challenges that do not exist in other industries. Additionally, unlike firms such as gay bathhouses that can conceal the true nature of their activities to survive (Hudson & Okhuysen, 2009), firms in the medical cannabis industry aspire to normalcy and strive to remove their stigma. As such, the question becomes, how do firms remove core stigma?
Research suggests that stigma is an extreme form of illegitimacy, and is primarily related to moral legitimacy (Hudson, 2008), which is “judgments about whether the activity is ‘the right thing to do’” (Suchman, 1995; 579). As such, studies that examine legitimation provide insights into destigmatization. Scholars have found that to legitimize, firms must exhibit some level of conformity to their environment, or must attempt to change all or part of that environment (Suchman, 1995; Zimmerman & Zeitz, 2002). Conformity can involve acquiring and prominently displaying the symbols that stakeholders perceive as valuable (Chen, Hambrick & Pollock, 2008; Zott & Huy, 2007). These symbols include credentials from prestigious schools, (Zott & Huy, 2007) and enlisting high-status individuals for positions on their boards (Chen, et al., 2008). On the other hand, entrepreneurs can change their environment by creating new norms, values, and structures, and by convincing others to take them for granted (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002). For example, the entrepreneurs who created the commercial whale-watching industry capitalized on the changing discourse around whales to create new norms regarding how individuals perceived their relationships with whales (Lawrence & Phillips, 2004). These “institutional entrepreneurs” often use the resources and power that they amass as a result of their network positions to devise and legitimize new institutional practices (Maguire, Hardy & Lawrence, 2004; Sherer & Lee, 2002). Institutional entrepreneurs use a number of legitimation strategies, including adopting the vocabularies of adjacent fields (Santos & Eisenhardt, 2009) and coopting legitimacy from within their networks (Starr & MacMillian, 1990).

Collectively, these studies highlight various tactics that contribute to overall legitimacy, but they do not address the process of transitioning from negative legitimacy (i.e., stigma) to legitimacy. They also do not focus on the process of acquiring specific types of legitimacy, such as moral legitimacy. An understanding of the destigmatization process thus stands to contribute more generally to scholarship on legitimacy by increasing our understanding how to manage extreme forms of illegitimacy.
More specifically, I contribute to literature on organizational core stigma. This literature has generally focused on organizational attempts to exist within the confines of their stigma, while avoiding its negative consequences (Hudson & Okhuysen, 2009; Vergne, 2012). Helms and Patterson (2014) contributed to these works with their findings that stigma—at least during the early stages of a new industry—can be beneficial. In their study of the mixed martial arts (MMA) industry, they found that firms can use the industry’s core stigma to first attract the attention and support of audiences with similar values, and then gradually alter their practices so that they eventually conform to wider expectations. As such, the stigma is practice-related, and efforts to remove the stigma must address the specific practices.

I complement and extend the work of Helms and Patterson (2014) by focusing on removing stigma that has been built over almost a century; altering practices is necessary but not sufficient for its removal. Additionally, while Helms and Patterson (2014) proposed organizational tactics of conformance, my study delves into understanding entrepreneurs’ processual efforts to destigmatize their firms and industry by altering their environments. The entrepreneurs strategically mesh language with substantive and symbolic actions in their attempts to influence the cognitions of important audiences, particularly as it relates to moral judgments. They do this by appealing to that nature of man—as described in the opening quote by Adam Smith—that makes him interested in the fortunes of others. As such, this study offers insights into the role of morality and values in stigma removal, and the actions entrepreneurs take to use them as a resource and generate positive outcomes.

Finally, I contribute to the entrepreneurship literature by considering the actions of entrepreneurial firms that are capitalizing on opportunities with widespread negative social evaluations. Though this is not an uncommon challenge for entrepreneurial firms (McCourt & Burkart, 2003), we know little about the strategic actions that entrepreneurs can take to change those perceptions, or the theoretical processes underlying their influence.
The context of this study is the medical cannabis industry. Although illegal at the federal level, the medical cannabis industry is legal in 23 states and the District of Columbia. Additionally, an increasing number of states are introducing bills to legalize cannabis for medical use, and three states have fully legalized cannabis for both medical and recreational use. However, cannabis and its users still experience core stigma, which is the negative social evaluation that takes place because certain organizational attributes are deemed unacceptable (Hudson, 2008). Despite this, state legalization of the medical use of cannabis, starting with its legalization in California in 1996, has led to burgeoning entrepreneurial activity in the medical cannabis industry. To be fully able to achieve their goals, the pioneering entrepreneurs have worked to remove the stigma from associating with the cannabis plant.

The medical cannabis industry is an ideal setting to study the destigmatization process, as it is an “extreme situation” (Eisenhardt, 1989: 537) where the phenomenon of interest is more salient. Given our limited understanding of this process, as well as my interest in theory building, I employ a qualitative, grounded theory approach (Charmaz, 2006; Glaser & Strauss, 1967). I utilize archival and qualitative interview data to understand the source of the core stigma and subsequent destigmatization efforts. I ask the question: How do entrepreneurs in an emerging but core-stigmatized industry destigmatize their firms and industry? In the next section, I delve into the primary literatures that inform this study.

**Literature Review**

**Organizational Stigma**

For entrepreneurial firms that contend with the liability of newness (Stinchcombe, 1965) and smallness (Aldrich & Auster, 1986), core stigma creates an additional burden that further threatens their survival. Core stigma is the “negative social evaluation by some audience(s) of an
organization because of certain organizational attributes, such as core routines, core outputs, and/or core customers” (Hudson, 2008: 252). Accordingly, these external audiences often perceive a value incongruence between themselves and the organizations, and view them as a threat to the existing social order (Mishina & Devers, 2012). This makes it difficult for organizations to convince these audiences to provide support and resources. Furthermore, core stigmatized organizations find it either difficult or impossible to transform enough to gain stakeholder approval (Hudson & Okhuysen, 2009), since core stigma calls into question their central attributes such as their identity and projected image (Hudson, 2008). Yet, very little is known about the processes for removing core stigma (Helms & Patterson, 2014).

The majority of research on organizational stigma explores responses to event stigma, or the negative social evaluations “related to some anomalous or episodic negative event” (Hudson, 2008; 253). Examples include such illegitimate actions as tree-spikings by environmental activists (Elsbach & Sutton, 1992), bankruptcy (Sutton & Callahan, 1987), food and health safety in the California cattle industry (Elsbach, 1994), and homeless individuals taking residence at the Port Authority of New York and New Jersey (Dutton and Dukerich, 1991). These studies point to decoupling as a strategy for preserving an organizational core that already has stakeholder acceptance. However, for firms with core stigma, decoupling is less of an option, as those firms would need to deny their very central attributes (Hudson, 2008).

Research on “dirty work” (Ashforth & Kreiner, 1999, 2013; Ashforth, Kreiner, Clark, & Fugate, 2007; Tracy & Scott, 2006) has also considered core stigma, focusing on members’ responses to working in occupations—such as garbage collection and exotic dancing—that are inherently tainted. They found that stigma had implications for individual identity and self-worth, and they provided insights into the self-preservation and coping mechanisms of these workers. For example, Ashforth and colleagues (2007) found that workers distanced themselves either from clients or from their roles, and/or they condemned those who condemned them.
Additionally, workers used social validation (Benjamin, Bernstein, and Motzafi-Haller, 2010; Maynard-Moody & Musheno, 2003) and developed an occupational ideology that helped them develop a sense of self (Ashforth & Kreiner, 2013). While this work informs our understanding of core stigma, it primarily focuses on the individual level of analysis and does not address organizational responses. It also focuses on processes for coping with core stigma, rather than on destigmatization processes.

A recent stream of literature has developed that is concerned with industry core stigma. Hudson and Okhuysen’s (2009) study of gay bathhouses showed that the bathhouses’ survival efforts centered on safeguarding stakeholders from stigma transfer. To do this, bathhouses often picked isolated locations, sourced suppliers from their personal networks, provided customers with discreet membership cards, and hid the true nature of what they did under the guise of “gym” activities. Similarly, in a study of arms dealers, Verge (2012) found organizations that were able to straddle multiple categories—some without stigma—were able to divert stakeholder attention and reduce their social disapproval. Both of these studies conceptualized core stigma as an organizational reality to be managed, instead of removed.

Helms and Patterson (2014) took a different approach to examining core stigma removal. They presented the counter-intuitive finding that some organizations can benefit from stigma. They demonstrated that mixed martial arts (MMA) organizations co-opted stigmatizing labels to draw public attention and support, then engaged in constructing practices or “work that addresses the stigmas that audiences associate with their organizations by altering those activities that are the focus of the negative labeling” (Helms and Patterson, 2014; 1479). They posited that constructing practices were effective at stigma removal because of the practice-based nature of the stigma.

Collectively, these studies inform our understanding of the nature of core stigma, but also make salient that much remains unknown about stigma removal, particularly as it relates to
entrepreneurial efforts to alter, rather than conform, to their environments. Additionally, our understanding of core stigma removal as a result of Helms and Patterson’s (2014) work is limited to non-visible, practice-based stigma. I extend this work by focusing on entrepreneurial endeavors to remove a more visible stigma by using cultural values as a resource.

**Organizational Legitimacy**

Legitimacy concerns are particularly salient for entrepreneurs. Legitimacy is "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman 1995: 574). For firms, it is a resource that is valuable on its own (Zimmerman & Zeitz, 2002) and in its ability to grant access to other resources such as capital, customers, technologies, and governmental protection (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002). Accordingly, the process of creating a new venture involves persuading key stakeholders that the venture is worthy of the resources and legitimacy necessary for survival (Aldrich & Fiol, 1994; Ashforth & Gibbs, 1990; Stinchcombe, 1965).

Newly-founded firms not only lack resources, they also often lack the legitimacy to source those resources (Johnson, Dowd & Ridgeway, 2007; Zimmerman & Zeitz, 2002). Furthermore, gaining legitimacy is especially daunting if the firm is in an emerging industry, as the founding entrepreneur has no template to follow in order to gain legitimacy, and the industry itself may be struggling to be legitimated (Rao, 1994; Zimmerman & Zeitz, 2002). Zimmerman and Zeitz (2002: 421) note that “the new venture in a new industry must work even harder to establish its own legitimacy, for there is little knowledge about the industry, there are few recognized industry members, and there may be uncertainty as to the industry's survival.” This raises the question of how such entrepreneurs, without industry predecessors, help stakeholders understand what the venture is.
Research suggests that in legitimizing their new ventures, entrepreneurs have four options: (1) conform to institutional expectations, (2) select a favorable context to operate in, (3) manipulate norms and values in order to change them, and (4) create a new social context (Suchman, 1995; Zimmerman & Zeitz, 2002). Thus, an organization’s ability to obtain legitimacy is closely connected to the context in which it is embedded. Some contexts are more amenable to changes in the status quo, thereby facilitating the organization’s legitimation process. Other contexts are not as accommodating; organizations in these environments must engage in efforts to shape the mental models of those with the ability to confer legitimacy (Gioia & Chittipeddi, 1991). One way entrepreneurs communicate information about their firms in order to gain stakeholder support is through the use symbolism (Aldrich & Fiol, 1994; Chen, et al., 2008; Lounsbury & Glynn, 2001; Zott & Huy, 2007).

Symbolism is an action that conveys socially constructed meaning beyond the obvious meaning of the act (Zott & Huy, 2007). For entrepreneurs with resource limitations, these practices provide a conduit from their reality to their aspirations. By displaying educational attainment and awards, firms can signal personal and organizational credibility as a proxy for legitimacy (Zott & Huy, 2007). For example, by hiring prestigious executives and directors, firms can signal value to the market during an initial public offering (Chen, et al., 2008). Technical and ceremonial actions taken to influence the perceptions of those making judgments about the firm can be either beneficial or detrimental. Technical actions can be beneficial if the firm is trying to mend its image, and ceremonial actions can be beneficial if the firm is attempting to deflect spillovers of legitimacy problems from its industry; however, ceremonial actions can have the opposite effect if they are taken to address direct challenges to the firm’s legitimacy (Zavyalova, Pfarrer, Reger and Shapiro, 2012).

Additionally, entrepreneurs can “co-opt legitimacy” through endorsements and associations with those in their social networks who already have legitimacy, or resources that signal
legitimacy (Starr & MacMillan, 1990). Starr and MacMillan (1990) suggested that it is especially important for entrepreneurs to utilize whatever legitimacy they can from their networks, as attempts to acquire legitimacy by building a customer and supplier base may require more time than entrepreneurs have at their disposal.

Of the different types of symbolism that are available to entrepreneurs, language is particularly important, all the more so for entrepreneurs in new or emerging industries. To secure stakeholder buy-in, entrepreneurs can use sensegiving through an inductive process that employs analogies and metaphors (Cornelissen & Clarke 2010). Lacking guidance from their own industries, entrepreneurs invoke practices from other well-understood domains by importing vocabularies deemed useful for facilitating stakeholder sensemaking about the nature of the venture and its actions (Santos & Eisenhardt, 2009). These actions are necessary because entrepreneurs in an emerging industry have no legacy they can draw on to justify their worth (Aldrich & Fiol, 1994).

Santos & Eisenhardt (2009) demonstrated that entrepreneurs pioneering the concept of online shopping without a pre-existing vocabulary drew parallels to offline shopping by employing terms like “shopping cart” and “check out.” The intent was to provide stakeholders with something familiar that they could connect the new venture to. Cornelissen and Clarke (2010) proposed that as entrepreneurs seek legitimacy for new ventures, their decisions regarding which metaphors and analogies are appropriate depend on the feedback they get from stakeholders. Positive feedback reinforces using the current language employed; if they encounter resistance, they will replace or adapt the language.

Scholars have also considered how institutional entrepreneurs legitimize new forms. Institutional entrepreneurship, defined as “endogenous sources of deliberate change” (Greenwood & Suddaby, 2006; 28), considers the actions taken by individuals whose goals are to change or modify existing institutional logics (Garud et al., 2007). Institutional entrepreneurship explores
how “organized actors with sufficient resources” (DiMaggio, 1988; 14) introduce change into the established social structures in which they are embedded (DiMaggio, 1988; Greenwood & Suddaby, 2006). Their efforts can give rise to a new organizational form (Suddaby & Greenwood, 2005), field (Child, Lu & Tsai, 2007; Greenwood & Suddaby, 2006; Lounsbury & Crumley, 2007; Maguire, Hardy & Lawrence, 2004; Wang & Swanson, 2007; Wijen & Ansari, 2007), practice (Durand & McGuire, 2005), or technology (Garud, Jain, & Kumaraswamy, 2002).

Institutional entrepreneurs strategically use language to both emphasize and de-emphasize aspects of institutional contradictions and to ground their ideas in facets of an uncertain future that will appeal to evaluators (Suddaby & Greenwood, 2005). For example, entrepreneurs are able to use discourse to construct stories that encourage buy-in from stakeholders (Munir & Phillips, 2005; Wang & Swanson, 2007). Munir and Phillips (2005) showed that Kodak altered perceptions of photography by framing its discourse relative to pre-existing institutionalized practices. Kodak reframed the role of the camera in everyday life and was able to seduce others into accepting its social construction of the technology (Munir & Phillips, 2005). Additionally, institutional entrepreneurs use stories to straddle the line between cooperation and contention—supporting the institutional order while at the same time attempting to disrupt it (Maguire & Hardy, 2006; Zilber, 2007).

While the literature on institutional entrepreneurs offers valuable insights, it has only considered contexts that are legitimacy neutral (i.e., are seen as neither legitimate nor illegitimate), or that have other pre-existing sources of legitimacy the institutional entrepreneurs can draw on to cloak the parts of their organizations that lack legitimacy (Fligstein & McAdam, 2012). Firms in emerging but stigmatized industries need to engage in processes that are distinct from those in industries that do not bear the burden of stigma. That is to say, strategic actions that can take an industry from legitimacy-neutral to legitimate are not the same as those that an illegitimate or stigmatized industry must take to become legitimate.
Overall, legitimacy is a pressing concern for entrepreneurs, as it can directly affect their ability to get critical resources (Aldrich & Fiol, 1994). However, much of the literature considers either the legitimation of new firms that do not carry the burden of negative social evaluations (e.g. Chen, et al., 2008; Lounsbury & Glynn, 2001; Santos & Eisenhardt, 2009; Zott & Huy, 2007), of established firms that must garner support for a change to the status quo (Fiss & Zajac, 2006), or of more established firms that are involved in stigmatizing events, but with the resources to commit to legitimacy repair (e.g. Zavyalova et al., 2012). My study focuses on firms that must address negative social evaluations with limited resources. My study also focuses on morality and a form of legitimacy—moral legitimacy—that has received somewhat less attention, but which is critical for destigmatization (Hudson, 2008). A starting point for understanding moral legitimacy is the literature on the “morality of markets,” which has examined the role values play in stimulating and sustaining certain industries.

Morality in Markets

Scholars have also considered the role of morality and the closely connected moral legitimacy of markets. Of particular relevance to this study is the question of how markets are rendered moral. Anteby (2010), in a study of human cadavers trade, showed that the way in which goods are traded is of great importance in attaining moral legitimacy. In this case, human body parts fall into the category of morally contested goods that some audiences believed should not be commercially traded. Anteby (2010) demonstrated that academically-housed programs used narratives to differentiate themselves from for-profit cadaver traders, but also employed practice-based approaches to “promote proper ways of trading cadavers” (2010; 617). For example, the academically-housed programs insulated themselves geographically by only trading cadavers in a single geographic region, while their for-profit counterparts traded nationally. The academic programs also ensured consent from the donors, and collected payments to cover costs as opposed to making a profit, and treated the cadavers with “integrity” post-use. These practices
were contrary to those of for-profit traders, and were expected to differentiate them by establishing ethical standards.

Cultural values also assume a key role in the moral legitimacy of enterprises (Chan, 2009; Livne, 2014; Zelizer, 1978). For example, placing a price on the value of human life—a sacred entity—was viewed as an immoral act. However, the life insurance industry was able to do just that. The belief that putting a price on human life is immoral initially thwarted the industry’s emergence in the United States. However, the social context changed over time, and individuals could no longer rely on their social networks for assistance if there was a premature death in their families. Additionally, societal values around death became more secularized. These factors created an environment where the industry could finally become profitable (Zelizer, 1978). In the case of life insurance in China, societal values were slower to accommodate the emergence of the life insurance industry, so successful industry pioneers instead disguised life insurance services as “money management”—a product that aligned with cultural values in the Chinese context (Chan, 2009).

The idea of presenting a taboo enterprise as something else in order to acquire moral legitimacy was also apparent in the case of the hospice care industry (Livne, 2014). The hospice movement moralized the process of dying by defining what it meant to have a “good death.” Prior to this movement, the dominant belief was that life should be prolonged for as long as possible. The movement instead promoted the idea of “dying with dignity,” as opposed to prolonging life—and suffering—beyond its natural end. Along with this framing work, the industry succeeded because governmental policies were changed in ways that made it possible for the movement to acquire resources.

Overall, this literature establishes a link between markets and morality, and shows that values can either hinder or help an industry, and that industry pioneers can have great agency in manipulating societal values in beneficial ways. Though its emphasis on stigma is not explicitly
stated, this literature examines legitimacy building for devalued organizations, complementing the organizational stigma literature. A unique feature of the morality in markets literature is that it explores questions related to how organizations convert certain categories of goods from being sacred to being secular. That is, some categories – such as those related to human life, death and body parts – are considered sacred and should not be monetized; thus, the conversion process is contested and results in audience disapproval. This literature considers the role of morality in this contestation, but has generally not looked at the process of increasing moral legitimacy, and more specifically, of destigmatization.

In summary, an understanding of legitimacy is critical for understanding stigma and actions to overcome social disapproval. Institutional scholars have looked at legitimation processes, but have generally not addressed questions related to social disapproval (negative social approval). Scholars interested in questions related to morality in markets, have considered negative social approval, but have limited their investigations to particular categories of goods that organizations wish to secularize, and have generally overlooked questions related to how the process of building moral legitimacy unfolds. I fill this lacuna by connecting these literatures to generate a more in-depth understanding of organizational stigma, while also delving into the destigmatization process.

**Methods**

**Research Context**

The legal medical cannabis industry in the United States began in the 1990’s with its legalization in San Francisco California in 1991, then for the entire state of California in 1996. After these events, medical marijuana dispensaries increasingly became a part of the California landscape. In that same decade, four other state legalized medical cannabis (Alaska, Oregon,
Washington and Maine), and over the next decade, many more gradually followed. As of March 2015, medical cannabis was legal in 23 states and the District of Columbia.

