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UNDERSTANDING SOCIAL PROCESSES IN THE DEVELOPMENT OF
INTERNAL CORPORATE VENTURES:
A SOCIAL CONSTRUCTIONIST PERSPECTIVE

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requirements of the University of Glamorgan/Prifysgol Morgannwg
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Abstract

This thesis explores and explains social processes in the development of internal corporate ventures. To address this research aim, three research questions are presented to inform the investigation of roles, relationships and social processes in CV activity. In order to address these questions, a critical literature review is presented which explores research findings and conceptual studies in relation to the development of internal corporate ventures and the three specific research questions. This informs the development of three initial thematic templates. A research philosophy is presented which explains the subjectivist ontology and strong social constructionist epistemological stance of the research project. This is followed by an exploration of social processes leading to the development of a conceptual framework. The thematic template and conceptual framework are subsequently interrogated through the analysis of 46 transcripts of telephone interviews with individuals engaged in CV activity. Following the discussion of results, a refinement of the conceptual framework is proposed. Subsequently, a longitudinal CIT case study is presented and analysed in relation to the developed framework. Finally, a key summary is provided and contributions to knowledge, limitations and implications are presented.

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Blumer (1969) emphasises that research in the social sciences requires the researcher to go into the social world, to better understand the lived experience of practitioners. I have been fortunate to be able to spend time with corporate venturing practitioners at a range of multinational companies, ventures and related organisations over a number of years. Although they must remain anonymous, I am grateful to them for their generous hospitality and for allowing me to learn from them about their experiences.

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CHAPTER 1 - INTRODUCTION

This chapter sets the scene for the research project by explaining how corporate venturing has developed in importance amongst corporations. This leads to the focus of the research study, which is explained in the context of previous research, followed by the research aim and research questions. Subsequently the epistemological position adopted is outlined. Finally, the structure of the thesis is set out to explain how the research questions have been explored and explained through the development of a conceptual framework.

1.1 Setting the Scene: Background to Corporate Venturing

It has been acknowledged that in the USA the past 45 years of corporate venturing (CV) activity amongst corporations have been similar to the development of the venture capital industry (Gompers, 2002). During this period, three cycles of investment in ventures have been identified: 1965–74, 1979–87 and 1994–2002, with activity peaking and subsequently declining at the end of each period (Gompers, 2002; Allen and Hevert, 2007). It has been further noted that activity has significantly increased from one cycle to the next and following the end of the 1994-2002 cycle (the Internet or *dot-com* bubble), numbers of corporations taking part in CV reached the highest recorded levels but again significantly decreased at the end of the cycle (Birkinshaw et al, 2002).

Despite cyclical investment patterns, it has been observed that some firms have continued with CV programmes through periods of peak and decline. It has been argued that this is due to a developing belief amongst some corporations that CV is seen as a key element of the firms approach to research and development (R&D) and subsequent innovation (Campbell, Birkinshaw, Morrison and van Basten Batenburg, 2003; Chesbrough, 2003). The increases in corporate firms engaging in CV has been argued to have a positive impact on providing opportunities for independent small businesses to attract funding for their development which they would not normally receive from traditional investors such as banks, business angels or independent venture capital funds

(McNally, 1997). This has attracted the attention of government in the United Kingdom, where the 'Corporate Venturing Scheme' was set up to provide tax incentives for firms to invest in independent smaller high-risk firms from 1st April 2000 to 31st March 2010. Between 2000 and 2007, 830 companies invested in 533 firms, raising £83 million (National Statistics, 2010). As part of the support for this fund, a supporting project, Corporate Venturing UK (CVUK), was developed to inform and encourage businesses to consider this form of CV, and take advantage of the scheme, including professional conferences and an internet portal.

Larger firms have developed a range of projects and CV programmes during this period, many of which have been utilised as case studies in the corporate venturing academic literature. Traditionally CV programmes may have been housed and developed internally. More recently, a move amongst practitioners towards *open innovation* and a combined approach to develop internal and external ventures through CV, has meant that many firms have developed a public presence for their CV activities with the development of websites and web portals to encourage involvement from outside organisations. A number of examples of recent and existing public corporate venturing programmes as of 2012 are provided in Table 1.1:

Organisation	Programme	Sources
Virgin	Got a big idea?	Virgin.com (2012)
Sony	Sony Venture Capital	Sony (2012)
Proctor & Gamble	Connect + Develop	Proctor & Gamble (2012)
Siemens	Siemens Venture Capital	Siemens Venture Capital (2012)
Motorola	Motorola Mobility Ventures Motorola Solutions Ventures	Motorola (2012)
Microsoft	Intellectual Property Ventures Program	Microsoft Corporation (2012)
Nokia	Nokia Growth Partners	Nokia Growth Partners (2010)
Deutsche Telekom	T-Venture	T-Venture (2012)
Swisscom	Swisscom Ventures	Swisscom (2012)
Philips	Philips Venturing Program	Koninkiljke Philips Electronics (2011)
DSM	DSM Venturing	DSM (2012)
Samsung	Samsung Venture Investment Corporation	Samsung Venture Investment Corporation (2009)
Intel	Intel Capital	Intel Corporation (2012)
Reuters	Reuters Innovation Programme (2005-2008)	Reuters (2007), FutureThink (2009)
Unilever	Unilever Ventures	Unilever Ventures (2012)

Table 1.1 - Corporate Venture Programme Examples (as of 2012)

In attempting to explain some of the activity taking place amongst organisations, a body of research has developed on CV. This research has identified that CV has increasingly been utilised as one of a range of market-focused alternatives to innovation through internal corporate research and development (Gompers, 2002; Chesbrough, 2006). In addition to developing new options for innovation projects, it has been observed that some firms have begun to adopt alternatives to management approaches, such as using venture capital techniques for both internal and external ventures (Miles and Covin, 2002; Campbell et al, 2003; Chesbrough, 2006).

1.2 The Research Study: Understanding social processes in the development of internal corporate ventures

In an introduction to a volume of collected papers on corporate venturing and corporate entrepreneurship, Zahra (2005) notes that research has prioritised the wider impacts of CE activity on corporate performance, but neglected to consider how corporate projects are adopted, developed and rejected within their organisational contexts;

'This gap in the literature is surprising because of the acknowledged importance of informal CE activities and the fact that many of them never received the formal recognition and support of management.' (Zahra, 2005, p.xiv)

Similarly, Miles and Covin (2002) in their study of corporate venturing approaches within multinational companies, noted that knowledge of the conduct of entrepreneurial activities in corporations was limited.

In a substantial review of the literature, Narayanan, Yang and Zahra (2009) explore the progress made in understanding the contribution of corporate venturing to value creation for corporations and the strengthening theoretical grounding of recent research. This review illustrates that the focus on CV in value creation for corporations noted by Miles and Covin (2002) and Zahra (2005) remains the key focus of research. Despite the consistent interest in CV in research and the developments in CV practice amongst multinational corporations, little progress has been made in further understanding the conduct of individuals engaged in the development of ventures within the corporate context.

This thesis sets out to explore the social processes through which internal corporate ventures develop. In doing so, it aims to address the knowledge gaps relating to corporate venture development (Zahra, 2005) and member conduct (Miles and Covin, 2002) while building on previous research. Early research focused on internal corporate ventures and adopted a stage-based process view of internal venture development (Burgelman, 1988; Venkataraman, MacMillan and McGrath, 1992). From this basis, research has explored institutional and emergent social *roles*, such as *management*, *intrapreneurship* and *championing*. Other research has considered interactions between individuals engaged in venturing by examining relationships in the context of *strategic behaviour*, *learning*, *cognition* and *social interactions*. These explanations of social processes which inform member conduct and internal venture development, form the basis of investigation through this research project with the following research aim:

Research Aim:

To explore and explain social processes in the development of internal corporate ventures.

From this research aim and building on previous research themes, the following research questions emerge:

- A) How do corporate institutional and emergent venture roles relate to internal corporate venturing activity?
- B) What are the dynamics of relationships that individuals may engage in as part of internal corporate venturing activity?
- C) What are the social processes through which internal corporate ventures emerge?

This thesis therefore sets out to explore these questions in relation to themes in previous research and through empirical work, to inform the development of a conceptual framework. In doing so, an interpretivist, social constructionist approach is adopted to consider how internal corporate ventures develop through social processes.