As the states legalized medical cannabis, a new industry emerged, spurred by entrepreneurial activity in the growing and supplying of cannabis, as well as in all of the support services that those firms needed to survive. For the dispensaries and their suppliers—those firms that were in direct contact with the cannabis—they contended with a stigma that was associated with the product that was central to their enterprises. This is a stigma that was constructed over several decades, and centered on the use and users of cannabis. Over time, the Federal imposed regulations on the use, sale and possession of cannabis. In 1970, cannabis became a Schedule I drug, defined as a drug with a high potential for abuse, with no known medical uses, and with a lack of accepted safety mechanisms (USDOJ, 2012). Essentially, cannabis became illegal in the United States at the federal level. As a result, although many states were moving ahead with legalization, the enterprises in those states were still challenged by the federal regulations that made it difficult for them to fulfill activities that are central to their business activities. For example, the federal regulations made it challenging for the firms to open bank accounts, since those banks that cater to firms in this industry could expose themselves to money laundering charges (Paliery, 2013). As a result, firms often can only accept cash from customers, and obligations such as payroll, paying vendor and taxes primarily take the form of cash-only transactions. Undoubtedly, the federal regulations create major obstacles for firms in the medical cannabis industry. However, the entrepreneurs in my sample do not focus on the federal illegality of their actions and its implications. Instead, they seemed comfortable that they were complying with state laws and chose to focus primarily with responding to and shaping their state-level environments.

Data Analysis

The limited research on the legitimization processes of entrepreneurial firms and on core-
stigmatized industries makes it appropriate to employ a qualitative, inductive research approach (Edmondson & McManus, 2007). I follow a grounded theory methodology (Glaser & Strauss, 1967; Strauss & Corbin, 1994) in the design and analysis of this study (Charmaz, 2006; Glaser & Strauss, 1967). The goal is to gain an in-depth understanding of the phenomenon from the perspectives of those who are deeply embedded in it (Charmaz, 2006). For this study I use purposive sampling, where research participants are selected because they fit the criteria for individuals who would be best able to provide insights into the research questions (Lincoln & Guba, 1985). After the first wave of interviews I then conducted snowball sampling, where initial research participants referred me to other individuals that I should talk to. Snowball sampling is appropriate here because of the sensitive nature of the context and individuals’ resulting unwillingness to immediately trust outsiders.

Primary data came from interviews with entrepreneurs in the medical cannabis industry, particularly those who are the proprietors of dispensaries in states with regulated medical cannabis markets. I also interviewed other influential leaders in the cannabis industry, including activists and other individuals who are either greatly invested in bringing about change in the industry, or who are providing valuable resources to entrepreneurs in the industry. For many of these people, their level of influence is apparent through the repeated coverage that they receive in many of the top news outlets in the United States. Overall, I have conducted 34 interviews that generally lasted from 45 to 90 minutes long and produced about twenty pages of single-spaced transcripts per interview.

Research participants were asked about events as they unfolded. This greatly reduced the likelihood that they would have difficulties recalling the details of the events that I asked them about (Huber & Power, 1985). The interviews began by asking the informants for background and demographic information, then went on to ask open-ended questions related to my research topic (see the interview protocol in the Appendix). Many of the interviews were recorded and
transcribed verbatim; however, because of the sensitive nature of some of the issues in this context, it was not always practical or appropriate to record the interviews. In those cases, I took extensive notes to record what was discussed.

I also attended two conferences that were solely intended for entrepreneurs in the industry. These conferences were an opportunity to embed myself in the context and observe first-hand the sensegiving and sensemaking of entrepreneurs and other industry leaders. One of the conferences lasted for over 2 days, with presentations throughout. All presentations were professionally videotaped and transcribed, producing almost 200 pages of single-spaced text. I coded all of the data. The second conference was one day long and was specific to entrepreneurs of ancillary businesses (providing support services, but not directly touching the plant) that were seeking investments. Entrepreneurs pitched their businesses to potential investors, including wealthy individuals and private wealth managers from Wall Street investment banks. There, I took extensive notes about events as they unfolded, and I had the opportunity to conduct several on-site interviews.

In addition to primary data, I collected archival data. This included two in-depth industry reports that provide extensive information about and analysis of the current state of the industry and projections for the future. These reports are commercially available and marketed to industry professionals, and I was given access to them by one of my research participants. The data from these reports came from interviews and surveys of entrepreneurs, and that data was used to estimate current market size and areas of expected growth. I also collected over 300 newspaper articles and transcripts from 16 congressional hearings (ranging from 69 to over 600 pages in length) that specifically addressed issues related to cannabis. These materials date back to the beginning of the twentieth century and provided insights into the general history and perceptions of cannabis in the United States, as well as the nature of the stigma over time. I used this data to build a chronology of major events that were related to cannabis in the United States. Finally, as
additional data, I used a number of books on the medical cannabis industry and televised documentaries on the topic.

Given the inductive nature of this study, I iterated between the raw data, the insights that emerged from that data and extant theory on legitimation processes (Graebner, 2009). Using a grounded theory approach (Glaser & Strauss, 1967; Strauss & Corbin, 1994), I derived first-order codes directly from the language of the study participants (in-vivo codes). Through the process of coding I condensed the meaning of the data coming from the participants (Lee, 1999) to “extract or abstract the most relevant themes (called “codes”)” (Kreiner, Hollensbe, & Sheep, 2006; 1036).

I then arranged the codes into a hierarchy to record their relationships, and noted them in a dictionary that I built during the data analysis to document their precise meanings. The first-order in-vivo codes generally took the form of a descriptive phrase originating directly from the text that I then applied to any related parts of the data. Coded segments of text ranged from a single sentence to several paragraphs, and text segments had multiple codes when necessary. I refined the codes using an iterative process of relabeling—dropping or combining codes that signify similar concepts. I then aggregated the first-order codes into more theoretical second-order themes based on observed relationships, and those second-order themes were further categorized into even more generalized theoretical categories (Corley & Gioia, 2004). Figure 1 illustrates this process for one of the categories that emerged from my analysis.

[Insert Figure 1 about here]

In addition, Table 1 presents further examples of the first order codes and the corresponding second order themes.

[Insert Table 1 about here]

**Establishing trustworthiness:** In qualitative research, an important consideration is
establishing the trustworthiness of the study by establishing its credibility (Guba, 1981; Lincoln & Guba, 1985). One way to establish the credibility of the findings is through the researcher’s “prolonged engagement at the site” (Guba, 1981; 84). This allows the researcher to build rapport with participants and makes them more comfortable with him/her. Through prolonged engagement, “informants may volunteer different and often more sensitive information” (Krefting, 1991; 217). I have already gained significant entry into the industry. As a result of the first conference that I attended, I was able to build rapport with industry insiders. I kept in touch with them and was subsequently invited to the second conference. Many of the industry insiders have offered to connect me with their networks and have offered to host me if I plan additional visits to the field, and one gave me a tour of his dispensary.

In addition, I used peer debriefing—another valuable tool for achieving dependability and credibility (Guba, 1981; Lincoln & Guba, 1985)—where I discussed my findings, and obtained feedback from another researcher who is skilled in qualitative methodologies. These debriefings “provide inquirers the opportunity to test their growing insights and to expose themselves to searching questions” (Guba, 1981; 85). This was useful as a mechanism for gaining insights from colleagues who were not invested in the project. Finally, dense descriptions of the context “allow others to assess how transferable the findings are” (Krefting, 1991; 218), which is another goal of this project.

Findings

The historical perceptions surrounding cannabis related to its “use,” “users” and “sellers” set the context for contemporary entrepreneurs in the medical cannabis industry. Since the 1930s, cannabis was viewed as a corrupter of youth, as inducing criminal behavior in its users, and as robbing users of their motivation to be productive members of society (Himmelstein, 1983).
Sellers were viewed as drug dealers with the intent to corrupt young people (Staples, 2014). As such, entrepreneurs in the medical cannabis industry believed they needed to change those perceptions if they were to create the kind of industry that they wanted to. In other words, they needed to destigmatize the industry. My findings are focused primarily on the medical cannabis entrepreneurs’ efforts to change perceptions and increase audience support.

I recognize that the stigma around cannabis was historically related to its recreational use, while this study focuses on medical cannabis. However, that stigma came to be associated with cannabis and anyone who used or sold it more generally, regardless of the reason. In the same way, the actions of the medical cannabis entrepreneurs also affect overall perceptions of cannabis and have implications for recreational cannabis. My goal is to understand the practices that entrepreneurs engaged in to destigmatize the medical cannabis industry.

I found that the process of destigmatization is one of “morality infusion,” where entrepreneurs seek to demonstrate that their activities are “the right things to do” and that they are “moral people doing moral things.” During the morality infusion process, the entrepreneurs integrated the use of language, symbolic and substantive actions, and relationships. To highlight these mechanisms, I used the codes “refocusing the mission”, “labeling work,” “squeaky clean,” “locally focused,” “personal stories,” and “diluting.” Below, I unpack each of these findings, their relationships to each other, and how the entrepreneurs ultimately used them to project an image of morality. This image is instrumental as a sensegiving tool to affect audience social evaluations and infuse the medical cannabis industry with morality.

**Refocusing the Mission**

For some time activists placed their efforts behind full legalization, with little success. Then in the 1990s, one of those activists—Dennis Peron, whose long-time partner was dying of AIDS—changed his focus to medical marijuana. Peron recounted his belief in marijuana’s medical benefits:

> “...
“Jonathan was taking many prescribed drugs, and there were severe side effects, from nausea to loss of appetite. Marijuana was the only drug that eased his pain and restored his appetite and gave him some moments of dignity in that last year. And of course I had hundreds of friends with AIDS who relied on marijuana for the same reasons: appetite, relief from nausea, relief from pain, to be able to sleep” (Gardner, 1996).

In this statement, Peron highlights his conviction that cannabis was a valuable medicine for treating pain and other medical conditions. He states that cannabis provided dignity for the dying—unquestionably a human right and a highly moral objective. Peron also discussed his motivation and vision for the Cannabis Buyers’ Club—the first ever medical marijuana dispensary. The Buyer’s Club would be a welcoming place that provided patients with compassionate care and much needed medicine. It was the “right thing to do.”

“A vision of the cannabis buyers club came to him later that night, Dennis says, as he was lying on a cement slab at the Mission Station. “The cops were coming by and banging with their nightsticks and yelling, ‘Hey, Peron, we’re gonna get you!’ And I was thinking about Jonathan all alone and without any marijuana. And I was thinking ‘Wouldn’t it be great if there was a place where he could go and be among friends?’ Jonathan had the KS [Kaposi’s Sarcoma] on his face and I was thinking, ‘He wouldn’t be ashamed here.’ And the place in my dream was the buyers’ club”” (Gardner, 1996). Once Peron had clearly refocused the mission, so that it was now centered on healing, he initiated the labeling work that was necessary redefining what cannabis was. His task was to coopt the “medical cannabis label.

**Labeling Work**

In their quest to destigmatize their industry, I found that medical cannabis entrepreneurs relied heavily on the use of labels. They employed them throughout the morality infusion process to counter values that supported the stigma, and to promote alternate values that resonated with large segments of the population and supported the image that they wanted to project. They also manipulated the labels that related to their industry, with the expectation of influencing social
evaluations. Below, I unpack the ways in which the entrepreneurs engaged in labeling work throughout the destigmatization process via “co-opting labels”, “relabeling”, and “code-switching” and “patient stories” (patient stories also contained elements of substantive actions).

**Co-opting labels:** The stigma related to cannabis was progressively constructed throughout the twentieth century, but there was another, suppressed narrative related to the use of cannabis. This narrative framed cannabis as a valuable medicine and was rooted in its long history of use for that purpose. Throughout the late nineteenth and early twentieth centuries, for example, medicinal cannabis preparations were regularly advertised in newspapers. An excerpt from one such advertisement, found in the Chicago Daily Tribune read:

“At this season of the year, when consumption and corresponding ailments find their greatest development, the efforts of the medical charlatan to palm off his worthless preparation for “lung diseases” are redoubled, and the declaration that “consumption can be cured!” is loudly proclaimed in flaming placards and plausible puffs and advertisements in all parts of the country. The sick should beware of these murderous pretenders. Let them be certain to procure an established remedy, if any—one like old Dr. James’ “Extract of Cannabis Indica.” This medicine has been proven throughout the United States, to be what its discoverer claims. There is no trickery in its manufacture—nothing quacky or evasive in the methods by which it has been brought to the notice of the public. All is fair and above board” (Tilton, 1857).

During this period, it was acceptable to publicly sell cannabis for medicinal purposes. As time went by and general perceptions of cannabis changed, the belief that the plant had medicinal value persisted, although this view was marginalized. For example, during the 1937 congressional hearings for the Marijuana Tax Act—scheduled to prohibitively tax cannabis and thereby making it publicly unavailable—the only opposition to the tax was from Dr. William Woodard of the American Medical Association (AMA). Dr. Woodard expressed his concerns about conflating cannabis as medicine with cannabis addiction. He believed that the act would make it difficult to fully investigate the medicinal value of cannabis:

“There is nothing in the medicinal use of Cannabis that has any relation to Cannabis addiction. I use the word “Cannabis” in preference to the word “marihuana”, because cannabis is the correct term for describing the plant and its products. The term
“marihuana” is a mongrel word that has crept into this country over the Mexican border and has no general meaning, except as it relates to the use of Cannabis preparations for smoking. It is not recognized in medicine.”

He continued,

“The medicinal use has greatly decreased. The drug is very seldom used. That is partially because of the uncertainty of the effects of the drug. That uncertainty has heretofore been attributed to variations in the potency of the preparations as coming from particular plants; the variations in the potency of the drug as coming from particular plants undoubtedly depends on the variations in the ingredients of which the resin of the plant is made up. Today, however, as has been proposed here, that the use of the drug should be prevented by prohibitive tax, loses sight of the fact that future investigations may show that there are substantial medicinal uses for cannabis” (US Congress, 1937; 91).

This suppressed view of cannabis as medicine continued even as the stigma around cannabis grew. It surfaced again in 1974, when Robert Randall, a 28-year old Washington DC teacher, was arrested for growing cannabis. Randall appealed his case all the way to the Supreme Court, fighting to obtain the right to use marijuana as medicine. He suffered from glaucoma and believed that cannabis was preventing him from going blind, while other treatments were either ineffective or too risky. He won. Furthermore, the government began supplying Randall with federally grown cannabis. The Robert Randall case is significant because the government’s action in this case provided some legitimacy to the cannabis-as-medicine narrative. It is also the first record that I could find of the term “medical marijuana”—the label later co-opted by cannabis industry members.

Peron was mentioned about as refocusing the mission and vision of cannabis legalization. As part of the refocusing, he coopted the term “medical marijuana,” and used it in his framing in 1991 to generate support for Proposition P, intended to get San Francisco to legalize medical marijuana. The proposition passed with overwhelming support. A few years later, Peron focused on generating public support for a medical marijuana ballot initiative at the state level. The framing of cannabis as medicine had resonated with the public. Peron’s approach was, “let’s do it
with love.” Meaning, “let’s have club members go to their friends and friends of friends with the petitions” (Gardner, 1996; 17). In 1996 Proposition 215, or the “Compassionate Use Act”, became the law in California with the support of 55.6% of voters, making it the first state to legalize medical marijuana.

Thus, Dennis Peron, the proprietor of the Cannabis Buyers’ Club, co-opted the “medical marijuana” label with great success. The promotion of this label generated sufficient support to change the legislative environment first at the city level, then at the state level. These successes in California were the impetus for legislative change in many other states. The “medical marijuana” label appealed to values related to the rights of patients to have access to medical care. This was a critical first step in the morality infusion process as it started to align the entrepreneurs with the medical field—“a professional practice governed by a moral framework” (Miller & Brody, 2001; 582).

**Relabeling:** Once the entrepreneurs co-opted the term “medical marijuana,” they then set out to change many of the labels embodying the stigma related to cannabis. The new labels were more closely aligned with “medical marijuana,” and were selected to dispel negative perceptions related to cannabis, casting medical marijuana as a legitimate treatment for various illnesses. These labels contribute to an institutional vocabulary that aligns cannabis with health and wellness. Furthermore, many of these labels are already well-integrated into the entrepreneurs’ vocabulary. For example, many entrepreneurs referred to themselves as healthcare providers, with responsibilities towards their “patients.” For instance, they stated their responsibility is to provide patients with accurate information about the potency of the medicine so that they can be knowledgeable consumers, as is illustrated in the following quote:

“[You need] consistency of your products. Milligram listings of your active ingredients are essential for your patients to be able to consistently move from one product to another. If your products states 120 mg, give the patients what they are paying for.” [Conf#14]
The consistent use of labels that associated cannabis with health and wellness indicates that the language is already assuming a taken-for-grantedness within the industry. A conference speaker highlighted this in the way he referred to the entrepreneurs and their relationships to doctors and patients. He viewed the entrepreneurs as “druggists” that both patients and doctors relied on. He said, “From a doctor’s point of view and a patient’s point of view, you are the druggist. You are the drug store people. And that is who the doctors are relying on.” [Conf#7Q&A]

In another example, an entrepreneur who manufactures marijuana-infused products (MIPs)—such as chocolates and brownies that contain cannabis—was giving advice to other entrepreneurs in that same segment of the market. He consistently referred to his products as “medicine”—a term that in this industry is preferable to marijuana—and to his buyers as “dispensaries:”

“Put out the best medicine to the best dispensary owners. That’s your end goal, making sure that you are servicing the largest patient base because they [the dispensaries] are considered the best in what they do. So if you can help them end up with a cup [an award] in their hand they will continue to work with you.” [Conf#8]

Those using cannabis as “medicine” are said to be “medicating.” During Conference 1 I had lunch with several entrepreneurs. One of those entrepreneurs asked whether I “medicate.” My confused expression must have prompted him to clarify by asking, “Do you smoke?” Once I understood what he meant, he returned to using the word “medicate.”

Though the language is becoming taken-for-granted, many entrepreneurs feel the need to reinforce its use. For example, the word “cannabis” is preferred to the word “marijuana,” and clients are “patients.” Some of the entrepreneurs felt the need to explicitly state that those words are the ones that should be used. One presenter at the conference cautioned participants, “we don’t say medical marijuana anymore, we just say cannabis. It’s a new world” [Conf#2]. An interviewee expressed a similar sentiment by stating:
“Cannabis Sativa L is the plant. Then you split it off and you have the Industrial Hemp cultivar and you have the drug cultivar. Some people call it marijuana. I call it the drug cultivar because I want to be very clear that marijuana is a derogatory term. I don’t really ever use it.” [Interviewee#5]

Ultimately, it appears that the entrepreneurs are very aware of the power of language in influencing the perceptions of stakeholders whose support was important for moving the medical cannabis industry forward. The entrepreneurs must consider the concerns of different stakeholders, and account for those in the way that they present themselves:

“[A woman] was talking about marketing and how to present your business plans to investors, and present your ideas to politicians and what not. She used this analogy and she said if you can’t talk about cannabis, and use words and language and images that are appropriate to a family—parents, but she didn’t say male or female—25 to 45, with a teenager… she said you need to make your statements fit the imagery of this family because even though the adults are the ones who are gonna vote right now, and the adults are the ones that are thinking about maybe investing in your product, it is the kids that the adults are thinking about. The adults are thinking about how it is going to affect their teenager. [Interviewee#1]

There is also evidence that even the earliest entrepreneurs in the medical cannabis industry were involved in relabeling. During most of the 1990s, the establishments that sold cannabis to the sick were referred to as “pot clubs.” Once California legalized the medicinal use of cannabis, San Jose city officials, with the input of the entrepreneurs, met and issued “Medical Marijuana Dispensary Regulations.” Peter Baez and Jesse Garcia, owners of the very first dispensary in San Jose, were credited with being an instrumental part of that process (Gaura, 1997).

Overall, the purpose of relabeling was two-fold. First, it was used as a tool to create distance between the medical cannabis industry and the negative perceptions about cannabis. The second goal of relabeling was to more closely align the industry with the medical field. As such, entrepreneurs in the medical cannabis industry have been instrumental in taking the negative labels used to stigmatize the users and use of cannabis and changing them into more positive
labels more closely aligned with the medical profession—labels that are generally well-accepted as fulfilling a valuable function in society. The task that the entrepreneurs faced was to change perceptions of the core of what they do as being related to the trade of illicit drugs where dealers lurk in the shadows, catering to the needs of drug addicts and enticing the youngest and most vulnerable members of society to become the next generation of addicts. Instead, they capitalized on the well-established and moral societal need to care for the sick among us. They were positioning their industry as one that uses legitimate practices and processes to provide medicine to sick patients, and the language of the industry needed to reflect that. As one dispensary owner stated, “It’s healing, not dealing” (Tunison, 2013).

**Code-switching:** Relabeling was not a straightforward task. As old labels were discarded and replaced with new ones, entrepreneurs often vacillated between the old colloquial and new, more legitimate labels, a practice that I refer to as “code-switching.” Code-switching is a term used in linguistics to describe “the use of more than one language in the course of a single communicative episode” (Heller, 1988; 1). The term has also been used to describe the way in which minority groups such as African Americans alter their communication styles in order to effectively navigate different cultural settings (Degans, 2013). Degans (2013), who is African American, used the example of the word “guys”—a commonplace word with his white colleagues, but that would be ridiculed if used in his own neighborhood. While the entrepreneurs are generally not code-switching within the same conversation, this seemed like an appropriate term to describe their actions. The entrepreneurs acknowledged that certain labels were preferred to others, and that the labels with negative connotations should not be used with “outsiders.” However, depending on the context, those same entrepreneurs would revert to using the “undesirable” labels. For example, as a part of my fieldwork an entrepreneur invited me to tour his dispensary. During my tour, I was shown the “accessories room,” also called the “glassware room” by my guide. I questioned the use of those names and she explained:
“Well I guess it just depends on the audience. I think younger people are more likely to know what a head shop is versus older people and I guess. You can’t always know by looking at someone if they have a medical condition or not. But I can sort of gauge when someone walks into the door if they are here to use it as medicine or to just get their weed and be on their way. So, those kinds of people I would usually call it a “head shop” and for older people I would call it an accessories shop usually.” [Interview#12].

With code-switching, the entrepreneur must deduce certain characteristics of the person that he or she is interacting with. More specifically, the entrepreneur must judge that person’s motivations for interfacing with the industry, gauge the level of past experience with cannabis, as well as the person’s comfort level. That information helps the entrepreneur choose labels for a particular interaction. For instance, as the above suggests, there are individuals with the necessary medical marijuana patient documentation who are nonetheless essentially using cannabis recreationally. With these people, entrepreneurs would use the colloquial labels. This is not ideal, but it allows the entrepreneurs to avoid alienating valuable customers who might view the medically-oriented labels as too “politically correct.” Thus, as a practical matter, code switching is important to maintain the necessary business for survival until the industry is completely destigmatized. With other audiences, such the local communities, the medical community, law enforcement and legislators, the entrepreneurs would use only the legitimating labels.

In this case, individuals that are more in tune with popular culture and whose experiences with cannabis is more aligned with casual use would be more comfortable with the colloquial labels. Conversely, the entrepreneur would need to use more medically-aligned labels for individuals who approach the industry more tentatively so as not to induce comfort. Accordingly, code-switching allows the entrepreneurs to cater to diverse audiences, while contributing to destigmatization by building support among “outsiders” and those new to the cannabis community.

Squeaky Clean
In addition to labeling work, where the intent is to construct a vocabulary more conducive to ridding the industry of stigma by aligning with the more legitimate medical industry, the entrepreneurs also engaged in symbolic and substantive actions that were meant to cast them as “squeaky clean,” thereby distinguishing them from black market dealers. As one conference presenter noted, “Business owners need to be squeaky clean in order to survive in a world of increasing scrutiny from regulators, neighbors and the media” [Conf#31]. Squeaky clean is an attempt by the entrepreneurs to be beyond reproach with regards to their organizational leadership, structures and practices. The entrepreneurs are aware of the stigma surrounding their main product. As such, they sought to ensure that every other aspect of their industry was in accordance with “normal business.” This includes the overall atmosphere at the place of business – for example, its cleanliness, its physical location, and its openness to the outside. In addition, members of the staff must be approachable and professional. All of this is in an effort to have a facility that is “welcoming:”

“At [my dispensary] we’ve tried to design everything that we do in order to discredit the stigma associated with cannabis. From the time that people walk into our facility, they see a different approach. It’s absolutely sparkling clean. It’s decorated and we’re very professional but in a very welcoming way so that anybody can walk in and feel comfortable” [Interview#3].

Squeaky clean also extends to symbols that the entrepreneurs use: their logos, the way that they present themselves in their marketing materials and product packaging. The entrepreneurs believe that to reduce stigma, company representations should avoid “stereotypical” cannabis culture. People in advertisements should not appear to be under the influence of cannabis. They should not be scantily dressed or look like tie-died hippies. As much as possible, entrepreneurs should not use the images of the cannabis leaf in their marketing. They should also avoid controversy in the way that they present themselves and their firms. A dispensary owner expresses his views on marketing this way:
“Start with a logo and have to be very professional and simple. You want to avoid the stereotypical cannabis user stigma. That has been holding us back for the last 75 years. Hopefully one day we will actually be able to be aggressive with the marketing like the alcohol companies. Right now it is just going to bring a lot of trouble. Make sure you are professional, very simple. Don’t put any kind of cannabis leaf in there. Try to avoid names like Danny Fat Sax or something like that. I think you should be allowed to. I don’t think it is fair. But right now it is simple reality that if you want to survive in an established market, that is not the way to do it. You need to have your reputation and that is not clearly going to help you very much” [Conf#7].

Finally, the idea of squeaky clean went beyond what was immediately visible to outsiders. It included the ways in which the entrepreneurs strived manage their own, less visible, internal operations. They advocated going beyond what was expected from them based on local and state regulations, such as testing their products even when testing was not required by the state. They also established procedures that facilitated their ability to pay federal taxes, although their actions are federally illegal, and to pay taxes on every penny of revenue, even though it is still a cash business. They introduced systems that would allow them to track their products from “seed-to-sale,” with the intention of showing that their organization does not allow for any diversion of cannabis into the black market or into the hands of anyone who is not eligible to have it. The goal of these actions was to reassure a number of different audiences—such as patients, the local communities and legislators—that they are responsible in their practices. The entrepreneurs believed that they needed to go further than mere compliance; they needed to exceed expectations. An entrepreneur explained his efforts to instituting systems that would give patients confidence in the medicine that he was providing:

“We professionalized the industry in ways nobody had previously so one small example, we laboratory tested all of our medicine. So before [my dispensary], patients didn’t really know that the cannabis they were getting was safe. They didn’t know whether it had contaminants and they didn’t know really what was in it. And that to me was unacceptable. If I was going to call it medicine I had to know it was safe. I had to know what was in it. Well we weren’t able to because before I opened I called every lab in the bay area and asked them to test our medicine and they refused. So we had to open without tested medicine but we did from the beginning start working on setting up our own lab which we were able to do a couple of years later. It was the first analytical laboratory that analyzed cannabis” [Interview#3].
These actions were intended to show—notwithstanding that the entrepreneurs were building an industry around a stigmatized product—that every other aspect of their businesses conformed to societal rules and norms. Furthermore, these actions are both inward and externally focused. As stated by a dispensary owner, “there are two major areas of activity for our organizations. One is outward facing, trying to make the laws and the regulatory environment better, and the other is inward facing to professionalize the industry to make sure that we live up and go beyond the highest standards of corporate citizenship.” To affect the external environment, the entrepreneurs believed that they should be able to demonstrate the transparency of their internal practices. They also believe that they should be able to show that they are not only complying with, but exceeding expectations. A dispensary owner stated, “We went to the city and proposed a tax on cannabis sales. That tax now is a 5% tax, and so we provide well over a million dollars a year in tax revenue to the city, which sends a signal to the entire community that we care.”

“Squeaky clean” was critical to morality infusion because it established the entrepreneurs as distinct from historical perceptions of cannabis sellers as shady drug dealers. It cast them as moral people who were using their organizations to do the right things. They were caring for their patients and their communities and were doing so in a responsible way.

Locally Focused

The entrepreneurs also tried to combat their industry’s stigma by engaging in actions that are “locally focused.” Being locally focused means that the entrepreneurs deeply embed themselves in their local communities. This local embedding enables them to build both interpersonal and interorganizational ties that ultimately serve them in a number of ways. For instance, it allows entrepreneurs to demonstrate that they are responsible and respectable members of the community. One entrepreneur stated, “What we really want to do is similar to the
gay and lesbian movement. It’s a coming-out party where people learn that cannabis consumers and business people are normal people. They are just like us, like me and you.”

The entrepreneurs want to show that they attend church, that they are members of parent teacher associations, and that they have professional backgrounds. At the firm level, by being locally focused the entrepreneurs can demonstrate that medical cannabis businesses add value to their local communities. This was a theme that permeated the data. One entrepreneur expressed these beliefs by stating, “We are basically prophets, all of us are prophets, and I don’t mean profit. We want to profit but we also want to bring this message of love, goodness, in everything we do in our personal lives and professional lives. It has to be seamless.” This “prophesizing” involved highly visible acts of philanthropy. A dispensary owner provided examples of what it means to be engaged with the local community:

“Another great company that has actually, from out here in Denver, started a nonprofit group called the [X]. That’s been around since 2009 actually. It’s a group of cannabis entrepreneurs, their patients, employees or owners that go around and help communities with community-oriented events such as feeding the homeless and picking up trash from marijuana events and cleaning up after the 420 rally. They went around the park out here and cleaned up all the trash after the rally to make sure we've left the place clean. We don't want to leave a bad image of us” [Interview#6].

Many of the entrepreneurs discussed similar community projects that their firms were involved in. Also important was ensuring that these activities were visible. “And measure it. DR Dispensary does a great job of measuring impact. They count everything and make these cool info graphics that we can share. When we say we belong here, we can also say, look what we’ve done” [conf#7]. As such, part of the importance in forming strong ties within the local community is that the entrepreneurs can show that they are a valuable part of the community, changing its perceptions about the industry and becoming the community’s allies. This reduction of stigma at the local level can also translate into stigma reduction at the broader level, as local allies would then advocate on their behalf—for example, with state or federal authorities—
influencing the level of resistance that the firms encounter from law enforcement and politicians. Furthermore, community allies can use their votes to ultimately influence lawmakers and the policies that affect the medical cannabis industry.

“Connect with your community. Make sure who you are going out and talking to those in the community who are established influencers. Because if something goes wrong, and you’ve done a really great job of cleaning up the block your business is on, making sure you are providing strong security, and your block is definitely better for you being there, then they are going to stand with you when the shit hits the fan” [conf #5].

In his seminal work on stigma, Goffman (1963) aligned stigma with stereotyping, “reserved for ….persons who fall into very broad categories and who may be passing strangers to us” (1963; 67). He highlighted research showing that individuals with physical handicaps who are able to move to “a more personal plane” will likely experience less stigma. Similarly, for the entrepreneurs, being “locally focused” was expected to increase familiarity—and ultimately, empathy. Furthermore, “locally focused” contributed to morality infusion by being a mechanism through which the entrepreneurs could communicate their values to different audiences, thereby removing perceptions of them as “outsiders” or “the other,” and making it easier to make positive inferences about their motives and actions.

**Patient Stories**

From the onset of the medical cannabis industry, entrepreneurs confronted their industry’s stigma by highlighting patients’ stories. During California’s 1996 Proposition 215 campaign to legalize cannabis for medical purposes, one of the television advertisements featured 67-year old Anna Boyce, a nurse who talked about her husband’s experience with cannabis while undergoing chemotherapy: “the nausea from his chemotherapy was so awful it broke my heart. So I broke the law and got him marijuana. It worked. He could eat. He had an extra year of life. Proposition 215 will allow patients like J.J. use of marijuana without becoming criminals. Vote yes on 215. God forbid someone you love may need it” (Goldberg, 1996). Stories such as this one
are designed to appeal to societal values of compassion and the belief that individuals should have a reasonable expectation that they can reduce their suffering. This was the same argument that emerged when Robert Randall presented himself before the federal courts as a glaucoma patient who used cannabis to prevent himself from becoming blind. The judge in that case stated, “The evil he [Randall] sought to avert, blindness, is greater than that he performed” (Zielinski, 2001).

The industry continues to use patient stories to battle its stigma. As one entrepreneur stated, “it’s the patients in the cannabis world who will be able to tell our stories. We need to stand up and introduce people to the personal side of all of this” [conf#13]. These stories were believed to have the power to change perceptions of cannabis. An entrepreneur presenting at a conference rationalized the practice this way: “how can a parent of a child, a loved one who is diagnosed with cancer or AIDS or a mass or fibromyalgia, who uses marijuana successfully, not change a politician’s mind after seeing that?” [conf #5]. Accordingly, patients have been invaluable for appealing to legislators as well as those in the wider society skeptical about the efficacy of cannabis as medicine.

“I have spoken at various events- Baptist churches, schools, events like these, a very, very diverse crowd, and as I present my side of the story – and sometimes I tell my patients’ stories to give an emotional kick- you make it personal, tell your story, your family story “… I lost my step father to cancer, my step mama to cancer”, we all know somebody has that story. But stay real, use real data.” [conf#13]

As this quote highlights, patient stories introduce an emotional component into the discourse. As such, they are essential to morality infusion because emotions are essential to moral judgment (Haidt, 2001). They also put a human face on the industry and embody the good that cannabis can do.

Diluting
Another practice that entrepreneurs engaged in was diluting. Diluting involves presenting cannabis in such a way that it is a small part of a much larger whole. That is to say, entrepreneurs structured their firms so that they are not so much sellers of cannabis as they are providers of "medical care" or "wellness services." Cannabis becomes just one component of these more general services. A dispensary owner described his presentation of cannabis:

"We’ve also done things like we surround cannabis with other holistic healing techniques so any of our patients who come in can utilize our holistic healing clinic, which offers chiropractic, acupuncture, reiki and about 7 or 8 other holistic therapies completely free of charge. We have free classes for our patients so they can learn how to do yoga or learn how to grow their own cannabis" [Interview#3].

By diluting cannabis in this way, dispensaries are rendered more approachable to those who would otherwise have great reservations about supporting firms that are centered around a substance that has born stigma for such a long period of time. It is easier for a resistant audience to enter a wellness center that also sells cannabis products than to enter a dispensary that only sells cannabis products. As such, diluting is a way to address cannabis’s stigma by providing prospective patrons with a certain amount of psychological comfort in approaching a previously taboo domain. Once the resistance is slightly eroded, the entrepreneurs can then proceed to demonstrate all the ways in which they are “moral people doing moral things.”

A Model of the Destigmatization Process

My data suggests that the process of destigmatization is one of morality infusion—a sensegiving effort to build moral legitimacy through language and actions that are oriented towards communicating particular values. Through morality infusion, the entrepreneurs collectively and strategically align their words and actions to show that they are moral people.
doing moral things. They are “doing the right thing” by providing medicine to patients. They are the “right” people to engage in those activities, as they are caring, responsible and contributing members of society. Finally, they serve members of the community who are in need of their services and who benefit greatly from them. Figure 2 depicts the destigmatization process that emerged from my analysis. Much of the process is centered on the sensegiving activities of the entrepreneurs.

[Insert Figure 2 about here]

The destigmatization process is initiated by individuals who believed that medical cannabis prohibition was morally wrong. They believed that cannabis prohibition was unjust, and they believed that obligated them to initiate change. These individuals can be described as “moral entrepreneurs.” Becker (1963) coined this term to describe a person or group of people dissatisfied with the status quo and intent on creating or enforcing rules that address their dissatisfaction. Becker conceptualized moral entrepreneurs as busy bodies; “moral crusaders”—often with a humanitarian motive—imposing their values on others and in the process, making deviants of those who oppose their values. Becker (1963) used prohibition as an example of a movement that was instigated by moral entrepreneurs. He wrote, “prohibitionists felt that they were not simply forcing their morals on others, but attempting to provide the conditions for a better way of life for people prevented by drink from realizing a truly good life” (Becker, 196; 148). Accordingly, the way to change rules that were put in place by one group of moral crusaders is for another group of crusaders to assume the cause.

In the medical cannabis destigmatization process, moral entrepreneurs needed to promote certain values while demoting others. They desired to change the rules so that they align with their own values. Their primary motivation for change—a moral mandate—makes them distinct from institutional entrepreneurs. In addition, institutional entrepreneurs generally occupy positions that provide them “with legitimacy with respect to diverse stakeholders” (Maguire et al,
In the medical cannabis industry, Dennis Peron took on the role of moral entrepreneur, crusading for the rights of the sick and dying to have access to cannabis. After being arrested for selling cannabis at his dispensary, Peron pleaded “morally not guilty.” He stated, “The fact is, we did sell marijuana in San Francisco to sick and dying people for 3 1/2 years. We were morally compelled to do this” (DelVecchio, 1996). Others later joined Peron as moral entrepreneurs, dedicating themselves to changing the rules; they were activists and business owners. However, with time, instead of focusing primarily on the moral agenda, the business owners instead integrated that agenda into their desire to create viable enterprises; they focused on meeting their organizational goals in a moral way.

The goal of the moral entrepreneurs was to associate cannabis with an alternate set of values from the ones that it had been linked to in the early twentieth century. Although once recognized for its medicinal value, for decades using cannabis was seen as an immoral practice that drove individuals to engage in other immoral acts, such as neglecting one’s responsibilities or engaging in violent or counter-normative sexual behavior. The moral entrepreneurs wanted to make a case for cannabis as having a legitimate use as a valuable medicine. They did this by coopting the medical marijuana label that exemplified those values.

After the moral entrepreneurs co-opted this label and used it to introduce alternate values, the destigmatization process became one of collective action, where entrepreneurs collaborated with each other and with activists to project a moral image of the industry. To do this, they enhanced the coopted label with further labeling work. They used relabeling to try to change the language that was commonly used in the context of cannabis, and instead built an institutional vocabulary that emphasized the medical aspect of cannabis. Code-switching, another component of labeling work, allowed the entrepreneurs to switch between the old and new vocabulary depending on the particular audience that they were interfacing with. Although on the surface
code-switching appears to counter building a moral image, the entrepreneurs use this action to build support among diverse audiences with diverse beliefs, and to avoid alienating those who felt marginalized by the new labels and language.

While the entrepreneurs were building their institutional language, they were also ensuring that they were creating a squeaky clean identity; as such, both in their symbolic and substantial actions were part of that identity. These symbols also supported the moral image that they were projecting. Accordingly, those symbols, such as their logos and firm names, avoided conforming to the stereotypes of stigmatizing audiences. Similarly, they established organizational systems that demonstrated they were like “normal” businesses, and that they were in fact willing to exceed expectations for normal businesses.

Collectively the entrepreneurs also saw the need to be locally focused, that is, community-centric with their relationships—this distinguished them from the activists, who generally take a broader (state and national) view. In this way, the entrepreneurs can focus on building their moral identity and genuinely contributing to the moral image by illustrating that they are caring and responsible members of the community who share the values of their neighbors. It also allows them to develop intimate relationships with members of the community and to show them that they are “normal” people and that their businesses create tangible value for the community. In essence, it becomes more difficult for community members to see the entrepreneurs as “the other” and to levy sanctions against their firms if they are intimately familiar with them. As such, these community-centric relationships help to build the moral image. Additionally, the entrepreneurs use diluting, seemingly to deemphasize the role of cannabis in the overall business model, magnify health and wellness, thus making it less of an affront to those who strongly object and creating opportunities to overcome their resistance and allow them to increase their awareness of the benefits of medical cannabis.
The moral image ultimately serves as a sensegiving tool for various audiences—including the local community, politicians, the medical community and the media—to use in sensemaking. Within the destigmatization process, sensemaking is important for audiences to form a moral judgment. According to Haidt (2001), forming a moral judgment is a process that combines emotional reactions, cognitive evaluations, and social influence. Individuals instinctively judge whether or not an action or situation is moral. For the emotional component, entrepreneurs have highlighted the patients through their stories; it is difficult for audiences to reject actions that are presented as a means to alleviate the suffering of the sick and/or dying. Audiences then cognitively process those experiences and consider the beliefs and values of others in their network. As such, if those audiences identify with the projected image and its associated values, they may grant their approval, or at least, choose not to oppose the entrepreneurial efforts. As audience approval increases, so does destigmatization.

**Destigmatization.** It is important to note that the medical cannabis industry is not yet completely destigmatized. For example, even recently, medical cannabis users continue to feel stigmatized by friends, family and acquaintances (Bottorff, Bissell, Balneaves, Oliffe, Capler & Buxton, 2013). However, the stigma has decreased over time. Stigma decreases as audience support increases. One indication of this decrease is the trend in state medical cannabis legalization over time. The earliest states to legalize medical cannabis did so using ballot measures. This meant that the entrepreneurs and activists had to generate sufficient public support so that the measure would receive a majority vote from eligible voters on Election Day (Table 2). This process bypassed the legislative process, which was critical for earlier successes, since politicians were generally not supportive. For example, in California, medical cannabis was twice introduced as a bill, and both time vetoed by then governor Pete Wilson (Los Angeles Times, 1996).

[Insert Table 2 about here]
However, the later states to legalize medical cannabis (with the exception of Massachusetts), did so through legislative action. For a bill to pass through legislative action, it must get a majority vote in the state house and senate, and generally has the support of the governor. In the case of Minnesota for example, the medical cannabis bill had bipartisan support, and was signed into law by Governor Mark Dayton in 2014 (Bailey, 2014). In addition to having state political support, 74 percent of Minnesotans supported medical cannabis (Public Policy Polling, 2014).