1.3 The Research Approach: Social Constructionism

This research project focuses on the social processes that inform the development of new business entities within multinational firms, through a phenomenon known as corporate venturing. In approaching this study, I adopt an interpretivist stance that draws on the work of Goffman (1959), Berger and Luckmann (1966), Blumer (1969), and Gergen (2009) in conceptualising social reality as socially constructed through the ongoing interaction of individuals. The basis of the interpretivist position is that meaning for individuals is sustained or transformed through social interaction and self-reflection (Blumer, 1969; Denzin, 2001). This perspective forms the basis for my engagement with this research project. As a result my expectations are that like all social agents, individuals engaged in the practice of corporate venturing are unique in that they have personal experiences that inform their interpretation of their social world and possess the

capacity for change. Importantly these principles also apply to me in my role as a researcher. My work has developed in part from a range of social interactions and personal reflections that have informed the frames of reference used when approaching this research project. As a result, my interpretations of others' research, my engagement with research participants and the concepts I derive from this are subjective and unique. It may be that others following the same line of enquiry would draw different conclusions than those which I propose, but through the presentation of my reading, experiences, analysis and conceptualisations I outline the processes which have led me to draw the conclusions I have reached.

In setting out to understand the social processes through which internal corporate ventures emerge, this thesis is structured in a way which aims to be scientifically rigorous by following accepted research principles, but also aims to acknowledge the iterative process through which this research has developed (Blumer, 1969). While the presentation of this thesis follows a traditional structure, the research project has developed iteratively as the research questions have been investigated through both analysis and engagement with the field at each conceptual stage (Denzin, 1989, 2001).

In outlining the course of the research study, I tell three inter-linked stories: the first of these is my engagement with the field of study through a review of the literature to my immersion in field research; the second is the development of my epistemology in attempting to understand the social world and how it may be investigated; and the third is that of the research questions as they are addressed from broad themes to specific concepts.

1.4 Research Outline: Structuring the thesis

The thesis is structured around the iterative development, refinement and application of a conceptual framework of social processes in the development of internal corporate ventures. The term *corporate venturing* has developed as a practical concept in relation to research and development activities of large corporations but academic

conceptualisations of this phenomenon approach it both in relation to the terms *corporate venturing* and *corporate entrepreneurship*. As a result, **Chapter 2** explores definitions of these terms before setting out the definition of *internal corporate venturing* that will be adopted for this research project.

A critical literature review is presented over two chapters. **Chapter 3** explores how research has explained the internal corporate venturing development process, by considering early process stage views and subsequent research on the contexts in which CV activity occurs. **Chapter 4** considers the three key research questions, by reviewing literature on roles, relationships and social processes in relation to CV activity. This leads to the development of three initial thematic templates related to each research question.

Chapter 5 outlines the ontological and epistemological approaches adopted in this study. An interpretivist, subjectivist stance is explained. This is then developed through a review of sociological, organisational and entrepreneurship theories to support a strong social constructionist perspective, which acknowledges that social construction is part of wider structuration processes. This leads to the development of a conceptual framework of social processes, through the integration of Stones' (2005) quadripartite framework of structuration processes and Weick's (1995) sensemaking framework.

Chapter 6 Outlines the initial empirical development of the roles and relationships thematic templates through analysis of 46 interview transcripts of telephone interviews conducted with individuals involved in CV activity. Subsequently, **Chapter 7** outlines the results of interpretive thematic analysis conducted on the same 46 interview transcripts. Five over-arching themes are identified which are then re-analysed in relation to the conceptual framework as a multi-level sensemaking analysis. This supports the creation of a refined thematic template and presentation of results. Limitations of the conceptual framework and analysis are then discussed.

Chapter 8 Explores the refinement of the conceptual framework by integrating concepts of organisational emergence and critical events in the explanation of the development of internal corporate ventures over time. This leads to the analysis of a longitudinal case study and subsequent development of the conceptual framework. Results and limitations of the analysis are presented and conclusions drawn in relation to the application of the final refined framework.

Chapter 9 Provides a key summary explaining how the research aims and associated questions were addressed. This is followed by a discussion of the contributions to knowledge, limitations of the research study and a reflection on the research journey, before proposing implications for corporate venturing practitioners and opportunities for future research.

CHAPTER 2 – DEFINING CORPORATE VENTURING

According to Narayanan, Yang and Zahra (2009) research into corporate venturing (CV) has been driven by a belief that CV can significantly contribute to the development of a firm's corporate strategy by developing new capabilities and new businesses that can enable organisational renewal, strategic change and improvements to profit and growth. Narayanan et al's (2009) review of the literature into CV and the associated area of corporate entrepreneurship identified 386 papers in 18 journals between 1995 and 2004 that related to these topics. Despite this, Narayanan et al (2009) concur with the earlier findings of Sharma and Chrisman (1999) that definitions of what CV is remain diverse. Sharma and Chrisman's (1999) work on defining key concepts relating to CV was developed around the principle that definitions should be broad enough to encompass the totality of activities, while being focused enough to allow researchers to conduct comparative work. As a result, they argue that CV may be defined as;