Public support for medical cannabis has also increased. This was also shown in a 2010 Pew Survey. The results indicated that 73 percent of Americans supported medical cannabis, while at that same time, only 41 percent supported full legalization of cannabis (Pew, 2010). A recent CBS poll showed that this support for medical cannabis continues to grow. They found that in 2014, 86 percent of Americans supported medical cannabis, compared to 62 percent in 1997 (Dutton, De Pinto, Salvanto & Backus, 2014). In addition, the media has been increasingly supportive of medical cannabis. Exemplifying this was CNN’s chief medical correspondent backing showing of strong support for medical cannabis. In 2013, Gupta’ documentary “Weed”, chronicled his change in beliefs over the medical effectiveness of cannabis (Gupta, 2013). That same year, Gupta wrote an article entitled “Why I Changed My Mind on Weed”, where he publicly apologized for previously voicing negative opinions about cannabis without due diligence. He stated:

“I am here to apologize. I apologize because I didn't look hard enough, until now. I didn't look far enough. I didn't review papers from smaller labs in other countries doing some remarkable research, and I was too dismissive of the loud chorus of legitimate patients whose symptoms improved on cannabis. Instead, I lumped them with the high-visibility malingerers, just looking to get high. I mistakenly believed the Drug Enforcement Agency listed marijuana as a schedule I substance because of sound scientific proof. Surely, they must have quality
reasoning as to why marijuana is in the category of the most dangerous drugs that have "no accepted medicinal use and a high potential for abuse." They didn't have the science to support that claim, and I now know that when it comes to marijuana neither of those things are true. It doesn't have a high potential for abuse, and there are very legitimate medical applications.” –Sanjay Gupta (2013)

Then in 2014, Gupta wrote another article on the topic titled, “I am Doubling Down on Medical Marijuana”, where he once again expressed a belief that cannabis has medical benefits and by not considering it as an option, we are irresponsible in the care that we are providing to patients (Gupta, 2014). Gupta’s endorsement of medical cannabis provides an indication of destigmatization, particularly since he was once a very strong opponent.

Overall, medical cannabis is not yet fully destigmatized, but audience support continues to grow. I expect that as the entrepreneurs continue with their morality infusion efforts, if they are able to sustain their moral image, various audiences will continue to give support resulting in eventual destigmatization.

Discussion

In this study I build theory about the destigmatization process at the organizational level. I focus on an industry that experiences core stigma and consider the actions entrepreneurs are taking to eradicate that stigma. I sought to answer the questions: (1) How do entrepreneurs in an emerging but stigmatized industry destigmatize their firms and industry? and (2) How do they manage the organizational consequences of core stigma? I found that destigmatization in this industry is an ongoing process, but that there is evidence to suggest the stigma has reduced over time. Furthermore, I found that the destigmatization process is one of morality infusion, where entrepreneurs use their words and actions to project a moral image and facilitate sensemaking that
leads to a favorable moral judgment of the firms and industry, thereby enhancing its normative legitimacy and reducing its stigma.

The medical cannabis industry emerged to capitalize on a product with healing properties that was devalued for many decades. The entrepreneurs in the medical cannabis industry set out to change perceptions related to the use of cannabis for medicinal purposes, as opposed to all cannabis usage. By doing so, they were able to initiate a separation between their industry and the prevailing stigma about cannabis that was primarily related to its use as an intoxicant. They strategically capitalized on cultural values that allowed them to further this image. Once they integrated those values into their narratives, they proceeded to create language, structures and practices that epitomized those values. This study contributes to the literature on organizational stigma, as well as entrepreneurial strategic management.

Organizational Stigma

This study builds on recent work on organizational core stigma (Hudson & Okhuysen, 2009; Vergne, 2012; Helms & Patterson, 2014). This literature considers organizational actions that contend with “negative social evaluation by some audience(s) of an organization because of certain organizational attributes, such as core routines, core outputs, and/or core customers” (Hudson, 2008: 252). My study contributes to this literature by proposing a process model for the destigmatization of core-stigmatized organizations. In this model, morality assumes a central role. Stigma is inherently a belief by some audiences that certain organizational characteristics violate their values—that is, are immoral. As such, efforts to reduce or remove stigma necessitates discourses that addresses those values.

Organizational core stigma is often conceptualized as a “scarlet letter” that firms must unfortunately, and indefinitely, live with. As with the scars and tribal markings that Goffman (1963) described in his influential work on social stigma, these firms—targets of societal disapproval—must exist in the shadows. Core stigmatized firms resort to concealing their
discrediting characteristics (Hudson & Okhuysen, 2009; Vergne, 2012), managing the taint to the best of their abilities. This study continues the efforts by Helms and Patterson (2014) to examine stigma removal. Helms and Patterson (2014; 1480) focused on a “non-visible stigma linked to an organization’s core practice” and showed that the organizations used the stigma to first draw attention to their practices, then altered those practices so that they were more acceptable to important audiences. They focused on “practice work” as a means of getting rid of stigma. However, “when stigma is focused on historical labels and accounts linked with clientele’s traits, practice work may not be feasible” (Helms & Patterson, 2014: 1480). In this study, the stigma around cannabis was historical in nature and centered on the plant and the sellers and users traditionally associated with it. Accordingly, the entrepreneurs faced negative perceptions that accumulated over several decades.

In this study, I show that an integral part of stigma removal is alignment with cultural values that can neutralize and eventually supplant the prevailing values that are at the root of the stigma. Once that alignment occurs via morality infusion, the new values become deeply embedded into the organizational core. To accomplish this, the entrepreneurs built a vocabulary that exemplified those values. They began by coopting labels. Helms and Patterson (2014) also found that coopting labels is a part of the destigmatization process. However, they found that MMA coopted negative labels and used them to attract the attention of wide audiences, then changed their practices to get the approval of those audiences. The entrepreneurs in the medical cannabis industry coopted labels differently. Rather than coopting negative labels, the medical cannabis entrepreneurs coopted labels that had preexisting legitimacy and that drew on values that were conducive with the entrepreneurs’ goals. They then infused those values into all of their structures and practices, rather than changing their structures and practices. Thus, the process started with discourse, and then moved to interplay between discourse and internally and externally focused actions that both enacted the discourse and sheltered it from attack.
This study also meshes scholarship on morality in markets with organizational stigma. The morality in markets literature has shown that values can play a critical role in creating and sustaining markets (Anteby, 2010; Ligne, 2014; Chan, 2009; Zelizer, 1978). Organizations can actively try to define the value lens through which they are viewed (Ligne, 2014) or they can capitalize on changing societal values (Zelizer, 1978). Organizations can also treat culture as a toolkit from which they can assemble bits and pieces to create an organizational form that is acceptable (Chan, 2009). Collectively, these studies demonstrate that values are important, particularly when an organization is on the fringes of what is acceptable. This study takes those insights further by showing the role values play in removing core stigma. Overall, this study contributes to research on organizational stigma by proposing a process model of destigmatization that capitalizes on values and using them to construct a moral image that affects the perceptions of various audiences about the focal firms, and ultimately its normative legitimacy.

**Strategic Entrepreneurship**

This study also contributes to our understanding of strategic entrepreneurship, or the combination of opportunity seeking with advantage seeking (Hitt, Ireland, Camp & Sexton, 2001; Ketchen, Ireland & Snow, 2007). Scholarship in this area considers the strategic actions of entrepreneurial firms, but has generally not considered the negative social evaluations that firms may contend with. This study highlights the actions that entrepreneurs take to create new meaning around a previously devalued product. It also identifies effective mechanisms for dealing with contentious stakeholders. Entrepreneurship envelops the notion of exploring opportunities in unchartered territories that are often disconcerting and resisted by some stakeholder groups (Garud, Hardy, & Maguire, 2007). As such, even emerging industries that are less controversial can face resistance from stakeholders, so understanding entrepreneurial responses will provide valuable insights into the strategic actions of entrepreneurs.
For example, the ride-sharing company, Uber, has faced considerable resistance from audiences across the globe—including local taxi drivers and governments—earning it the nickname of “bandit cabs” (Dobuzinskis, 2013). In another example, in August of 1999, Napster launched a new file-sharing company to take advantage of the Internet’s power to connect people across the globe. Napster had the idea that its users would constantly contribute to a music library and be able to search and access others’ contributions. Within a few months the software had over 6 million users, making it the first online platform with such success. However, by December of 1999, the company faced lawsuits from stakeholders in the music industry, declared bankruptcy a few years later, and went out of business (McCourt & Burkart, 2003). Though Napster was not stigmatized, this example highlights the tensions that firms can face as they attempt to do something outside of the mainstream. This example also shows the detrimental effects of conflict with stakeholders. By exploring how firms deal with antagonistic stakeholders—as is expected in a stigmatized industry—this study serves to inform other aspects of entrepreneurial action.

It is surprising that the entrepreneurship literature does not consider negative social evaluations to a greater extent. The notion of negative social evaluations in entrepreneurship has primarily been considered at the end of venture’s life—when the venture fails (Cardon, Stevens & Potter, 2011; Lee, Peng & Barney, 2007; Nanda & Sorensen, 2010; Shepherd, 2003). These studies particularly highlight the negative perceptions that are associated with ventures that must file for bankruptcy. I add to this research by considering firms that are entering a domain that already bears stigma.

Another area of entrepreneurship research that has considered social acceptability of firms, looks at the informal (illegal) economy (De Castro, Khavul & Bruton, 2014; Lee & Hung, 2014; Webb, Tihanyi, Ireland & Sirmon, 2009; Uzo & Mair, 2014). Firms in the informal economy are illegal, but legitimate to large groups of individuals (Webb et al., 2009). These studies have considered how these firms are able to transition to the formal economy and
conditions that encourage an informal economy. For example, Webb and colleagues (2009) suggested that the institutional environment must create the conditions that would assist the process, while Lee and Hung (2014) demonstrated that in order for the Chinese shan-zhai phones to become part of the mainstream economy, the entrepreneurs had define their product within a wider context. On the other hand, Uzo and Mair (2014) showed that ambiguous formal rules encouraged entrepreneurship in the informal economy. This literature considers firms that lack regulatory legitimacy (Zimmerman & Zeitz, 2002), but that already have broad-based support (Webb et al., 2009). I contribute to this literature by considering firms that lack this broad-based support and must engage in actions to increase that support.

**Future Research Directions**

Like any study, this study has its limitations. It is a qualitative inductive study and there is the possibility that the findings may not generalize to other settings. As such, future research should explore whether these findings are consistent in other settings with pervasive stigma. For example, perceptions of gay marriage is changing. It would be interesting to explore whether a similar process of morality infusion was at play.

Another avenue for future research would be to examine the personal identity changes of the entrepreneurs in industries that are going through the destigmatization process. It is reasonable to assume that those entrepreneurs are experiencing personal changes as their firms and industries are undergoing transformations. In addition, it would also be interesting to examine how firms in the medical cannabis industry react to changes in their external environment that threaten their moral image. For instance, some states are moving towards full legalization of medical marijuana. This has implications for the medical cannabis industry, since it is counter to their focus on health and wellness, and cannabis as medicine.
Overall, I view this study as a starting point in a much wider research portfolio that I hope to engage in. I hope to further investigate the idea of *morality infusion* in order to unearth its boundary conditions as well as other areas of applicability. I also intend to keep investigating stigma in and around entrepreneurial ventures, and efforts to contend with the various consequences of these negative evaluations.

**CONCLUSION**

Research on organizational core stigma has generally focused on efforts to conceal the stigma by hiding the organizations’ identities and practices from scrutiny. They accept the status quo and devise ways to survive within the boundaries of existing rules (Dutton & Dukerich, 1991; Hudson & Okhysen, 2009; Vergne, 2012). This study presents a different viewpoint. It focuses on an industry that is actively trying to eliminate the stigma associated with their enterprises. It follows the lead of Helms and Patterson (2014) by showing that it is possible for organizations to reduce or rid themselves of core stigma. Helms and Patterson focus on the “more manageable” (2014: 1481) stigma related to the practice of mixed martial arts. They demonstrated that while MMA organizations were able to attract some support because of their stigma, to gain wider support they needed to change their practices. In essence, they needed to conform to broader expectations. This was an option because of the practice-based nature of their activities. However, conformance is not always an option.

This study shows that for a stigma that is pervasive and that has existed for some time, it is insufficient to simply change practices. The destigmatization process involves a concerted effort to change audience perceptions by providing them with a new framework of values to use when evaluating the firms. These values must be integrated throughout the language and practices
of the firms, and the language and practices must be mutually reinforcing and become part of their core identity.

Overall, there are many opportunities to explore morality infusion in other industries, perhaps even those that deal with less severe stigma. There are also opportunities to ask questions related to the medical cannabis industry and how they must change over time in response to a dynamic external environment.
Chapter 4

ESSAY 2: WEED, WORDS AND WINNING: ENTREPRENEURIAL STORYTELLING IN A STIGMATIZED INDUSTRY

Entrepreneurs need resources for survival and growth, and must often convince the resource holders that they are worthy of support (Aldrich & Fiol, 1994; Zimmerman & Zeitz, 2002; Zott & Huy, 2007). For new firms, this can be a daunting task, as they lack a performance record that would reduce stakeholders’ uncertainties enough to make the resources available. The challenge is even greater for firms that are joining a “stigmatized” industry, as these firms lack “broad-base social approval” (Hudson & Okhuysen, 2009; 135), and the legitimacy that they need to acquire resources and secure their survival (Aldrich & Fiol, 1994; Suchman, 1995; Zott & Huy, 2007). The question, then, is how do new entrepreneurs convey their worth to stakeholders, particularly in an industry where there are no established templates for how those interactions should unfold (Zimmerman & Zeitz, 2002)?

“Institutions are built upon language” (Berger & Luckmann, 1966: 64), and through ‘sensegiving’ language can influence stakeholders’ cognitions in desirable ways (Gioia & Chittipeddi, 1991). Sensegiving refers to attempts to influence and/or control how others interpret a subjective social phenomenon and shape the “meaning construction of others towards a preferred redefinition of organizational reality” (Gioia & Chittipeddi, 1991: 442). As such, language is a valuable tool for a firm’s survival, as it allows entrepreneurial firms to procure audience support (Lounsbury & Glynn, 2001; Martens, Jennings & Jennings, 2007; Porac, Mishina & Pollock, 2002; Santos & Eisenhardt, 2009; Suddaby & Greenwood, 2005; Zott & Huy, 2007). Porac and colleagues stated, “entrepreneurial leaders must create compelling 'stories' to reduce ambiguity and uncertainty for their stakeholders and thereby gain credibility and legitimation for their new conceptualizations” (Porac et al., 2002; 113). For example, Martens
and colleagues (2007) demonstrated that entrepreneurial firms that used narratives to “construct unambiguous identities” (2007; 1125), while reassuring stakeholders about their ability to manage risk, were able to use certain kinds of language to secure capital for their ventures. Accordingly, stories link entrepreneurs to necessary resources (Lounsbury & Glynn; 2001).

Research interest in how firms construct meaning through the use of language, symbols and other organizational discourse is growing (Chen, et al., 2008; Martens, et al., 2007; Porac, et al., 2002; Zott & Huy, 2007). There is strong evidence that the framing (Martens, et al., 2007; Zott & Huy, 2007) and content of entrepreneurs’ stories are important (Lounsbury & Glynn, 2001), and that a firm’s resources—such as financial indicators—help with its success (Wiklund, Baker, & Shepherd, 2010). However, we lack knowledge of how firms jointly use their substantive resources and stories to convince stakeholders to provide support. New firms often have limited resources, but stories that leverage those resources are more effective for resource acquisition (Martens, et al., 2007). However, firms do not possess homogenous resource stocks. As such, insights into how firms are able to configure their stories in accordance with their resources and constrains would have both theoretical and practical implications. This study contributes to the literatures on entrepreneurial storytelling, with empirical evidence of the multiplicity of stories that entrepreneurs simultaneous tell. Furthermore, given that storytelling is a resource that is available even to resource-poor firms (Zott & Huy, 2007), an understanding of how they configure narratives to their resource endowments, would have practical implications for nascent firms that must appeal to resource providers. This is where I hope to contribute. In this exploratory study, I examine how entrepreneurs in a stigmatized industry combine their available resources with stories that are intended to influence important stakeholders.

Formally, I ask the question, “How do firms configure their resources and storytelling to influence external stakeholders?” As such, I hope to contribute to the literatures on entrepreneurial storytelling.
I explore these questions in a sample of nascent firms competing for a limited number of licenses to operate dispensaries in the highly uncertain and emerging medical cannabis industry in Massachusetts. This is an ideal context for studying the development of entrepreneurial stories, because as Lounsbury and Glynn (2001: 550) pointed out, “a focus on entrepreneurial stories is also well suited for the study of the early moments of the entrepreneurial conception and venture formation since it is during these periods when entrepreneurial legitimacy tends to be the most pressing issue.” For these firms, stigma further complicates the situation, making their self-presentation even more critical for gaining audience support. I examine how their choice of language combines with their available resources to affect the likelihood they secure dispensary licenses.

Literature review

Entrepreneurs and the Social Construction of Meaning

A critical task of nascent firms is to communicate their worth to external stakeholders and convince them to extend their support. Since stakeholders can confer legitimacy and other invaluable resources, entrepreneurs must carefully consider the content and form of their interactions. During its formative stages a firm has the opportunity to help others understand what the firm is and how it will carry out its mission (Lounsbury & Glynn, 2001). This can be an especially daunting task, since nascent entrepreneurs, particularly those in a new industry, often lack pre-existing guidelines on what will appeal to stakeholders. They also have sparse resources to dedicate to their sensegiving efforts. For resource-poor firms, symbolic action provides a viable and accessible option (Zott & Huy, 2007). Symbolic actions are behaviors intended to communicate “subjective social meanings” (Zott & Huy, 2007: 71), and can be verbal, as in entrepreneurial stories (Martens et al., 2007) or non-verbal, as in affiliations with prestigious
parties (Chen, et al., 2008).

Ashforth and Gibbs (1990: 182) noted, “All else equal, managers prefer to offer symbolic assurances rather than substantive action since the former usually preserves flexibility and resources.” Suchman (1995) further suggested that access to legitimacy depends largely on the skill with which the organization communicates through traditional discourse and meaning-laden actions. These symbolic actions affect resource holders’ cognitions, guiding them to make sense of issues in a particular way (Gioia & Chittipeddi, 1991). Particularly in the case of legitimacy, which is “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, beliefs, and definitions” (Suchman, 1995: 574), entrepreneurs that are able to help create meaning for stakeholders and prompt favorable perceptions increase their legitimacy, and thus their chances of survival. Several streams of literature have examined how organizational members use symbolism to construct meaning for their audiences. Next, I examine those studies that are especially useful for understanding entrepreneurial meaning construction.

**Sensegiving and Organizational Framing**

The concept of sensegiving helps elucidate how organizational members are able to shape others’ perceptions. A vital component of sensegiving is framing (Fiss & Zajac, 2006), or the process of meaning construction that involves creating interpretations that are often at odds with the status quo (Benford & Snow, 2000). “Frames help to render events or occurrences meaningful and thereby function to organize experience and guide action” (Benford & Snow, 2000: 614). Organizations can often choose from multiple frames, and that choice can ultimately influence the organization’s effectiveness in achieving its desired outcomes (Nutt, 1998). As such, frames are powerful devices for inciting stakeholders to action.

For instance, the mere choice to frame an issue as either an opportunity or a threat can affect both the cognition and motivation of the targets, thereby influencing their subsequent
actions (Dutton, Fahey, & Narayanan, 1983; Kostova and Zaheer, 1999). This happens because an issue framed as an opportunity empowers organizational members to action, while one framed as a threat has the opposite effect (Thomas, Clarke & Gioia, 1993). Similarly, environmental threats will illicit different and sometimes divergent responses depending on whether the threat was framed as related to a loss of resources or a loss of control (George, Chattopadhyay, Bitkin & Barden, 2006). Thus, frames link micro and macro organizational processes (Kennedy & Fiss, 2009) by tapping into cognitions that subsequently motivate action.

The concept of framing has been used extensively to study social movements and show how movement participants are able to garner resources and support (Benford & Snow, 2000; Diani, 1996; Snow & Benford, 1992). Actors create frames by highlighting or suppressing particular aspects of events in order to manipulate how they are interpreted (Fiss & Zajac, 2006; Williams & Benford, 2000). Though organizations use framing to influence stakeholders, the stakeholders also influence the frames that organizations choose to use, resulting in frames that are the products of negotiations between the firm and its various stakeholder audiences (Fiss & Zajac, 2006). Much of our understanding of framing processes in the social movements context is transferrable to the study of entrepreneurship, as entrepreneurial firms must also create compelling arguments to generate support and access resources.

Scholars have explored how entrepreneurs use symbolism—particularly language—to frame issues in ways that help them generate benefits for the firm (Aldrich & Fiol, 1994; Allison, McKenny & Short, 2013; Jones, Livne-Tarandach & Balachandra, 2010; Lounsbury & Glynn, 2001; Martens, et al., 2007; O’Connor, 2002; Porac, et al., 2002). Lounsbury and Glynn’s (2001) theoretical discussion of “cultural entrepreneurship,” in particular, contended that entrepreneurial stories must account for what is distinctive about the firm, and must resonate with stakeholders (Lounsbury & Glynn, 2001). To facilitate how others make sense of who they are and what they do, firm must construct plausible narratives about their identities (Navis & Glynn, 2011),
qualifications (Martens et al., 2007), and how they plan to succeed and the basis for that belief (Lounsbury & Glynn, 2001). Aldrich and Fiol also theorized that entrepreneurial firms who framed their innovations broadly were likely to acquire cognitive legitimacy more quickly. However, much of the work on entrepreneurial storytelling is conceptual in nature, leaving us without a clear understanding of how nascent firms fully present themselves to stakeholders, and what the effective strategies are for doing so.

Empirical work on this topic has also not answered this question. Allison and colleagues (2013) looked at how language emphasizing such sentiments as blame, accomplishment and tenacity affected funding outcomes for entrepreneurial firms in a microfinance context. They found that blame and present concern (emphasizing an immediate need for action) narrative categories led to faster funding. This study is useful for showing that narrative categories can have varying effects on firm outcomes, but it does not consider that firms may simultaneously use of multiple language categories. It also does not examine how firms use those narratives given their resources and constraints. Similarly, Martens and colleagues (2007) looked at the effectiveness of narrative categories, but used a “forced-choice method” (2007: 1111) to ensure that each firm was only assigned to a single language category.

In their study of architectural firms, Jones and colleagues (2010) also showed that narrative categories can vary in their ability to affect firm outcomes. They examined how a firm’s use of a “business”, “profession” or “state” narrative impacted their ability to win projects. Again, the authors did not consider the narratives in conjunction with the resources of the firms, or that the firms could use multiple narratives at once. Furthermore, the authors suggested that an avenue for future research would be to examine how multiple narrative categories combine, and if so, whether they create ambiguity. The authors stated, “by using Qualitative Comparative Analysis (QCA), scholars may examine how the combinations of logics within a text shape audiences’ reactions and perceptions” (Jones, et al., 2010: 206). I hope to contribute to the literature on
storytelling by doing just that.

Overall, studies on sensegiving and framing have examined how firms engage with audiences, shaping their cognitions, with the ultimate goal of getting these audiences to assume their preferred interpretation of reality. Firms must frame stories in ways that resonate with resource holders (Lounsbury & Glynn, 2001). Frames resonate when they have consistency between beliefs and claims, when claims are empirically credible, and when the articulators of those frames are credible (Benford & Snow, 2000). However, the question remains, are these stories sufficient to gain audience support? Are those resources and stories more effective when bundled together in particular configurations? What configurations affect firm outcomes?

The firms in this study are dealing with negative perceptions resulting from their industry’s stigma. I contribute to our understanding of entrepreneurial storytelling by generating a more holistic understanding of how to bundles resources and narratives for firm success.

Research Context

On November 6th, 2012 Massachusetts became the 18th state to legalize medical cannabis when a majority of state residents voted in favor of legalization. The law allowed for registered marijuana dispensaries (RMDs), pharmaceutical manufacturing of marijuana infused products, and marijuana cultivation. Shortly thereafter, the state produced regulations that allowed for a maximum of 35 dispensaries, and that would govern the selection process and subsequent dispensary monitoring.

On August 2013, 181 firms entered a two-phase application process for licenses to grow and sell cannabis. 150 of those firms were invited to apply for Phase II, and 100 applied (see Table 3). The firms entering the second phase were required to provide information about the firm, including its operations, management, and access to financial resources and community
support, among other things. The firms also had to decide which county they should apply to. The up-front costs of applying were substantial; they paid a non-refundable application fee of $1,500 in Phase 1 and a non-refundable fee of $30,000 in Phase 2.

The review process was designed to be merit-based objective process, managed by the Massachusetts Executive Office of Health and Human Services (EOHHS). The department outsourced the evaluation of the applications to consultants at ICF International and background checks to a company called Creative Services, Inc. ICF consultants scored each application on a number of dimensions. The scores could range from 0 to 163 and in order to qualify for a license, the dispensary needed to get a minimum score of 137. Those firms also needed to pass extensive background checks. According to the EOHHS’s explanation of the review process, its selection committee also “considered the scores, along with geographic diversity, local support, and a strong focus on the ability to meet patient needs, while ensuring public safety” (EOHHS, 2014).

According to the regulations, each county in the state was required to have at least 1, but no more than 5 dispensaries. However, several municipalities responded to the law by imposing temporary moratoriums on the use of land or structures for medical cannabis operations. For example, on December 6, 2012—exactly 1 month after the passage of the law— the town of Barnstable proposed a zoning amendment to require a special permit from the Planning Board, during which time citizens could voice their concerns. On January 3, 2013, the town also introduced a temporary moratorium, citing a need for additional time to understand the new law.

Methods

Sample and Data
In this study I used a combination of content analysis and fuzzy set qualitative comparative analysis (fsQCA) (Fiss, 2011; Ragin, 2008) to examine the configurations of narratives that nascent firms use given their resource endowments and constraints. I use insights from study 1 to develop narrative categories the applicants used in their storytelling. I then created dictionaries for each of the categories and used DICTION 7.0 (Hart, 2010) to measure the relative presence of each category in the narrative portions of the dispensary license applications. In addition, I used fsQCA (Ragin, 2008) to explore the configurations of narratives and resources that result in a positive outcome for the firms in the form of a license. fsQCA takes a case-based approach and employs set-theoretic logic to examine how degree of membership within sets results in the outcomes of interest (Ragin, 2008). Below, I describe the sample for this study, as well as the content analysis and fsQCA components of this study.

**Sample**

The data for this study is the entire population of applications—100 in all—that were submitted to the Department of Public Health (DPH) for Phase 2 in the application process for licenses to operate Registered Marijuana Dispensaries (RMDs). These applications were hand-delivered to DPH on November 21, 2013, with a non-refundable $30,000 application fee.

Each application contained seven sections (see the appendix for a checklist of required documents for submission to Phase 2), and they were asked to provide narratives and other supporting documents for each sections. The sections are as follows: (1) *Corporate background of the firm*, which included mission and vision statements, an organizational chart, the board of directors, bylaws, organizational members, and a list of 3 references; (2) *Evidence of business management experience*, which included a list of the executive management team with their résumés, details of their experience with running an organization, experience with health and/or
medical marijuana services, and with running a financially sound organization; (3) Evidence of suitability, which demonstrated that no member of the organization had been involved in criminal activities or other problems with the law; (4) Evidence of financial condition, which detailed the current assets of the firm and multi-year financial projections, and confirmed that each applicant had at least $500,000 in liquid assets (the minimum required) in a single account, (5) Location and physical structure, which demonstrated evidence of interest in a dispensary site, cultivation site and processing site in the form of a lease, title or option to purchase. Applicants also had to demonstrate evidence of local support or non-opposition, and a proposed plan for how the RMD would develop a positive relationship with the local community and how they would comply to local laws, codes, ordinances etc. (6) Staffing plan and development, which detailed the positions the applicant planned to hire for in the future, the responsibilities of each position and personnel policies; and (7) Operations, which described startup timelines, operating plan, knowledge of the medical cannabis industry, inventory management, record-keeping and transportation of products.

In this section, applicants were also expected to describe their proposed service area, a plan for providing products to residents with financial hardship, marketing and advertising plan and a plan to provide counseling and educational services. Applications were given a word limit for each narrative section.

Content Analysis

Based on my qualitative study I developed dictionaries for six different narrative categories: health and wellness, safety, operations, financials, values, and local community. I used the computer-aided text analysis (CATA) software DICTION 7.0, to analyze the text corpus of the 100 firms applying to obtain a dispensary license in the state of Massachusetts. These firms generally had less than five names listed as employees on the first day of operations, with a plan

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1 If a firm submitted multiple applications, subsequent applications needed $400,000 in liquid assets per additional application.
to hire additional staff if they were to get a license. The average length of their applications was 154 pages, with an average word count of 18,142 words. Below, I discuss the justification for each narrative category.

Cannabis has had a long and contentious history, and as such, entrepreneurs are forced to address a number of the negative perceptions that have built up over the decades and to repair the damage to cannabis’s image. Accordingly, they emphasize their “health and wellness” goals and their commitment to the “local community.” For example, in an interview with Fortune, Steve DeAngelo—renowned activist and an entrepreneur in the industry—discussed the need to change cannabis’s image from one of “intoxication and irresponsibility” to one of “wellness and spirituality” (Parloff, 2013). The home page of DeAngelo’s Harborside Health Center dispensary, which is likely the largest dispensary in the world, states, “Cannabis is a medicine, not an intoxicant. It's about being well, not getting high” (harborsidehealthcenter.com, 2014). Also on Harborside’s website is an entire page dedicated to its involvement in the local community, ranging from food drives and coat drives to hosting blood collection drives for the Red Cross.

In additional, the industry continues to deal with the long legacy of cannabis’s classification as a dangerous drug that incites criminal activity. For example, a 2009 online article discussed a study where criminal suspects were asked about their cannabis use, and 57 percent of 17-24 year olds admitted to using within the past month. The article concluded that there is a link between cannabis use and violence (English, 2009). This perception is difficult for the industry to ignore if it is to legitimize. Accordingly, the entrepreneurs are expected to use “safety” language to reassure stakeholders that these perceptions are unfounded and that they will do everything possible to ensure that their customers and workers are safe, that the cannabis dispensed will not make it into the wrong hands, and that their presence in the community will not lead to increased criminal behavior.

Proponents and government officials cite tax revenue and job creation from RMDs as a
compelling reason for embracing medical cannabis. Harvard University economist Jeffrey Miron, was quoted in the Patriot Ledger as pointing to both of those as good reasons for Massachusetts’s legalization of medical cannabis (Donga & Salazar, 2012). Given that the state would be limiting the number of dispensaries to no more than 35, it would make sense that they would emphasize that firms have significant “financial” resources to minimize their likelihood of failure. Also to reduce the likelihood of failure, these firms would need to demonstrate that they have the necessary knowledge of “operations” related to the cannabis industry.

Finally, a key finding from Study 1 is that entrepreneurial firms in the medical cannabis industry engage in “morality infusion,” which are efforts to show that providing medical cannabis is the morally correct thing to do and that they are the appropriate people to lead those organizations. This means that their narratives are integral for injecting values into their actions. As such, the language category of “values” was important to this study.

All of the language categories developed in this study fit into the Mohamed and colleagues taxonomy (1999). Local community, values and safety are all ways for the organizations to engage in the “exemplification” tactic, portraying themselves as morally worthy and socially responsible (Mohamed et al., 1999). With health and wellness, organizations are able to use the “boasting” tactic, by linking their actions to the medical industry, while safety allows organizations to use the “disclaimers” tactic to absolve themselves of blame for potentially negative events that could happen in the future. Finally, operations and financials language focuses on knowledge and experience related to operating a medical cannabis dispensary, and the financial assets of the firm respectively. Both language categories are ways to engage in the “organizational promotion” IM tactic. With this tactic, organizations present themselves as “competent, effective and successful” (Mohamed et al., 1999: 115).

**Dictionary Development**
Because the meanings of many of these terms are context specific and require “domain-specific knowledge” (Wade, Porac & Pollock, 1997: 648), I developed custom dictionaries for each language category (Table 4). According to content analysis expert Klaus Krippendorf, “Most content analyses would benefit from the construction of special purpose dictionaries” (2004: 287). First, I hand-coded five percent of the documents for words that exemplified each construct. I then added to each category dictionary by employing The Synonym Finder (Rodale, 1978) as illustrated by Short and colleagues (2009). To do this, I took words from my initial dictionary and found synonyms for them in The Synonym Finder. I then presented these words to a second coder who added words as appropriate. Then, I used this initial dictionary to conduct a preliminary analysis on the text corpus. During this process, DICTION uses its Elephant feature to generate a list of words that appear more than three times in the corpus. This resulted in a list of over 1800 words. I went through each of those words to assess their fit for each of the categories, adding the appropriate words to the relevant category. I then analyzed the corpus with the updated dictionaries. The unit of analysis was at the single word, as advocated for by Short and colleagues (2010).

Subsequently, I evaluated the validity of the DICTION coding by manually coding random samples of the text, then having the CATA software code those same text segments to determine the frequency with which the automated coding detected the concept, did not detect the concept, or labeled a concept incorrectly (Wade, Porac & Pollock, 1997). This way, I was able to assess the extent to which DICTION accurately captured the category definitions based on the context in which they were used. For words that were ambiguous, I examined the text corpus to determine how that word was used in context. If the word took on different meanings throughout the corpus, that word would be excluded from the analysis. I repeated this process until the
computer coding achieved acceptable levels of accuracy reliability\(^2\) (i.e., less than five percent false hits and less than twenty percent missed instances of a construct’s use [Wade et al., 1997]).

Once the categories were established, I again used DICTION to conduct frequency counts of the words in each category. The output was a word-count for each dictionary, which I converted to a percentage of total words in each document.

**fsQCA Analysis**

For this study, I used an fsQCA approach (Ragin, 2008). This method is gaining traction in management research, such as in studies of organizational typologies (Fiss, 2011) and corporate governance mechanisms (Misangyi & Acharya, 2014). QCA looks at factors that are necessary and or sufficient for particular outcomes (Ragin, 2008). “QCA starts from the premise that causation is not easily unraveled because (a) outcomes of interest rarely have any single cause, (b) causes rarely operate in isolation from each other, and (c) a specific causal attribute may have different and even opposite effects depending on context” (Greckhamer, Misangyi, Elms & Lacey, 2008: 697). As such, QCA uses a *set-theoretic approach* that takes an in-depth look at how causal conditions lead to particular outcomes (Fiss, 2011). Configurations leading to a particular outcome indicate those factors that must be present, as well as those that must be absent in order for the outcome to occur. Furthermore, QCA exhibits *causal asymmetry*, which means that the factors leading to success are not necessarily the same ones—the absence of which—would lead to the opposite of success (Ragin, 2008). Given these characteristics, QCA is an appropriate tool for understanding how nascent entrepreneurs combine narratives with substantive resources to influence stakeholders. Greckhamer and colleagues (2008) provide an in-depth description of QCA and the steps involved, but I will briefly explain them below.

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\(^2\) All constructs had ≤3% false hits and ≤14% of missed instances of construct use—well within the levels suggested by Wade and colleagues (1997).
Set Membership Calibration. A key component of QCA is data calibration. Dichotomous variables are calibrated as crisp sets, and will take on the values of zero or one, depending on whether the value assumes full membership (score of 1) or non-membership (score of zero) in the category, or set. For fuzzy sets, the degree of membership in a set is assessed using the zero to one scale, but with gradations in between; that is firms can be partially or mostly in or out, as well as fully in or out of the set. Using theory as well as substantive knowledge about the cases, variables are assigned thresholds for three-value, four-value, six-value or continuous fuzzy set membership (Ragin, 2008). For example, in a three-value fuzzy set, zero would denote full non-membership, one would be full membership, while 0.5 would be the crossover point. Table 5 provides a summary of how each variable was calibrated.

The data for the fsQCA analysis came from a number of sources. Data on human assets and other firm resources came from the firms’ dispensary license applications. The firms were required to provide information on their management team, as well as bank statements that detailed available funds that were dedicated to the business. Data on community support were obtained from the Massachusetts state government website, while data on the moratoriums that were passed by various towns came from the Office of the Massachusetts Attorney General.

Outcome

The success of the application. This is a crisp set coded using a dichotomous variable, calibrated as 1 if an applicant receives a license, and zero otherwise. A value of one represents full membership, whereas zero represents full non-membership (Greckhamer et al., 2008). Each application was rated based on a set of criteria and received a numerical score (highest possible score was 163, and scores ranged from 53-160). Applicants were awarded licenses based on these scores, although a single cut-off was not used, thus some firms that received licenses had lower scores than firms that did not receive licenses.
Failure of application. I also wanted to understand the factors that combine to result in a firm not receiving a license. To obtain failure, I took the converse of the success (Fiss, 2011). This was done by negating the success variable in the fsQCA software.

Firm Resources

A firm’s access to resources impacts its outcomes (Barney, 1991; Peteraf, 1993). Those resources may be either internal or external to the firm. Internal resources, particularly when they are rare, valuable, hard to imitate and organized to capture value (Barney, 1991) are critical for survival and growth. For example, human capital resources account for the judgments and insights that managers and other firm members contribute as a result of their specific training, relationships and other experiences (Barney, 1991). Top managers, in particular, are a valuable resource for firms and can directly affect their outcomes (Finkelstein & Hambrick, 1996; Hambrick & Mason, 1984; Hitt, Bierman, Shimizu and Kochhar, 2001). More specifically, CEO human capital (past entrepreneurial experience, executive experience and advance degrees) positively affect stakeholder perceptions, as was shown in the case of venture capital firms’ perceptions of entrepreneurial firms (Pollock, Fund & Baker, 2009). As such, in this study, I considered the firm human capital resources of CEO education and CEO entrepreneurial experience. Additionally, as an internal resource, financial assets are critical for the success of nascent firms, and “may give some founders an advantage that carries them through the difficult early months and years of a founding” (Aldrich & Martinez, 2001: 46). I was interested in how this resource would affect outcomes for the firms, and included it in the analysis.

External resources also affect firm outcomes. More specifically, an entrepreneurial firm’s network ties can impact that firm to access further resources (Hallen, 2008; Hallen & Eisenhardt, 2012). I used political ties and ties to industry consultants as a measure of those ties. In this context, the evaluation process is managed by the state government and so, ties to individuals who are current or former politicians could impact the firms’ chances of success. Similarly, ties to
individuals with experience in more developed medical cannabis markets could be beneficial as they could help the new firms acquire critical knowledge related to managing and growing their firms. As such, I included both industry consultants and ties to government officials in the analysis as external resources.

Finally, a firm’s external environment can affect its success (Covin & Slevin, 1989). In the context of this study, the local environments varied in their level of acceptance of medical cannabis dispensaries. Those communities that were opposed to the presence of dispensaries filed applications for and enacted temporary moratoriums on the opening of dispensaries. The moratoriums were temporary because the state law prohibited the establishment of permanent moratoriums. I included moratoriums in the analysis as it signals resistance to dispensaries. Below, I will detail how I calibrated each of the resource variables.

I used a four-value set to calibrate CEO education level. I set the thresholds based on level of education (Markóczy et al., 2013), with the highest level having full membership. As a result, a CEO with a terminal degree in the sciences (MD or PhD), would have full membership in the set. I chose the sciences because of this industry’s emphasis on the “medical” aspect of their firms. CEOs with a master’s degree, law degree or PhD in an area other than the sciences were calibrated at 0.66, while CEOs with a bachelor’s degree were calibrated at 0.33. Educational levels less than a bachelor’s degree were calibrated as 0.

CEO entrepreneurial experience is a dichotomous variable, calibrated as 1 for previous experience as a founder of a venture, and 0 otherwise. Similarly CEO executive experience and CEO industry experience were dichotomous and also calibrated as 1 for experience and 0 for no experience.

CEO Community embeddedness Entrepreneurs who were embedded in their local communities were able to obtain local knowledge, as well as credibility and resources (Jack & Anderson, 2002). Jack and Anderson found that “by being embedded, it was easier [for
entrepreneurs] to recognize and understand what was required and available (2002: 482). That is, embeddedness in their microenvironments helped entrepreneurs learn the local rules of appropriateness (Schell & Davig, 1981). As such, community embeddedness could be a resource for nascent firms, particularly when the local community is a key stakeholder group, as it is for firms competing to get licenses in particular cities and counties within Massachusetts. This variable was calibrated using a three-value set, where a CEO residing within that county was fully in the set, a CEO residing outside of the county but living within the state was the cross-over point, while an out of state CEO was fully out.

**Firm financial assets.** Firms that were applying for licenses to operate an RMD needed to show evidence of at least $500,000 in cash (or $400,000 for each subsequent application, if applying for more than one firm). If an applicant was applying for licenses for multiple firms, the financial assets were presented as a sum of all the applications. For example, entrepreneurs applying for two RMDs would need to show a minimum of $900,000, and if that entrepreneur had access to only $900,000, that amount would be listed on each of the application. I was interested in the effects of high financial assets. Accordingly, I calibrated firms that were at the median and below for the sample as having full non-membership, and those firms with financial assets in the top quartile of all the applicants as having high assets. I calibrated the crossover point as the midpoint (the 62.5\(^{th}\) percentile) between full membership and full non-membership. This calibration is in line with Misangyi and Acharya’s calibration of their “high firm profits” variable (2014: 1687).