'...corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization. They may follow from or lead to innovations that exploit new markets, or new product offerings, or both. These venturing efforts may or may not lead to the formation of new organizational units that are distinct from existing organizational units in a structural sense (e.g., a new division).'' (Sharma and Chrisman, 1999, p.19)

Narayanan et al (2009) similarly define CV in relation to the creation of new businesses within corporate organisations;

'...the various steps and processes associated with creating new businesses and integrating them into the firm's overall business portfolio.' (Narayanan et al, 2009, p. 59)

Phan, Wright, Ucbasaran and Tan (2009) emphasise that both definitions articulate that the outcome of CV is the creation of new businesses, though this may not be achieved. This may be seen as similar to the definition of *entrepreneurship* posited by Gartner (1988) as "*...the creation of new organizations*" (p.62). Gartner's (1988) definition of

entrepreneurship is similar to Narayanan et al's (2009) in suggesting that new organisations are created through a *process*. The specific difference in the context of CV is that the new businesses intended to be developed through CV relate to an existing organisation. For Sharma and Chrisman (1999) new businesses are created within the corporate firm, while for Narayanan et al (2009) new businesses are integrated into the businesses' overall portfolio. The differences between these explanations may be argued to relate to developments in the understanding of the new venture creation process, which will be discussed in Chapter 3.

2.1 Corporate Venturing and Corporate Entrepreneurship

Both Narayanan et al (2009) and Sharma and Chrisman's (1999) definitions refer to CV in the wider context of corporate entrepreneurship (CE). Four recent definitions of CE are provided in Table 2.1:

Source	Definition
Narayanan, Yang and Zahra (2009)	'...the development and implementation of new ideas in organizations" and draw on Zahra's (1995) assertion that it is "the sum of a company's innovation, strategic renewal and CV"' (p. 227)
McFadzean, O'Loughlin and Shaw (2005)	'...the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization.' (p.18)
DeTienne (2004)	'...a process of organizational change within established firms, which involves creation, transformation and/or the development of an entrepreneurial philosophy.' (p.73)
Sharma and Chrisman (1999)	'...the effort of promoting innovation from an internal organizational perspective, through the assessment of potential new opportunities, alignment of resources, exploitation and commercialization of said opportunities.' (p.352)

Table 2.1 - Definitions of Corporate Entrepreneurship

These definitions all draw on Guth and Ginsberg's (1990) argument that there are three specific elements to the intended outcomes of corporate entrepreneurship, these being;

corporate venturing, the creation of new businesses; *innovation*, where new products or processes may be developed, without developing new businesses, and; *strategic renewal* of the established corporation, where key elements of the organisation are renewed or reshaped, in order to achieve strategic benefits.

While Guth and Ginsberg's (1990) framework of CE allows that innovation and new business creation may be distinct from each other, there appears to be an assumption that CV is part of an overall entrepreneurial approach within the corporate firm. DeTienne's definition (2004) specifically includes the development of an entrepreneurial philosophy within the corporate firm as part of the definition of CE. It may be argued however that while it is a key element of CE, CV may occur without the parent firm necessarily being entrepreneurial in itself. Covin and Slevin (1991) propose that organisations may have a conservative or entrepreneurial orientation. Sathe (1988) argues that entrepreneurial orientations may be *surface* or *deep*. As a construct then, corporate entrepreneurship may be seen to exist in differing degrees within organisations;

'Surface entrepreneurship denotes the pattern of entrepreneurship activity found in firms where entrepreneurship is considered an important business goal that management attempts to promote and accomplish. In contrast, deep entrepreneurship denotes the pattern found in organizations where entrepreneurship is an important shared value.' (Sathe, 1988, p.389)

Covin and Miles (2007) argue that where CV is the focus of an organisation's business strategy, it may be perceived as being part of a *deep* entrepreneurial orientation. They do not suggest that this applies to other approaches to CV, implying that organisations engaged in CV do not need to also be strongly engaged in CE. This is supported by Tunstall, Jordain, Pittaway and Thomas (2009) who argue that firms might be engaging in CV as part of a *defensive* orientation to the market through a *surface* entrepreneurship approach, or might be engaging in an *aggressive* market orientation through a *deep* entrepreneurship approach, where entrepreneurship is a key element of how business is carried out (Covin and Miles, 2007). Taken together, it may be proposed that CE and CV, while related, are not synonymous and can exist independently. From this

perspective, CV does not need to be pursued for CE to take place; neither does a focus on CE need to exist within an organisation for CV to take place. Despite this, it is clear from Phan et al (2009) and Narayanan et al (2009) that the academic literature on both topics are connected and often research on CV has depended on CE literature to develop propositions.