**Moratoriums.** A firm’s ability to obtain a license is likely to be affected by community support, and a community passing a moratorium against RMDs is an indication that the community is resistant to their presence. This variable is dichotomous and was calibrated as having full membership if the city where the firm was applying for a license filed and passed a moratorium, and had full non-membership otherwise.
Industry consultant. Institutional capital accounts for the resources that are available within the firm’s industry; specifically, the norms and rules of what is considered appropriate, and the skilled labor and technology available in the wider institutional environment (Lounsbury & Glynn, 2001). To access these resources, entrepreneurs are likely to turn to those with greater industry knowledge. Professionals with specific industry experience are an important source of that knowledge, and thus can play an important role in uncertainty reduction, as they are able to play the integrative role of connecting entrepreneurs to other stakeholders in the community. For example, in a study of Silicon Valley lawyers, Suchman and Cahill (1996) showed that these lawyers “identify, create, transmit, and enforce the emerging norms of the community” (1996: 683). The lawyers were able to greatly reduce the uncertainty in this highly turbulent market by using their extensive experience with startups as well as their positions as intermediaries to help establish community norms.

In an emerging industry, individuals with a longer tenure have had more time to make sense of stakeholders’ expectations. Through trial and error, they create models for what they believed the industry should become (Suchman & Cahill, 1996). Because of their experiences, they have knowledge that they can transfer to newer entrants. In the context of this study, some of the RMDs used consultants with industry experience, potentially affecting their ability to get a license. I calibrated this variable as dichotomous, having full membership if the applicant engaged a consultant or full non-membership if they did not.

Finally, the presence of a former Massachusetts government official on either the management team or board of directors would potentially affect whether or not the firm was awarded a license. This relationship could also bias the DPH evaluation of the firm’s application, since the former Massachusetts politician could have ties to the officials in the DPH. As such, it is possible that having a former government official as part of the entrepreneurial team would affect
the outcomes for the firm. I also calibrated this variable as dichotomous, with full membership if a former government official was on the TMT or board, and full non-membership otherwise.

**Rhetorical Categories.** As discussed earlier, entrepreneurial stories are expected to help firms access resources (Lounsbury & Glynn, 2001; Martens, et al., 2007; Zott & Huy, 2007). In addition, firms will use different framings depending on how they wish to present themselves to external audiences (Wade et al., 1997). In the Massachusetts medical cannabis setting, where nascent firms are in a new market are making sense of what is expected and what is appropriate, they may choose to configure their stories in different ways. For example, a firm could decide to focus primarily on one of the rhetorical categories, having made the judgment that that category is the most important for conveying a particular message. Alternatively, a firm could focus on multiple stories. In this study, I am interested in understanding how that emphasis on particular rhetorical categories configured with firm resources to yield favorable outcomes for the firms.

Because I am interested in the firms’ use of certain rhetorical categories in configurations with their resources, I configured the categories to examine high language use in each category. Accordingly, I calibrated the language variables so that usage at or below the median constituted full non-membership. Full membership was usage of a rhetorical category at or above the 75th percentile, while the crossover point was midway between the median and the 75th percentile.

**Fuzzy-Set Analysis**

One great strength of fsQCA is its ability to illuminate causal complexity, defined as “a situation in which a given outcome may follow from several different combinations of causal conditions” (Ragin, 2000: 124). In other words, there are a number of paths to the same outcome, known as “equifinality.” Fiss (2011) advocated for this approach by arguing that the best way to understand cases is through their component configurations of attributes. In this study, I am interested in those “recipes” of resources and rhetoric that result in success for nascent firms,
measured here as receiving a license(s) to operate a medical cannabis dispensary. Accordingly, a
configurational case approach was necessary.

fsQCA allows for identifying those variables that are sufficient—either alone or in
combination with others—for the outcome to occur, and does so through the “truth table”
(Misangyi & Acharya, 2014). Truth tables show all of the logical combinations of variables, both
those that appear in the data and those that do not (Greckhamer et al, 2008), and will contain $2^k$
rows, where $k$ represents the number of causal conditions. To conduct a meaningful analysis, it is
necessary to reduce the number of solutions. This is in part done with consistency scores and
number of cases. Consistency is the number of cases where a particular configuration plus the
desired outcome are present, divided by those cases with the same configuration but without the
desired outcome (Fiss, 2011). Consistency is a measure of how closely the different components
of the configuration fit together, as well how important each part of the configuration is to the
whole (Fiss, 2011). It also “gauges the degree to which the cases sharing a given combination of
conditions agree in displaying the outcome in question” (Ragin, 2008: 44). A consistency of one
is ideal, but and a score of at least 0.8 is recommended (Fiss, 2011; Greckhamer et al, 2008,
Misangyi & Acharya, 2014). I followed this convention when setting the consistency scores.

Another step in the analysis—also simplifying the analysis—is to set the case frequency
per configuration. The case frequency measures the distribution of cases across configurations
(Ragin, 2008), so for example, by selecting a case frequency of one, I am including
configurations that were exhibited by at least one case. Configurations can have fractional case
frequencies, indicating that the level of membership of a particular case. The number of cases per
configuration is based on a need to have an analysis that accounts for 80% of the cases (Ragin,
2008; Misangyi & Acharya, 2014). Accordingly, in a preliminary analysis of firm resources, the
case frequency was set to two, as that accounted for almost 80% (79%) of the cases. In the main
analysis that combined resources with rhetoric, I set the case frequency to one in order to capture 80% of the cases.

Also important in QCA is counterfactual analysis, another mechanism for simplifying the analysis (Fiss, 2011). Social phenomena have limited diversity, and counterfactuals provide insights into the range of possibilities that do not exist empirically, but are nevertheless possible logical configurations. Counterfactual analysis results in parsimonious and intermediate solutions. Parsimonious solutions account for both easy and difficult counterfactuals, while intermediate solutions include only easy counterfactuals. Easy counterfactuals are partially based on assumptions that the researcher builds into the analysis (Misangyi & Acharya, 2014). These assumptions come from theoretical or substantive knowledge of the case. For instance, if based on theory and knowledge of the case I believed that the presence of a high level of financial assets should contribute to an observation of the outcome, I would program that assumption into the analysis. Ultimately, counterfactuals determine which causal conditions are core versus peripheral—core conditions are those that are a part of both the parsimonious and intermediary solutions, while peripheral conditions only appear in intermediary solutions (Fiss, 2011).

Once I set the consistency threshold and number of cases, I analyzed the data accounting for any of my assumptions. During the preliminary analysis, I did not specify any assumptions, since the analysis was entirely exploratory. In the main analysis, I specified assumptions based on the findings of the preliminary analysis. As a result, in the main analysis, I assumed that the lack of moratoriums, presence of large financial assets, presence of CEO executive experience and the hiring of an industry consultant would be factors that contributed to the success of the firm.

The analysis produced the results in the form of truth tables that show raw consistency scores. I then examined the results for a consistency score of greater than or equal to 0.8. Cases

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3 With easy counterfactuals, a redundant causal condition is added to the possible solutions. With difficult counterfactuals, a redundant causal condition is subtracted from the possible solutions (see (Fiss, 2011) for a detailed explanation).
that did not meet the threshold were coded as not exhibiting the outcome of interest, and the truth
tables were then analyzed to produce the parsimonious and intermediate solutions. All of the
intermediate solutions must also have a raw consistency score of 0.8. When that was not that in
the case, consistent with Misangyi and Acharya (2014) and Fiss (2011), I returned to the truth
table to look for natural break points in the raw consistency scores. Natural break points are those
points where, when the solutions are ordered according to consistency scores, there is a sudden
drop in the consistency scores that does not follow the pattern of the data. In the final result, all
configurations would meet the 0.8 consistency threshold.

The next step was to reconcile the parsimonious and intermediate solutions. The
intermediate solutions ultimately get reported, but the parsimonious solutions indicate which
variables within the intermediate solution are core versus peripheral. “Core conditions are those
that are part of both parsimonious and intermediate solutions, and peripheral conditions are those
that are eliminated in the parsimonious solution and thus only appear in the intermediate solution”
(Fiss, 2011: 403).

Finally, following existing research, I reported consistencies and coverages of each
configuration as well as the overall solution (Fiss, 2011; Misangyi & Acharya, 2014). Coverage
measures the percentage of cases that fit into a particular configuration (Fiss, 2011). Raw
coverage indicates the proportion of cases that exhibit multiple configurations, while unique
coverage is the proportion of the overall solution that is attributable to that particular
configuration (Misangyi & Acharya, 2014). Below, I report the best-fit models, taking into
consideration the coverage, consistencies, and parsimonious configurations.

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4 Generally, the overall solution coverage should be ≥ .10 (Misangyi & Acharya, 2014).
Results

I first explored the configurations of just the resources that led to success for the nascent firms (Table 6). Large dark circles represent the presence of a core condition, while large crossed circles show the absence of a core condition (i.e., a condition that needs to not be present for the outcome to occur). Small dark circles represent the presence of a peripheral condition, and small crossed circles show the absence of a peripheral condition. Blanks in the table indicate a “don’t care” condition (Fiss, 2011: 407), where the presence or absence of the condition does not affect the outcome.

In this analysis, I examined both resources that were internal to the firm (for example, human and financial assets), as well as factors in the external environment that could also affect outcomes for the firm (such as moratoriums and hiring an industry consultant). There were two different configurations that led to the award of licenses. The presence of CEO executive experience and the hiring of an industry consultant are both central conditions in the success configurations. Similarly, in both configurations, the absence of moratoriums was a contributing condition. Interestingly, the absence of financial assets was also present in both configurations.

[Insert Table 6 about here]

The results of this preliminary analysis demonstrate that both internal and external factors contribute to the success of the applicants getting licenses, but that CEO human capital is perhaps more critical than the financial resources available to the firm. In addition, of the CEO human capital variables, executive experience is consistently more central than the other resources.

While these results are interesting, the main reason for conducting this analysis was to identify which of the resources that were available to the firm were most important for obtaining a license. It would not have been possible to include all of the firm resource into the analysis, as the resulting truth table would not be interpretable, as there would have been too many solutions.
to make sense of ($2^k$ solutions). Based on this analysis, industry consultant, CEO executive experience, moratoriums passed and financial assets were selected for the main analysis, since those were present in both configurations.

I conducted a similar analysis with only the rhetorical categories with the intention of exploring whether language on its own sufficient for generating a successful outcome (Table 7). The result was a “neutral permutation,” meaning they had all of the same core conditions and the configurations only differed on the peripheral conditions (Fiss, 2011). Neutral permutations are variations of the same configuration, and are labeled as such (e.g. configuration 1a and 1b). These solutions indicate that the presence of financial assets language as a core condition in the absence of all other language categories, and regardless of the presence or absence of community-oriented language, was sufficient for getting a license (solution 1a). If community-oriented language is present, then it did not matter if health and wellness was present. In essence, financial language on its own was sufficient.

[Insert Table 7 about here]

**Combining Rhetoric with Resources**

The focus of this study is how rhetoric and resources combine to affect firm outcomes. Table 8 shows the results of this analysis. I found that there were five different empirically relevant configurations that lead to success in getting a license. The results indicate that success depends on the language used to account for firm-specific resources. Below, I will unpack these findings.

[Insert Table 8 about here]

Solutions 1a and 1b are neutral permutations. They show that firms that have hired an industry consultant, had a CEO with executive experience, and were applying for a license in a town with no moratoriums, would be successful when they also used financial assets language and community-oriented language (1a). The 1b configuration also exhibited the same patterns,
with the exception that when the firm has financial assets instead of CEO executive experience, health and wellness language has to be added to the success configuration. In these two configurations, consult was the sole core resource that was present. This means that if the firm had both access to industry knowledge in the form of a consultant and a favorable environment with no moratoriums, then the internal resources were substitutable when using language that further highlighted the firms’ financial resources and its focus on the local community. Interestingly, if the firm had large financial assets, it then also needed to use health and wellness language—a boasting tactic. In other words, when financial assets are high, the firm must create a link to a more established favorable entity—in this case, the medical industry.

In solution 2, when firms have access to favorable resources with the exception of CEO experience, they have a successful outcome when they incorporate values language with community-oriented language and financial assets language. This tells us that when the firm lacks the human assets that would position it favorably, it’s beneficial to mix exemplification tactics with promotion tactics, which portrays the firm as competent (Mohamed et al., 1999).

Finally, in solutions 3a and 3b, when all firm resources are present as core conditions, but the firm is in an unfavorable environment, success happens when the firms excludes operations language, and uses either financial assets or community orientation language. Safety language is peripheral in both solutions, as are financial and community orientation language. Community support is very important in this context and the lack of community support presents an uphill battle for the firms. As such, firms that use financial language will communicate to the local community as well as government evaluators that the firm has the necessary resources to shield itself from the failure that regularly befalls new firms as a result of their lack of resources. Safety language addresses the deep-seated perception that cannabis leads to violence and crime (Chicago Daily Tribune, 1927; New York Times, 1934; Wegman, 2014). Community oriented language signals that the firms care about the community and are committed to being responsible
neighbors. Interestingly though, values language is the only core language category in both solutions. This suggests that those firms that attribute the lack of community support to a contestation of values and choose to focus their narratives accordingly, are more likely to succeed. This supports the *morality infusion* findings from Essay 1.

A firm that focused on values identified this factor as important for obtaining a positive social evaluation when community support was lacking; that those firms were rewarded with a license is evidence that they were correct. This suggests an interesting dynamic between the firms and their evaluations. The government entity responsible for the evaluation process laid out clear guidelines on those factors that would be judged. Values were not mentioned. These findings suggest that values were nevertheless important to the government evaluators, likely because they believed that it was also important to the communities. As such, firms that signaled that they shared common values with the community were rewarded. This suggests that in affecting social evaluations, entrepreneurs had to be skilled in analyzing their environment, beyond what is explicit. Overall, when community support is lacking, firms will use language that is expected to resonate with the local community. They must address what they believe to be concerns, fears, and perhaps most importantly, values.

In summarizing the findings, we see that in order for a configuration to lead to success, the firm needed to have at least one of the internal resources (finances or a CEO with executive experience). It was also really valuable, but not completely necessary, to be in a supportive environment. Once they met these conditions, successful firms would then focus their narratives on their ability to financially sustain themselves, and ultimately, to provide economic benefits for the community. They mixed this language with narratives about the community. However, in scenarios where the internal resource was in the form of high finances, the successful configurations still highlighted financial narratives, but also needed to incorporate language about health and wellness or values. This suggests that in an industry that deals with stigma, firms
cannot focus on the economic value of their enterprises without also linking their firms to an entity or entities that exemplify morally acceptable values. This finding is consistent throughout all of the configurations—whenever the firm has high assets, it must also use health and wellness, or values language.

Additionally, firms in an unsupportive environment used language differently. Those firms combined safety language with health and wellness and values language. This was the only time that safety language resulted in a successful configuration, and where values language was present as a core condition.

Another interesting finding of this study is that operations language is always absent from all of the successful configurations. This is surprising since this was the highest scored category during the evaluation process. The entrepreneurs were aware of this. However, all the successful configurations had hired a consultant. This individual would have significant knowledge of the medical cannabis industry, and would also bring practical skills in cannabis cultivation, industry financing and so on. This would account for many of the operational needs of the firm as it related to industry-specific knowledge and skills. This suggests that in making sense of their context, the successful entrepreneurs were the ones who focused on ensuring that they demonstrated substantive resources with regards to operations, then focused their narratives on other topics.

**Configurations sufficient for Failure**

An important analysis in fsQCA is to examine the configurations of factors that are sufficient for achieving a lack of the outcome of interest (Misangyi & Acharya, 2014; Ragin, 2008). Table 9 presents the results of this analysis. There were six configurations that lead to the failure (not receiving a license) outcome, with two of those being neutral conditions.

[Insert Table 9 about here]
This analysis shows that it is insufficient for firms to simply use all of the narrative categories indiscriminately. In configurations 1a, 1b and 2, the firms had all of the necessary resources, and also used all of the narrative categories but were not awarded a license. These results show that it matters not only what the entrepreneurs talk about, but what they neglect to talk about, and support the argument that narrative categories should be tailored to the specifics of the context. We saw in the success configurations above that firms with all the necessary resources did not need to talk about operations or safety or values.

Furthermore, these results imply that certain resources are critical for firm success. For instance, a firm that lacks a CEO with the necessary experience, and also lacks financial resources will not be able to get a license regardless of the language that it uses (configurations 4 and 5). Similarly, a firm that does not have a consultant will not get a license (configuration 3). We saw in the analysis above that this was a necessary core condition in all of the success configurations. Overall, these results indicate that when examining outcomes for firms, firms are best examined as their bundles of resources and language; considering one without the other provides an incomplete picture.

Discussion

Scholars have shown that entrepreneurial firms benefit from storytelling (Aldrich & Fiol, 1994; Allison et al., 2013; Jones et al., 2010; Lounsbury & Glynn, 2001; Martens et al., 2007; O'Connor, 2004; Porac et al., 2002). These studies have either contributed conceptually to scholarship on entrepreneurial storytelling, or have looked at the effects of a firm telling a single story. That is, the general assumption of this body of work is that of all the possible stories, a firm picks just one when interacting with a particular resource provider. This study shows otherwise.
Entrepreneurs that successfully use storytelling to acquire resources do so by taking stock of their internal and external resource endowments and constraints and creating configurations of stories accordingly. To illustrate, Commonwealth Therapeutics Centers, Inc., one of the applicants for a license, was applying in a town with no moratoriums. That firm also had a CEO with executive experience, had substantial capital and had hired an industry consultant. Furthermore, the CEO of the company had medical and law degrees. That firm was not awarded a license. This illustrates that the presence of resources without the right configurations of language is insufficient for success. That firm focused on financial and safety language, but should have instead substituted safety language for health and wellness and community-oriented language. Conversely, The Greenway Wellness Foundation submitted two applications, possessed all of the necessary resources but was applying in communities that had implemented moratoriums. By emphasizing values language, both of the firm’s applications were successful.

This study adds to the work of Martens and colleagues (2007), who empirically established that both resources and narratives are important for firm outcomes. They found that “a narrative format does influence external resource providers above and beyond more purely factual information about the firm’s resource stock (2007: 1123). I extend this work by showing that the manner in which stories are configured—given their resource endowments—matters. That is, successful storytellers do not limit themselves to a single story, but instead, use multiple stories that are tailored to their particular resource context.

Furthermore, we know that entrepreneurial firms must balance the needs of multiple audiences; for example, the general public, government officials, funders (Aldrich & Fiol, 1994). However, research on entrepreneurial storytelling has generally looked at stories that are tailored to a specific audience (Allison et al., 2013; Jones et al., 2010; Porac et al., 2002). My study shows that even when interacting with a single audience, stories must be configured to address the concerns of several audiences. This suggests that entrepreneurs must be skilled at
understanding the linkages among various audiences. That is to say, nascent entrepreneurs in a new market do not have the luxury of tailoring stories to a single resource provider. Those entrepreneurs must recognize that primary resource providers are also accountable to other audiences, such as the general public. Accordingly, though directed at a single stakeholder, entrepreneurial stories must be configured to address the needs and interests of multiple audiences.

Another insight of this study is that when firms experience a blatant lack of social support, their stories must exhibiting an understanding of the root of those sentiments, and must account for them. In particular, a lack of audience support may be linked to a perceived incongruity in values. Those firms that are able to recognize that, and configure their stories accordingly have a better chance of increasing their support. This supports the idea that entrepreneurial stories must align with normative beliefs (Lounsbury & Glynn, 2001), and further reinforces the morality infusion concept from Essay 1 that suggests that to overcome negative social evaluations, values must be deeply embedded into the narratives (and actions) of firms.

**Limitations and future research**

This is an exploratory study that considers the configurations of resources and rhetoric that affect the success of nascent firms. Future studies could consider how these configurations change depending on the level of supportiveness of the external environment. In this study, the external environment seemed to trigger a change in the narratives. It would be interesting to know whether this would be the same in environments that are more stable and neutral in their evaluations of the firms. Along those same lines, another interesting avenue for future research would be to investigate how entrepreneurial firms configure their resources and narratives when they do not deal with the burden of stigma. These firms also construct their stories to appeal to
multiple audiences. It could be that this changes when social evaluations are more neutral. This points to a potential limitation of this study. Here, I am looking at a sample of nascent firms in the medical cannabis industry. These findings may have limited generalizability to other settings.

Another limitation of this study is that I focused on one a single outcome for the firm—whether or not it received a license to operate a dispensary. An avenue for future research would be to look whether and how the successful configurations change for other firm outcomes. For example, firms that are looking for external funding may need different configurations in order to succeed. These limitations do not however, subtract from the contribution of this study, as I introduced the idea that entrepreneurs will bundle different stories together to account for their resources and external environment.