While the literature has defined CE through its relationship to the strategic management literature (e.g. Guth and Ginsberg 1990) and the entrepreneurship literature (e.g. Corbett and Hmieleski, 2007), it has to some extent inherited the conceptual struggles of these fields, but failed to keep abreast with their development (Narayanan et al, 2009). The CV literature, on the other hand, while borrowing concepts from CE and related fields, has largely been defined by pragmatic development through observation and research on changing practices in industry. The following section outlines how different forms of CV activity have been defined in the literature.

2.2 Approaches to Corporate Venturing Activity

Sharma and Chrisman (1999) define two different forms of CV activity; *internal corporate venturing* (ICV) and *external corporate venturing* (ECV). Subsequent research has outlined new approaches which impact on how CV might be defined and the following section illustrates how this has developed.

2.3 Internal Corporate Venturing

Sharma and Chrisman (1999) argue that internal corporate venturing (ICV) may be defined as;

‘...corporate venturing activities that result in the creation of organizational entities that reside within an existing organizational domain.’ (Sharma and Chrisman, 1999, p.20)

This perspective builds on the work of Block and MacMillan (1993), who argue that this

form of venture may include: developing new markets; major new products; commercialising new technology; and, other major innovation projects. While this definition allows that ICV activity may result in the creation of new business units or divisions may be created, this definition does not include the formation of legally separate businesses, or *spin-outs*. Most notable ICV activity in recent years includes internet arms of traditional businesses set up during the late 1990's such as the development of Tesco.com by the UK retail chain Tesco plc. (Fuller and Fewster, 2006).

Block and MacMillan (1993) argue that ICVs tend to be formed either through joint venture activity with external organisations, or from initiatives by internal employees, frequently referred to as *intrapreneurs* (Antoncic and Hisrich, 2003; Pinchot, 1985). Sharma and Chrisman (1999) argue that there are four specific dimensions to ICVs based on their position within the organisation, which are:

1. *Structural autonomy* - whether the venture is part of ongoing operations, or in a separate special venture division;
2. *Degree of relatedness* - to the parent firms' existing products, markets and resources;
3. *Extent of innovation* - from imitative innovations to frame-breaking, though Narayanan et al (2009) argue that imitative ventures cannot be defined as corporate ventures; and,
4. *Nature of sponsorship* - whether formally initiated by the organisation, or developed from an ad hoc employee initiative (i.e. intrapreneurs).

These elements, while assisting in clarifying how an internal corporate venture may be defined, are also considered to have an impact on the development of the venture itself; an issue which will be considered in Chapter 3.

2.4 External Venturing

While ICVs may remain part of the organisation from which they originated, MacMillan

et al (1986) argue that these ventures may change in form after their initiation, becoming spin-out businesses, joint ventures, or acquired by other firms. These approaches may be combined together under the umbrella term of *external corporate ventures* (ECV) which have been defined by Sharma and Chrisman (1999) as;

'...corporate venturing activities that result in the creation of semi-autonomous or autonomous organizational entities that reside outside the existing organizational domain.' (Sharma and Chrisman, 1999, p, 19).

Sharma and Chrisman (1999) argue that in addition to spin-offs and joint ventures, ECV may also include venture capital initiatives; all of which involve activities outside the boundary of the firm. Concurring with this definition, Narayanan et al (2009) additionally include licensing and acquisitions as elements of ECV activity.

The different forms of ECV, while seemingly only united by their definition in CV literature, have received increased attention in the field of innovation management where the term *open innovation* has been introduced (Chesbrough, 2006). Open innovation has been argued to be a new paradigm in the field of innovation management (Chesbrough, 2006), though it has also been viewed as a redefinition of existing practices (Trott and Harmann, 2009). In this context where before newly developed concepts and technologies were rejected if they did not fit the organisation's business model, these are now considered key opportunities for developing the business model, or gaining financial benefit (Chesbrough, 2006), mainly through the initiation of ECV-type activities. Open innovation has been defined as;

'...the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and [which] expands the markets for external use of innovation, respectively. Open Innovation is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their technology.' (Chesbrough, 2006, p.1)

Chesbrough's (2006) model of the open innovation paradigm includes a number of elements which also fall within the definition of ECV in the CV literature, such as spin-

offs, licensing and joint ventures, though it also includes additional elements, such as *spin-ins* (of small firms into the corporate organisation) and *technology in-sourcing*. These are seen as a range of options that may be used, either individually or collectively, in supporting innovation within large organisations. Chesbrough (2006) acknowledges that as a new concept in the innovation management field, open innovation may not necessarily endure as a concept, while Trott and Harmann (2009) have criticised the concept for suggesting that all organisations previously operated in a *closed innovation paradigm*, a criticism which is supported by empirical research on ECV (Sharma and Chrisman, 1999; Narayanan et al, 2009). Despite this, the idea that firms may be utilising approaches that use multiple forms of innovation approaches, including ICVs and ECVs, seems to be supported by examples from industry including Proctor and Gamble's *Connect + Develop* programme (Chesbrough, 2006).

One of the unique features of the open innovation argument is that in addition to a concern on business forms and strategy, additional elements are raised as areas for attention. These include: the role of intellectual property rights (IPR); shares of equity in ventures; and, external collaborators, such as venture capitalists and external small businesses. This perspective of other external partners has received attention in the CV literature as *Corporate Venture Capital* (CVC) considering issues such as the sources and uses of financial investment in external firms (Siegel et al, 1988; McNally, 1995; Dushnitsky and Lenox, 2006).

Work on strategic approaches to CV and open innovation has identified that parent firms may opt to utilise a range of different approaches to CV as well as other innovation approaches (Miles and Covin, 2002; Campbell et al, 2003; Tunstall et al, 2009). This work has illustrated that while Sharma and Chrisman's (1999) definitions largely emphasise ventures as being internally or externally situated, ventures may in practice change their relationship with the parent firm from internal to external, or vice versa, during the lifetime of the venture. It also highlights the potential for unique divisions to form within the parent firm, which support venture initiatives outside of normal

operational activities, known as *Corporate Venture Units* (Miles and Covin, 2002; Campbell et al, 2003). Miles and Covin (2002) have noted that while Sharma and Chrisman's definitions of ICV and ECV suggest that the distinctions between these types of CV are clear, instead this may be seen as a scale, influenced both by the different sources of financial investment and the strategic intentions of the parent firm.

2.5 Summary

The focus of this thesis is on the development of *internal corporate ventures*. While some definitions of CV are similar to CE in a focus on the development of new businesses inside existing organisations, recent research into CV has captured a range of forms and types of venturing which have been used by established firms. As a result, this thesis will focus on internal corporate venturing as *the activities that result in the creation of organisational entities that initially reside within an existing organisational domain*. This definition is used in this thesis for the purposes of investigation in that it allows that internal corporate ventures may be initiated for different reasons, and may develop into organisational entities either within or external to the corporate firm. In the next chapter the findings of existing research into corporate venturing are considered to investigate how this phenomenon has been conceptualised and challenges in addressing the research question are explored.

CHAPTER 3 – INFLUENCES IN THE DEVELOPMENT OF INTERNAL CORPORATE VENTURES

This chapter considers how previous research has approached the issue of the development of internal corporate ventures. Initially, the first section addresses the contribution of process stage models of the corporate venturing process. Subsequently issues related to the contexts in which corporate venturing activity occurs are explored. This provides the basis of an investigation into the specific issues of roles, relationships and social processes through which internal corporate ventures develop.

3.1 Introduction: Research in Corporate Venturing

According to Fayolle et al (2009), early literature into CV largely focused on the concept of internal corporate venturing (ICV). Following the turn of the millennium, the focus has increasingly shifted to external venturing potentially due to increasing interest in the activity of multinational corporations in the areas of corporate venture capital (CVC) (Gompers, 2002) and open innovation (Chesbrough and Socolof, 2000).

An early attempt to draw together literature and research themes that had been developed in relation to CV was conducted by Venkataraman, MacMillan and McGrath (1992). They sought to explain the potential dimensions of CV activity and future research needs and approached this phenomenon by conceptualising different elements of CV as a process (see Figure 3.1). In doing so they suggested that CV was an internal set of processes through which a new business idea or product could be developed inside the parent organisation, until such point as it became a viable element of the organisation's portfolio. This type of activity was identified by Fry (1987) in the development of the Post-it-Note at 3M, which progressed from an initial concept developed autonomously by a member of staff into an element of the firm's core product offerings. Venkataraman et al (1992) note that while a firm's intention may be to develop a new product line, this is not always necessarily the outcome. They argued that other potential outcomes could include the abandonment of the concept, or the spin-off and/or

sale of the concept. This conceptualisation of CV process reflects the definition of ICV within this thesis, as an activity which initially resides within the corporate firm, but which may lead to either internal or external development of the organisational entity.