**Conclusion**

Entrepreneurial firms benefit from storytelling. In this study, using a combination of content analysis and qualitative comparative analysis, I find that stories should be thought of as bundled together with the firm’s resources and constraints to affect firm outcomes. The configurational approach provides us with insights into how stories are grouped with resources. As such, this study is able to examine how firms use multiple stories at once. Furthermore, it shows that nascent firms can configure their stories in such a way that they address the concerns of multiple audiences at once.
Chapter 5
DISCUSSION AND CONCLUSION

In this dissertation, I was interested in addressing the question of how firms that deal with negative social evaluations are able to change the perceptions of critical audiences. In the first essay of this two-essay dissertation, I set out to understand efforts by core stigmatized organizations to build audience support by promoting alternate values that should be used in the evaluation process. This is an important undertaking as it has both theoretical and practical implications. I sought to contribute to the literatures on organizational stigma and entrepreneurial strategy. Specifically, I presented a grounded model of the destigmatization process that highlighted the role of values in generating that audience support. By doing so, I build on previous research on organizational stigma that details the various approaches to dealing with stigma, ranging from decoupling, to hiding, to changing those practices that are devalued. In my destigmatization process model, I show that entrepreneurial firms use both narratives and substantive actions to create a moral identity and moral images that facilitate sensemaking among important audiences. That is, the engage in morality infusion. These findings also have implications for entrepreneurial firms that do not necessarily face stigma, but must deal with contentious audiences because they are innovating in paradigm-shifting ways.

In the second essay, I investigated how nascent firms configured their narratives to account for their resources and environment. Previous research has shown that firms will choose from a range of narratives as they try to influence certain audiences. In this essay I show that entrepreneurial storytelling can be viewed from the perspective of configurations of stories, as
opposed to single narratives. Those narratives are more effective when configured according to their resources and context. I contribute to the literature on entrepreneurial storytelling.

This dissertation provides a platform for my research program, as there are several follow-up studies that I intend to undertake that will build on this work. For example, in the first essay, sensegiving emerged as assuming an important role in the destigmatization process. I am interested in also understanding the destigmatization process from the perspective of those audiences who must grant social approval and support so that the firms can experience less stigma. In other words, I am interested in questions related to the cognitive responses of those audiences to the substantive and symbolic actions of the firms.

Further related to the destigmatization process, I am also interested in the negotiations that take place between firms and their audiences throughout the process. I am keen to understand for example, the contestations and agreements that must happen in order for a new institutional vocabulary to take hold. I am also interested in the negotiations that occur in order to change the values that are associated with a new industry and the firms therein.

Another avenue for future research is to understand the role of geography in the destigmatization process. In the case of the medical cannabis industry, legalization started in the western part of the United States, and spread more slowly to the eastern states. It would be interesting to understand the specific characteristics of certain regions that make them amenable accepting an industry that carries stigma.

Finally, I am interested in understanding the effect of the recreational cannabis on the medical cannabis industry. As states experiment with legal recreational cannabis, it would be interesting to understand how audience perceptions about medical cannabis change with the emergence of legal recreational cannabis. I would also like to understand if and how the medical cannabis firms change their strategies with the emergence of recreational cannabis.
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## Appendix A – TABLES

<table>
<thead>
<tr>
<th>2nd Order Themes</th>
<th>Representative Quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Patient Stories</strong></td>
<td>Speak at public hearings—go out and tell your story. When there’s a hearing at the state center, at the state house get out there and tell your story, or make sure you have somebody telling your story effectively for you. There are so many official representatives that can do that effectively because they have lived it. They can do that from a consumer perspective. When it comes to this representative you’ve got to make sure that they don’t fit the mold. Maybe it’s women, someone elderly, but it can’t be someone who people think of as the typical marijuana user. [conf #5]</td>
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<td></td>
<td>Six years ago at the age of forty-eight years old I had a heart attack. It was due to stress on my heart from prescription med’s, <code>Opiates</code> to be exact. I thought my doctor’s knew what they were doing when prescribing me the many medications I was taking (Vicodin, Roxyodone, Somã, Valium, Norco, Fentanyl 100mcg). I have had severe back trauma and also suffer from degenerative disc disease as well as arthritis. Knowing that opiates were not the answer, I looked into the Medical Marijuana Program. I thank God that I live in California and am able to smoke Medical Marijuana to relieve my pain and I also thank God that it works so effectively that I hope I never have to take another prescribed pain killer again.” - L. S., [Medicann dispensary website]</td>
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<tr>
<td><strong>Coopting labels</strong></td>
<td>&quot;The biggest misconception about treating a child like little Charlotte is most people think that we're getting her high, most people think she's getting stoned,&quot; Josh Stanley said, stressing his plant's low THC levels. &quot;Charlotte is the most precious little girl in the world to me. I will do anything for her.&quot; [(CNN, 2013), <a href="http://www.cnn.com/2013/08/07/health/charlotte-child-medical-marijuana/">http://www.cnn.com/2013/08/07/health/charlotte-child-medical-marijuana/</a>]</td>
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<td><strong>Code-switching</strong></td>
<td>Peron’s real mission with the San Francisco Cannabis Buyers Club was to get arrested. Once charged, he planned to launch a defense based on marijuana’s medical necessity. He wanted to prove in court that nothing else made AIDS patients more comfortable. [(Polllick, 2014), <a href="http://marijuana.heraldtribune.com/2014/07/26/medical-pot-pioneers-story/">http://marijuana.heraldtribune.com/2014/07/26/medical-pot-pioneers-story/</a>]</td>
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<td></td>
<td>Some people call it marijuana. I call it the drug cultivar because I want to be very clear that marijuana is a derogatory term. I don’t really ever use it. [Later in that same conversation, interviewee stated, &quot;I have three patients including myself, until I can have 72 ounces of usable marijuana, so that I can have enough of the sugar leaves.&quot;] [Interview #5]</td>
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<td></td>
<td>“taking demand that’s already there and readjust where they [customers] go to get their medicine…pot” [Conf#9].</td>
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<td></td>
<td>I think younger people are more likely to know what a <code>head shop</code> is versus older people and I guess. You can’t always know by looking at someone if they have a medical condition or not. But I can sort of gauge when someone walks into the door if they are here to use it as <code>medicine</code> or to just get their <code>weed</code> and be on their way. So, those kinds of people I would usually call it a “<code>head shop</code>” and for older people I would call it an <code>accessories shop</code> usually.” [Interview#12].</td>
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<tr>
<td>2nd Order Themes</td>
<td>Representative Quotes</td>
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<tr>
<td>Relabeling</td>
<td>Illinois is not a small State, 13 million people and we are in the largest metro area here. The problem you will have in your dispensary is keeping product on the shelf, keeping your medicine on the shelf because it will all just fly away. [Interview #11]</td>
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<td>But if you know that a certain medicine works for you, you ought to be able to go and dispense it in Massachusetts, Maine, Illinois, Pennsylvania, Florida, Texas wherever and get the same medicine. [Interview #3].</td>
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<td>Some of these patients have been getting access to their medicine and now, all of a sudden their medicine is going to be heavily taxed and in recreational. [Interview #5]</td>
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<td>So it was basically set up to allow community garden to exist and then patients could get their medicine from these community gardens [Interview #27]</td>
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<td></td>
<td>“It is called House Bill 3460 and what this Bill did in Oregon was to say we need some more details, we need to get more specific. So the legislature directed the Oregon Health Authority to establish a registration system for medical cannabis. Please don’t call it marijuana.” [Interview #1]</td>
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<tr>
<td>Diluting</td>
<td>People want to medicate, people want to recreate, people want to create a new level of wellness, where and when they choose. And for the most part, infused products are going to provide that platform to play an incredibly key role in states that offer adult use marijuana. [Conf#10].</td>
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<td>There will be a juice bar regularly [at the dispensary]. There will be both medical cannabis infused products, one side a juice bar and then in another area there are just your standard yogurt based smoothies and that sort of thing. Though we could host anything, we are medical facility too [Interview#11].</td>
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<td>There are lots of people in the world who like the idea of being able to visit a place and use cannabis and not feel like a criminal. Whether that’s someone who is dealing with some sort of medical issue coming from another State, to try out marijuana medially before they try and talk a doctor into it, or whether it’s the suburban group of moms who decide to come to Colorado for a weekend and go to the cannabis yoga spa retreat [Interview#2].</td>
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<td>Finally, for food, it should be a licensed kitchen that complies with all of the regulations. You can have a juice parlor, massage, acupuncture, reflexology, yoga and social activities including movies and field trips. [Conf#1]</td>
</tr>
<tr>
<td></td>
<td>“We’ve also done things like we surround cannabis with other holistic healing techniques so any of our patients who come in can utilize our holistic healing clinic, which offers chiropractic, acupuncture, reiki and about 7 or 8 other holistic therapies completely free of charge. We have free classes for our patients so they can learn how to do yoga or learn how to grow their own cannabis” [Interview#3].</td>
</tr>
<tr>
<td></td>
<td>It gives I think the community a little bit of comfort that yeah these businesses are selling cannabis but they’re also providing other healing and wellness services and other remedies to assist in these patient’s treatment plan. [Interview #31]</td>
</tr>
<tr>
<td>2nd Order Themes</td>
<td>Representative Quotes</td>
</tr>
<tr>
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<tr>
<td><strong>Locally-Focused</strong></td>
<td>We are the fastest growing American business. We have a lot of room to make sure we are giving generously and we are improving our own perception in the community by doing so.</td>
</tr>
<tr>
<td></td>
<td>I think it’s the activist influences largely have been a positive one. I think that the cannabis industry, the legal cannabis industry today has an unusually high commitment to being engage with our local communities and to bringing benefits to those communities and a willingness to do things like pay tax rates and offer free services. [Interview #3]</td>
</tr>
<tr>
<td></td>
<td>Children’s activities, philanthropic activities like cook drives, toy drives for Christmas, everything that all your upstanding charter members of a community would have going for them. It’s not going to be any different for the cannabis dispensary people and in fact we are going to go—. Given that the deck is kind of stacked against us from outside we are going to go that much further to make sure that we are a part of the community and then some.</td>
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<tr>
<td></td>
<td>We also went to the city of Oakland and proposed a tax on cannabis sales in Oakland. That tax now is a 5% tax ad so we provide well over a million dollars a year in tax revenue to the city of Oakland which sends a signal to the entire community that we care. [Interview #3]</td>
</tr>
<tr>
<td></td>
<td>We are doing a great deal of work around ensuring that we are building a responsible and accountable industry where the leaders are participating in their communities. A lot of our members do a significant amount of community service, participating in local philanthropic activities, something along those lines. [Interview #2]</td>
</tr>
<tr>
<td></td>
<td>There are obviously other activities that [dispensary owners] can do outside of their shop and if that means helping out the community by sponsoring a fundraiser or going out and doing like a trash pickup. So get that exposure within the communities being like a positive contributor. [Interview #31]</td>
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<td></td>
<td>We are working with a few of different epilepsy foundations, because we’ve had a tremendous response from that community that are seeking CBD in our products. So we are working with them as far as how to best assist these people with what they need. So we are kind of going down that road right now. Locally in San Diego, there are a couple of charities that we either donate to or are part of in some way.</td>
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<tr>
<td></td>
<td>We make sure we have a constant voice. Like now, we're having a leukemia fundraiser at my store, where we donate hundreds of dollars for a local leukemia foundation. My dispensary is a sponsor of the [philanthropic group], we go around and feed the homeless in Denver. [Interview #17]</td>
</tr>
<tr>
<td></td>
<td>I think that the cannabis industry, the legal cannabis industry today has an unusually high commitment to being engage with our local communities and to bringing benefits to those communities and a willingness to do things like pay tax rates and offer free services. [Interview #3]</td>
</tr>
<tr>
<td><strong>Squeaky-Clean</strong></td>
<td>Always making sure you’re doing correct business and never slighting anyone and making sure all your revenues were file [Interview #6]</td>
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<td>We are the only ISO certified cannabis testing lab in the country. What that means is that we have spent two years and a lot of money getting certification through the international organization for standardization at ISO. [Interview #1]</td>
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<td></td>
<td>Well we do testing and from a medical cannabis not a drug use but medical cannabis stand point, if this is medicine why is it not tested? You should be able to go into any clinic around the country and get the exact same medicine, the same content, the same quality [Interview #1]</td>
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<td>[Being a responsible dispensary] involves having to get your products tested, having to pay taxes and having to operate like a responsible small business like all the other businesses in their community. [Interview #29]</td>
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<td></td>
<td>So regulations are important because they make sure that you hit all those things and that the product is tested and it’s safe. It’s grown and distributed in a safe way and responsible way. [Interview #8]</td>
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<td></td>
<td>[Company] also owns a grow shop. Very high security. Video cams etc. They test all of their products. Since there is no regulation on testing, they do so themselves. They see this as an important step in setting their own standards, and doing so by setting standards for testing that are much more than is required of them. [Interview #13]</td>
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<td>The trade shows and events- the scantily clad outfits- I personally don’t think that a good representation of our industry. I think we want to encourage people to see our industry as responsible, as doing good for the community, like everybody else in the room as your businesses grow, give back to the community. [Conf#14]</td>
</tr>
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<td></td>
<td>One other things we did besides our points of sale was to print receipts with sales tax on it, which was unheard of in LA. At first when we did this we had a year of backlash from patients who actually accused us of being greedy, not being a non-profit, because we were charging sales tax. But then we had another group of patients that appreciated it. They realized that we weren’t charging sales tax but we were collecting it and paying it to the state. So over time it helped us weed out the patients that we necessarily didn’t want. [Conf#12].</td>
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<tr>
<td></td>
<td>There has been a clear correlation in Colorado between the best dispensaries have clearly invested the most amount of dollars in being compliant and making sure that they have a face and a good reputation with the regulatory bodies. I can’t speak enough how much this is much more important in cannabis industry more than other industries [Conf#7]</td>
</tr>
<tr>
<td></td>
<td>Well I largely created our business model in order to address those issues and to create an example of integrity and professionalism. And I think that the best factors in the industry are emulating that. We’re also now beginning to see the development of trade associations and certification programs. So for example, there is in California an organization called Clean Green and the Clean Green association will inspect cannabis farms and then certify and inspect dispensaries and then certify them for one of two levels of operation either organic which means the USD organic standards or best practices which means that they are growing and or operating their dispensary in a way that ensures there’s no deleterious consequences to the users or to the community. [Interview #3]</td>
</tr>
<tr>
<td>Moral Image</td>
<td>When I am done, our image is going to be of strong community supporters, great involvement, engaged with the community. [Interview #11]</td>
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<td></td>
<td>I needed to have a clear conscious to do this. Because I had intuition that led me to believe that this was the right thing to do but I needed to confirm those two things. Again I found that there was definite advantage for medical use and many benefits have come to patients who used medical cannabis. [Interview #25]</td>
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<td></td>
<td>The image I’d like to see is just extremely professionally-runned family-oriented. We are doing our best to innovate. We are a group of people that feel really strongly about what we do enough so that we put up with all of the craziness that kind of surrounds this industry, because we really believe in what we are doing. [Interview #17]</td>
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<td></td>
<td>Professionalism [in this industry] means doing right by people and helping to change the laws and being a good corporate citizen and representing the industry well. [Interview #10]</td>
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<tr>
<td></td>
<td>The way we change perceptions is through responsible business practices including responsible advertising as well. Not using pot leaves in our logos. We don't use women; we don't sexualize women to sell cannabis. Things like that are super important when most people from the outside perceive cannabis movement as a party movement. People that don’t really care, they're not responsible, they are not disrespectful. I mean it's like sex and drugs type of atmosphere. We need to break that because that is just not true. [Interview #6]</td>
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<tr>
<td></td>
<td>You know I think one that we're very responsible that we take our privilege of being able to serve patients in the State of California seriously, we are not trying to blur the lines between medical cannabis and for adult cannabis. So we don't want to show an image that we are in a profiteering or we are making a lot of money for this. We keep salary reasonable and people don't take profits and dividends out of the company. [Interview #7]</td>
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<tr>
<td></td>
<td>How do we create an industry that has more than just its bottom line in mind, right? I think we have a unique opportunity to do that because of how this industry grows out of idealism and grows out of a desire for social justice. So we have a unique opportunity to create an industry that’s different than other industries and is more responsible and you know, focused on more than just the financial bottom line. So if we can create a platform, we can create a playing field where the only way to win is to do good. [Interview #10]</td>
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<tr>
<td></td>
<td>It’s really important that we in the industry really begin to change our image, not only the patients that we focus on, but also in public, in the environments that we allow our customers and patients to walk into and making sure it feels safe, it looks like any other normal business. I’ve been in it for 6 ½ years but I still feel a stigma when I walk into a dispensary because I feel like I am doing something wrong. There is a lot that can be done from the design point of view because it means a much broader range of customers [conf #5_Q&amp;A]</td>
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<td></td>
<td>We presented cannabis not as an intoxicant but presented in the context of wellness. So when you look at our advertising, when you look at our promotional and our advertising materials, when you take a look at our website, we’re not talking to people about getting high or getting wasted. We are really genuinely interested in helping people with their wellness issues. [Interview#3].</td>
</tr>
</tbody>
</table>
Table 2 – State Legalization of Medical Cannabis

<table>
<thead>
<tr>
<th>State</th>
<th>Year Passed</th>
<th>How Passed</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>1996</td>
<td>Ballot (56%)</td>
</tr>
<tr>
<td>Alaska</td>
<td>1998</td>
<td>Ballot (58%)</td>
</tr>
<tr>
<td>Oregon</td>
<td>1998</td>
<td>Ballot (55%)</td>
</tr>
<tr>
<td>Washington</td>
<td>1998</td>
<td>Ballot (59%)</td>
</tr>
<tr>
<td>Maine</td>
<td>1999</td>
<td>Ballot (61%)</td>
</tr>
<tr>
<td>Colorado</td>
<td>2000</td>
<td>Ballot (54%)</td>
</tr>
<tr>
<td>Hawaii</td>
<td>2000</td>
<td>Legislative</td>
</tr>
<tr>
<td>Nevada</td>
<td>2000</td>
<td>Ballot (65%)</td>
</tr>
<tr>
<td>Montana</td>
<td>2004</td>
<td>Ballot (62%)</td>
</tr>
<tr>
<td>Vermont</td>
<td>2004</td>
<td>Legislative</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>2006</td>
<td>Legislative</td>
</tr>
<tr>
<td>New Mexico</td>
<td>2007</td>
<td>Legislative</td>
</tr>
<tr>
<td>Michigan</td>
<td>2008</td>
<td>Ballot (63%)</td>
</tr>
<tr>
<td>Arizona</td>
<td>2010</td>
<td>Ballot (50.13)</td>
</tr>
<tr>
<td>DC</td>
<td>2010</td>
<td>Legislative</td>
</tr>
<tr>
<td>New Jersey</td>
<td>2010</td>
<td>Legislative</td>
</tr>
<tr>
<td>Delaware</td>
<td>2011</td>
<td>Legislative</td>
</tr>
<tr>
<td>Connecticut</td>
<td>2012</td>
<td>Legislative</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>2012</td>
<td>Ballot (63%)</td>
</tr>
<tr>
<td>Illinois</td>
<td>2013</td>
<td>Legislative</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>2013</td>
<td>Legislative</td>
</tr>
<tr>
<td>Maryland</td>
<td>2014</td>
<td>Legislative</td>
</tr>
<tr>
<td>Minnesota</td>
<td>2014</td>
<td>Legislative</td>
</tr>
<tr>
<td>New York</td>
<td>2014</td>
<td>Legislative</td>
</tr>
</tbody>
</table>

aData from procon.org
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-Nov-12</td>
<td>Ballot approved with 63% of MA voters in favor of medical use of marijuana</td>
</tr>
<tr>
<td>7-Nov-12</td>
<td>Governor Deval Patrick requests regulations to allow for up to 35 dispensaries.</td>
</tr>
<tr>
<td>1-Jan-13</td>
<td>Medical marijuana becomes legal in MA.</td>
</tr>
<tr>
<td>13-Mar-13</td>
<td>Attorney General Martha Coakley rules that towns cannot completely ban dispensaries</td>
</tr>
<tr>
<td>29-Mar-13</td>
<td>State issues regulations</td>
</tr>
<tr>
<td>8-May-13</td>
<td>Public Health Council unanimously approves regulations</td>
</tr>
<tr>
<td>22-Aug-13</td>
<td>181 firms apply for license to operate dispensaries</td>
</tr>
<tr>
<td>23-Sep-13</td>
<td>158 applicants selected to move on to phase II of application process</td>
</tr>
<tr>
<td>21-Nov-13</td>
<td>100 of the 158 applicants apply for licenses</td>
</tr>
<tr>
<td>31-Jan-14</td>
<td>20 applicants shortlisted to receive licenses</td>
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<tr>
<td>Construct</td>
<td>Dictionary Words</td>
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<tr>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Financials</td>
<td>asset, billion, capital, cash, cash-flow, dollar, dollars, earnings, expenditures, finance, financial, fiscal, fiscally, for-profit, fund, holdings, million, money, multi-billion, multi-million, profitability, re-investment, resources, revenue, sales, stock, treasury, wealth</td>
</tr>
<tr>
<td>Health and Wellness</td>
<td>acupuncture, acupuncturist, addiction, addictions, AIDS, ailment, ailments, alleviate, ambulatory, amputee, analeptic, antibiotics, apothecary, appetite, autism, benefits, bowel, cancer, cannabidiol, cannabinoid, cannabinoids, cannabinoil, care, caregiver, caregivers, CBD, chemo, chemotherapy, chronic, clinical, colitis, comfort, compassion, compassionate, consistency, contraindications, corrective, counseling, Crohn, curative, cure, cured, curing, debilitating, diabetes, diagnostic, diagnostics, dialysis, dietary, digestion, disabilities, disease, disorders, doctor, dosage, dosages, dose, dosed, dosing, edible, edibles, effects, endoscopy, epilepsy, fibromyalgia, flu, foodborne, geriatric, glaucoma, healing, health, health-related, healthcare, healthcare’s, healthy, health’s, hematology, hemodialysis, hemophilia, hepatitis, herbal, herbalist, HIV, holistic, holistics, homecare, homeopathic, hospice, hospital-wide, hospital’s, illness, immunizations, improve, improving, indica, indication, individualized, inflammatory, infused, infusion, infusions, inpatient, intravenous, medical, medically, medicate, medicating, medication, medications, medicinal, medicine, medicines, medicine’s, mend, mending, midwife, nausea, neuroanesthesia, neurocare, non-addictive, nurse, nutrition, nutritional, nutritionists, obesity, oncology, ophthalmic, ophthalmology, organic, organically, organics, organix, orthopedic, osteopath, out-patient, outpatient, pain, palliative, paramedic, Parkinson, parkinson’s, pathogen, pathogens, patient, patient-centered, patient-centric, patient-focused, patients, patient’s, pediatric, pharmaceutical-grade, pharmaceauticals, pharmacies, pharmacist, pharmacists, pharmacology, pharmacy, physic, post-operative, prescriber, prescribing, prescription, prescriptions, preventative, prevention, psychiatry, psychologist, purity, recover, recovering, recovery, recuperate, regenerating, regenerative, rehab, rehabbed, rehabilitate, rehabilitative, reinvigorate, rejuvenate, relax, relaxation, relief, remedial, remedies, remedy, renew, repair, respiratory, restorative, restore, restoring, resuscitate, revivify, rheumatoid, sanative, sanitary, sativa, sclerosis, sedation, sedative, seizures, smoke-free, smoking, spa, strains, suffer, suffering, surgeon, surgical, symptom, symptoms, syndromes, terminally, therapeutic, therapies, therapist, therapists, therapy, therapy’s, tincture, tinctures, topical, topicals, toxicity, toxicology, transdermal, trauma, treat, treating, treatment, triage, vaccination, vaccinations, vaccine, vaccines, vaporize, vaporized, vaporizer, vaporizers, vegetative, vitality, wasting, well-being, wellness, work, yoga</td>
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<tr>
<td>Local Community</td>
<td>adolescent, adolescents, borough, brick-and-mortar, burg, catchment, charitable, child, children, citizenry, city, civic, co-op, colony, commonality, commonwealth, commonwealth’s, communities, community, community-based, community’s, constituencies, cooperatives, culturally, daycare, demographic, demographics, district, donate, donated, engage, family, folk, general, goodwill, habitancy, hamlet, inhabitancy, Local, locally, metropolis, moratoriums, multicultural, municipal, municipalities, municipality, nation, native, neighbor, neighborhood, neighborhood’s, neighboring, non-disapproval, non-opposition, officials, outreach, parish, people, philanthropic, philanthropist, philanthropy, physician’s, populace, population, populations, public, radius, region, reside, residents, residing, school, school-base, school-based, settlement, sliding-scale, social, society, state, support, town, township, underprivileged, village, volunteer, volunteerism, welcoming</td>
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<tr>
<td>Construct</td>
<td>Dictionary Words</td>
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<tr>
<td>-----------</td>
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</tr>
<tr>
<td>Operations</td>
<td>accounting, acquired, acquisition, acquisitions, acumen, administration, advertise, advertising, agronomist, agronomy, allocated, allocation, amortization, analytical, analytics, appraisal, architect, architects, architectural, attrition, auditable, audited, auditing, audits, automated, award-winning, awards, bachelor, bachelors, bachelor’s, benchmark, benchmarks, billing, biomanufacturing, biopharm, bioreactors, bioresearch, biotech, biotechnology, bookkeeper, bookkeeping, botany, brand, branding, break-even, breakeven, breeding, broker, brokerage, brokers, bud, budget, budgetary, budgeted, budgeting, buds, butane, butters, by-products, byproduct, byproducts, cannabis-infused, cannabutter, cater, catering, chocolate, co-founded, co-founder, co-owner, coaching, commence, commencement, commences, commencing, commercially, communication, company-wide, compensate, competencies, competency, competency-based, competition, confectionary, consistent, consistently, consultant, consulting, contingencies, contingency, contingent, contract, costs, creditors, critical-thinking, cultivate, cultivated, cultivating, cultivation, cultivator, cultivators, customers, customized, cutting-edge, cuttings, decision-making, decode, deductible, deductions, deliverables, deliveries, departmental, depreciated, depreciation, designed, developmental, divestitures, doctorate, downsize, downsizing, driver, driver’s, drying, due-diligence, employee, employing, employs, engineering, equipment, evaluate, evaluating, evaluations, execute, executed, expenditure, expenditures, expenses, expertise, extract, extracting, extraction, farm’s, feasibility, fermenting, fertilizer, filters, filtration, finaglings, forecast, forecasting, formulas, formulating, formulations, founded, franchisee, fte, ftes, fte’s, funders, gardener, gardening, genetics, genome, genomic, germination, grow, grower, growing, growth, harvest, harvested, harvesting, harvests, hash, horticulturalist, horticulturists, horticulture, horticulturist, humidor, hydroponic, hydroponics, implementation, insurance, insures, internship, inventoried, inventories, inventory, investor, invoice, invoices, irrigation, issuance, janitorial, landscaping, large-scale, lease, leased, leasehold, liability, licensee, licenses, licensure, logistics, man-hours, managed, management’s, managerial, manufacture, market, marketing, merchandizing, milestone, milestones, non-profit, oils, ointments, on-boarding, onboarding, operate, operated, operates, operations, operation’s, operator, organizational, organization’s, outsourcing, overhead, packager, packagers, packaging, payable, payor, payroll, phd, planning, post-harvest, post-production, practitioner, practitioners, pre-bloom, pre-opening, pre-rolled, pre-rolls, pre-tax, prepackaged, pro-forma, processing, professional, programmatic, projection, quickbooks, ramp-up, receivable, receptionist, receptionists, record-keeping, recordkeeping, recruitment, renovations, run, running, salaried, sales, scalable, seedling, seedlings, specialists, staff, staffers, staffing, stakeholder, start-up, start-ups, startup, strategic, subcontractors, subordinates, supervise, supervises, supervising, supervision, supervisor, suppliers, supplying, tax-exempt, tax-reporting, technical, technician, technicans, tehs, telemarketing, telesales, training, transported, transporting, treasurer, trucking, turnover, underwriting, vendor, vendors, warehouses, well-trained, workflows, workforce</td>
</tr>
<tr>
<td>Construct</td>
<td>Dictionary Words</td>
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<tr>
<td>-----------</td>
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</tr>
<tr>
<td><strong>Safety</strong></td>
<td>accessibility, accessible, accidental, accountability, anchorage, anti-diversion, anti-drug, anti-harassment, approval, authorize, authorized, biochemist, biometric, biotrack, biotrackthe, biotrackthe’s, breach, breaching, calibration, camera, check-in, check-ins, chemist, chemistry, chemistry’s, chromatogram, chromatographic, chromatography, circuit, clear, compost, composted, composting, confidential, confidentiality, contaminates, controls, correctional, corrective, counselors, dependability, disciplinary, disclosure, discreet, disposal’s, dispose, disposed, disposing, diversion, divert, diverted, drugged, drunk, educating, efficacy, emergencies, encoding, encrypt, encrypted, encryption, enforcement, enforcing, evacuate, evacuation, evaluation, fans, fingerprint, fire, footage, forensic, gramtracker, growtracker, guards, handicap, harmlessness, HIPAA, id, identification, identifier, identifiers, illegal, infestation, ingredient, ingredients, innocuousness, inspectional, instructional, interventionist, investigate, investigation, invulnerability, lab, label, labeled, labeling, laboratories, laboratory, laboratory’s, labs, law, law-enforcement, legality, locked, locker, log, logged, mixtracker, mjfreeway, monitor, monitored, monitoring, mycotoxins, offender, password, police, post-incident, potency, prevention, privacy, probation, probationary, prohibit, prohibited, protect, protected, protection, purification, regulate, regulatory, reliability, reputability; restrictions, rules, Safe, safeguarding, safeguards, safeness, safety, sailing, sanctuary, sanitation, sanitized, sanitizing, scan, scanned, scanners, screening, seal, sealing, seals, secure, secured, secureness, security, shelter, shredded, shredder, sober, sterile, sterilization, sterilized, substance-abuse, surveillance, testing, tests, tracked, tracker, transparency, transparent, unassailability, unauthorized, unsafe, username, vault, vaults, ventilation, verification, video, videos, warning, waste-management, welfare</td>
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<td><strong>Values</strong></td>
<td>advocacy, conscience, conscientious, conscientiousness, correct, decency, decent, decorous, deontology, ethical, Ethics, fair, faithful, fiduciary, fiscally-responsible, good, high-minded, honest, honesty, honorable, integrity, just, justness, lofty, magnanimous, moral, morality, noble, open, principled, principles, probity, proper, propriety, pure, rectitude, respectful, right, righteous, righteousness, seemliness, seemly, standards, straightforward, upright, uprightness, values, virtue, virtuous</td>
</tr>
<tr>
<td>Variable</td>
<td>Fuzzy Set/Measure</td>
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<tr>
<td>-----------------------------------------------</td>
<td>------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>CEO Industry Experience (ceocie)</td>
<td>CEO with experience in the cannabis industry = 1, otherwise 0</td>
</tr>
<tr>
<td>CEO Education (ccoeed2)</td>
<td>CEO education level. Four-value fuzzy set. MD/PhD = 1, MS=.66, BS=.33, otherwise 0</td>
</tr>
<tr>
<td>CEO Entrepreneurial Experience (ceowork1)</td>
<td>CEO with entrepreneurial experience as a founder or co-founder = 1, otherwise 0</td>
</tr>
<tr>
<td>CEO Executive Experience (ceowork2)</td>
<td>CEO with executive experience = 1, otherwise 0</td>
</tr>
<tr>
<td>CEO Community Embeddedness (ceoco)</td>
<td>CEO embedded in the community. Three-value fuzzy set. 1 if CEO lives in that community, .5 if CEO is from MA, 0 if CEO is from out of state.</td>
</tr>
<tr>
<td>Government Tie (govtie)</td>
<td>Firm has a director that has a current or past government tie = 1, otherwise 0</td>
</tr>
<tr>
<td>Industry Consultant (consult)</td>
<td>Firm hired cannabis industry consultant = 1, otherwise 0</td>
</tr>
<tr>
<td>Moratorium Passed (morapass)</td>
<td>Firm is applying for a license in a town that file a moratorium = 1, otherwise 0</td>
</tr>
<tr>
<td>Financial Assets (calassets)</td>
<td>High financial assets. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
</tr>
<tr>
<td>Heath and Wellness Language (calhw)</td>
<td>High health and wellness language. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
</tr>
<tr>
<td>Operations Language (calop)</td>
<td>High operations language. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
</tr>
<tr>
<td>Safety Language (calsaf)</td>
<td>High safety language. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
</tr>
<tr>
<td>Financial Assets Language (calfin)</td>
<td>High financial assets language. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
</tr>
<tr>
<td>Values Language (calvalue)</td>
<td>High values language. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
</tr>
<tr>
<td>Community-oriented language (calloc)</td>
<td>High community oriented language. 75th percentile =1, median and below =0, midpoint of the 2 = .5</td>
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### TABLE 6

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*Note: Following Misangyi & Acharya (2014), large dark circles represent presence, central condition, large crossed circle the absence, small dark circles the presence of contributing conditions, and small crossed circles the absence of those.*
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<tr>
<td>Operations Language (calop)</td>
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<td>Safety Language (calsaf)</td>
<td>☒</td>
</tr>
<tr>
<td>Financial Assets Language (calfin)</td>
<td>●</td>
</tr>
<tr>
<td>Values Language (calvalue)</td>
<td>☒</td>
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<tr>
<td>Community-oriented language (calloc)</td>
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*Note: Following Misangyi & Acharya (2014), large dark circles represent presence central condition, large crossed circle the absence, small dark circles the presence of contributing conditions,*
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<tr>
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<th>2</th>
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<td>◊</td>
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Consistency       0.95  0.83  1    1    0.97  
Raw Coverage      0.09  0.04  0.04  0.03  0.02  
Unique Solution Consistency  0.09  0.03  0.04  0.03  0.02  
Overall Solution Consistency 0.97  
Overall Solution Coverage  0.22  

*Note: Following Misangyi & Acharya (2014), large dark circles represent presence central condition, large crossed circle the absence, small dark circles the presence of contributing conditions, and small crossed circles the absence of those.
<table>
<thead>
<tr>
<th>Language combined with Resources</th>
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<tr>
<td>Financial Assets (calassets)</td>
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<tr>
<td>Heath and Wellness Language (calhw)</td>
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<tr>
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*Note: Following Msangy & Acharya (2014), large dark circles represent presence central condition, large crossed circle the absence, small dark circles the presence of contributing conditions, and small crossed circles the absence of those. Frequency cutoff = 2, consistency cutoff=.93.
Figure 1: Coding Scheme Example

<table>
<thead>
<tr>
<th>First-order codes</th>
<th>Second-order themes</th>
<th>Overarching theoretical dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Dennis said he decided to change his tactical approach—to stop crusading for legalization and to concentrate on making marijuana available for those in medical need.&quot;</td>
<td>Co-opting labels</td>
<td>Labeling Work</td>
</tr>
<tr>
<td>&quot;I would use the term 'adult use' rather than 'recreational use' because polls tell us that the latter has negative connotations.&quot;</td>
<td>Changing labels</td>
<td></td>
</tr>
<tr>
<td>&quot;That they unfortunately just had a lot of black market connection and activities and they were criminals. They were good marijuana growers, but they were criminals.&quot;</td>
<td>Creating distinct ID</td>
<td></td>
</tr>
</tbody>
</table>
Figure 2 – Grounded Model of Destigmatization Process

Refocusing the Mission

Rhetorical Elements
- Code-switching
- Coopting labels
- Relabeling

Practice Elements
- Diluting
- Locally-focused

Patient Stories

Squeaky-clean identity

Moral Image

Destigmatization

Morality Infusion
Figure 3 – Checklist of Required Documents for Submission in Phase 2

<table>
<thead>
<tr>
<th>CHECKLIST OF REQUIRED DOCUMENTS FOR SUBMISSION IN PHASE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assemble the required items for each individual application in the following order. If an exhibit is not applicable, indicate N/A on the exhibit form and submit it in order.</td>
</tr>
<tr>
<td>- Package Label (attached to the front or side of banker’s box) – exhibit C</td>
</tr>
<tr>
<td>- Package Label (with original only) – exhibit C</td>
</tr>
<tr>
<td>- Bank/cashier’s check for $30,000 (with original only)</td>
</tr>
<tr>
<td>- 2 CDs (with original only)</td>
</tr>
<tr>
<td>- Sealed envelope with signed background check authorization forms and list—exhibits A1-A5 (with original only)</td>
</tr>
<tr>
<td>- List of authorized signatories—exhibit B</td>
</tr>
<tr>
<td>- Application Response Form (cover page on top)—original signed in blue ink by authorized signatory</td>
</tr>
<tr>
<td>- Organizational chart—exhibit 1.3</td>
</tr>
<tr>
<td>- List of Board of Directors (as defined on the Application Response Form)—exhibit 1.4</td>
</tr>
<tr>
<td>- List of Members of the corporation (as defined on the Application Response Form), if any—exhibit 1.5</td>
</tr>
<tr>
<td>- Corporation bylaws—exhibit 1.6</td>
</tr>
<tr>
<td>- Amended articles of organization (if applicable)—exhibit 1.7</td>
</tr>
<tr>
<td>- List of parent or subsidiary corporations, if any—exhibit 1.8</td>
</tr>
<tr>
<td>- List of references—exhibit 1.9</td>
</tr>
<tr>
<td>- List of Executive Management Team (as defined on the Application Response Form)—exhibit 2.1</td>
</tr>
<tr>
<td>- Resumes for Executive Management Team—exhibit 2.2</td>
</tr>
<tr>
<td>- One-page statement demonstrating liquid funds in an account in the name of the corporation; or in an account in the name of the Corporation’s CEO/Executive Director or President of the Board of Directors, with Letter of Commitment —exhibit 4.1</td>
</tr>
<tr>
<td>- List of individuals/entities contributing 5% or more of the RMD’s initial capital—exhibit 4.2</td>
</tr>
<tr>
<td>- Capital expenses—exhibit 4.3</td>
</tr>
<tr>
<td>- Year-one operating budget—exhibit 4.4</td>
</tr>
<tr>
<td>- 3-year budget projections—exhibit 4.5</td>
</tr>
<tr>
<td>Evidence of interest in dispensary site—exhibit 5.1</td>
</tr>
<tr>
<td>Evidence of interest in cultivation site—exhibit 5.2</td>
</tr>
<tr>
<td>Evidence of interest in processing site—exhibit 5.3</td>
</tr>
<tr>
<td>Evidence of local support or non-opposition—exhibit 5.4</td>
</tr>
<tr>
<td>Summary chart of responses to questions 5.1 to 5.4—exhibit 5.5</td>
</tr>
<tr>
<td>RMD organizational chart—exhibit 6.1</td>
</tr>
<tr>
<td>Proof of enrollment with the Department of Criminal Justice Information Services (DCJIS)—exhibit 6.2</td>
</tr>
<tr>
<td>List of RMD staff, if known—exhibit 6.4</td>
</tr>
<tr>
<td>RMD start-up timeline—exhibit 7.1</td>
</tr>
<tr>
<td>Proposed sliding price scale—exhibit 7.12</td>
</tr>
<tr>
<td>Certification of Assurance of Compliance: ADA and Non-Discrimination Based on Disability (original signed in blue ink)—part of Application Response Form</td>
</tr>
</tbody>
</table>

Addendums or attachments not specifically requested in this document or on Comm-PASS will not be reviewed.
Appendix C: Interview Protocol

I am studying how new fields emerge. The medical-cannabis industry is especially interesting given the whole societal discourse around the cannabis industry? I am trying to capture the experiences of the entrepreneurs in this emerging field…

OPENING. Can you tell me about your background and your motivations for getting into the medical cannabis industry? Tell me about your company?

1. **Industry-specific challenge for entrepreneurs.** Entrepreneurs in emerging industries always face some challenges. Are any challenges that you think are specific to being an entrepreneur in the medical cannabis industry? What do you think are the challenges for the industry as a whole? (Banking, taxes, stigma)

2. **Legitimacy:** How are you addressing those challenges?

3. **Activism:** What is the role of advocacy in the cannabis industry? How has it changed over time? (How have advocacy and entrepreneurship affected each other?) How has your stance on advocacy affected how you conduct your business?

4. **Present Image:** What is your sense of how outsiders view what you do?

5. **Relevant audience for image/legitimacy.** When we say “outsiders”…could you please elaborate? Who are the outsiders that matter to your business? How are you trying to change their perceptions?

6. **Identity.** How do you view yourself? Do you consider yourself to be an activist? What is the role of activists in this industry?

7. Where do you see yourself in the future of this industry?

8. **Evolution of image.** How do you see the evolution of these perceptions over the years? Have there been any shifts in those perceptions?

9. **Desired Image.** How would you like others to view you? Your business? Your industry?

10. **Image-building.** What are you doing as an entrepreneur to influence the creation of this image?

11. **Image building.** This must be a big challenge at the industry-level. Could you please tell me about how the industry is dealing with this?

Is there anything else I should know about the challenges that entrepreneurs in your industry?

Is there anyone that you would recommend that I talk to?
VITA

Kisha Lashley

In May 2015, Kisha Lashley earned her Ph.D. in Business Administration from the Smeal College of Business at the Pennsylvania State University. Her academic work lies at the intersection of strategic management, entrepreneurship and organizational theory. She is interested in questions related to organizational social evaluations such as legitimacy, stigma, reputation and status, and uses mixed methods to explore those questions. Kisha also holds a Master of Science degree from Vanderbilt University in Nashville Tennessee, and a Bachelor of Science from Berea College in Berea Kentucky. In August 2015, she begins her new position as Assistant Professor of Commerce in strategic management at the University of Virginia’s McIntire School of Commerce.