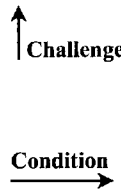
Context-Managing Processes: <i>At population of ventures level: developing the repertoire of routines and styles that foster firm vitality and innovation</i>	Production of variations	Managing selection: path-clearing	Managing selection: autonomy and control	Managing retention: legitimizing
Fostering Processes: <i>At venture level: gaining political support, currency and resources by managing the hierarchy</i>	Championing ideas	Championing opportunistic behaviour	Championing resources	Championing incorporation
Founding Processes: <i>At venture level: creating and developing competencies and infrastructure to develop, distribute, and service the product</i>	Ideating	Forcing	Rollercoasting	Revitalizing
	Definition: <i>Attempts to define product, market, and fit with corporation</i>	Penetration: <i>Attempts to force market entry, break down barriers to start-up, and develop infrastructure for start-up</i>	Contagion: <i>Attempts to cope with escalating resource requirements and logistical problems thrown-up by exploding bundle of transactions</i>	Institutionalization: <i>Attempts to develop next generation of products, legitimize, socialize, and prepare new business for corporate citizenship</i>

Figure 3.1 - Framework for the study of corporate venturing
(Taken from Venkataraman, MacMillan and McGrath, 1992)

In illustrating their model of the ICV process, Venkataraman et al (1992) utilise work on independent new ventures from the field of entrepreneurship to illustrate a new venture growth process. They note that while external forces, such as the market, may shape the development of an independent new venture, the development of an internal corporate venture is also affected by internal forces, such as access to resources controlled by the parent firm. To illustrate this Venkataraman et al (1992) attempt to link together previous literature to argue that the CV process is shaped at two interrelated levels of the firm; the venture level (*founding process* and *fostering process*) and the level of the corporate firm (*context-managing process*). They suggest that research should consider the role of

organisational behaviour and competitive market forces in supporting successful ventures. They additionally argue that further work needs to consider the impact that CV has on performance.

In a later literature review, Zahra (2005) argued that enough work had been done on documenting the effects of CE on the performance of firms and that more was needed on the ecology of CE projects. This review considered CV research to be a wider part of the discussion on CE research, and noted that some of the central elements of CV research were considered to be the different forms adopted. These different forms included portfolios of internal and external ventures and CVC, the process of CV, the importance of champions and the development of new knowledge through organisational learning.

While these reviews tended to argue for more empirical work to understand CV, a recent literature review (Narayanan, Yang and Zahra, 2009) sought to integrate previous empirical research and develop a framework for CV with a focus on how it creates value. Narayanan et al (2009) argued that while previous empirical work had been instructive, it largely lacked clear theoretical underpinning and as a consequence it was difficult to draw clear conclusions for the concept as a whole. Narayanan et al (2009) provide a framework to attempt to identify how the different elements of CV research have informed an understanding of the process of value creation for organisations through CV (see Figure 3.2). In this framework they make specific reference to a range of key issues that have been considered in CV and illustrate these as themes within a wider process of inputs, characteristics, moderators, mediators and outcomes:

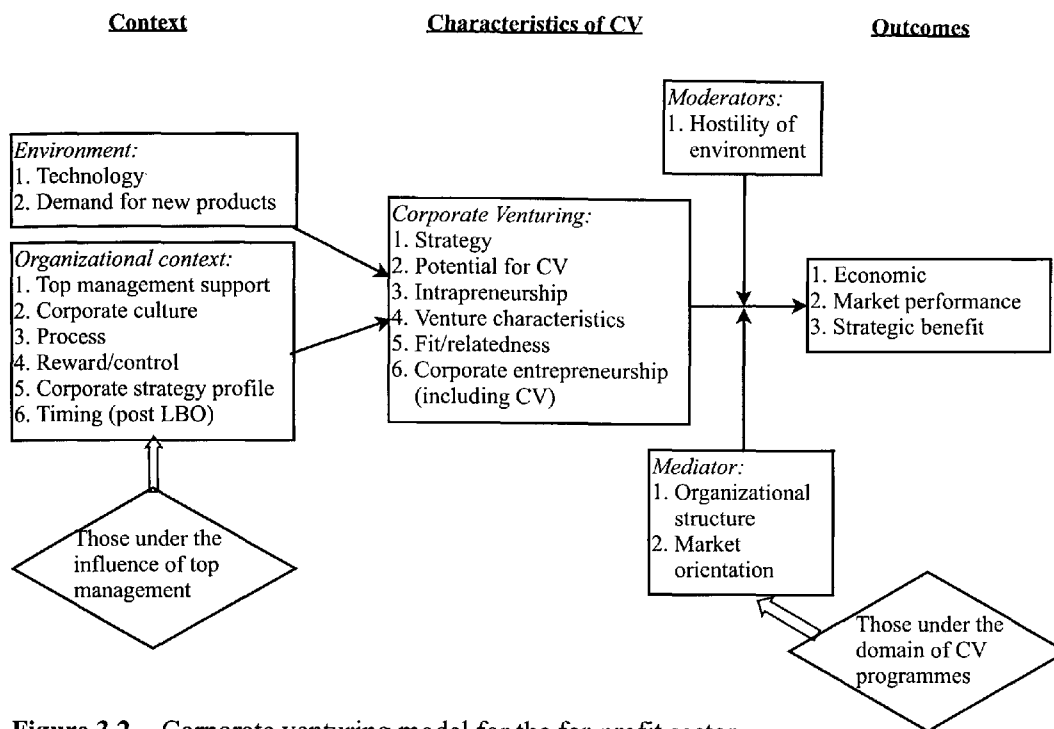


Figure 3.2 - Corporate venturing model for the for-profit sector.
(Taken from Narayanan, Yang and Zahra, 2009)

Taken together, these three reviews of CV research illustrate the development of academic work from largely conceptual reflections on corporate activity to increasingly rigorous, theoretically-informed empirical study of the subject. These reviews, however, also illustrate a wider shift in the focus of research from one that considered CV practice at the level of the interaction between the parent organisation and the individual venture, to one which has become increasingly focused on top-management level strategic interests of the parent firm. This top-down view of CV is useful in understanding the wider internal and external forces which impact on the corporate firm and in understanding corporate-level strategy and goals, as well as how ventures are structured. This approach has done much to meet Venkataraman et al's (1992) original interest in *context-management process*. Despite the fact that early research was borne out of an interest in developing case studies of individual ventures and their development (such as Burgelman, 1983a; Sykes, 1986; MacMillan, Block and Narasimha, 1986) less work has been carried out to understand the practice of CV at the level of the individual venture.

In the section that follows, consideration is given to the key elements of CV activity at the level of the internal corporate venture (such as Venkataraman et al's (1995) *founding* and *fostering* process) while acknowledging the influences of the wider corporate and external contexts. In doing so it is argued that a return to Venkataraman et al's (1992) model of venturing would be useful as the basis for an understanding of roles and relationships in the development of internal corporate ventures.

3.1.1 The purpose of corporate venturing research

Venkataraman et al (1992) argue in their review of the literature that “*a managerial perspective on corporate entrepreneurship is essential - one which highlights the hazards and key challenges confronting managers as they attempt to handle the process of venturing*” (p.488). While this acts as the basis for Venkataraman et al (1992) to differentiate research on CV from study on entrepreneurship and innovation, it also acts as the basis for them to argue that research needs to focus on understanding how successful CV can be achieved. This approach is also adopted in Narayanan et al's (2009) review, where they emphasise the belief of researchers in this field of the practical benefits for organisations engaging in CV. As Narayanan et al (2009) propose;

‘This interest stems from researchers’ belief that CV can contribute significantly to the evolution of a firm’s corporate strategy...by building new capabilities and businesses that enable renewal, foster strategic change and enhance a company’s profits and growth in domestic as well as international markets.’ (p.58)

Early investigations into CV made explicit their focus on practice, as they were either themselves practitioners (such as Fry, 1987) or writing specifically with practising managers in mind as their readership (such as Pinchot, 1985 and Kanter, 1989). One point of divergence regarded focusing attention on a specific management level. For Kanter (1989) and Block and MacMillan (1993) the focus was *top-management*, who may be concerned with developing venturing from a strategic perspective. The interest for Fry (1987) and Pinchot (1985) was the experience of individual *middle-management* for whom the venture project may be developed for a range of personal goals. As a

result, it is relevant to note that for both Venkataraman et al (1992) and Narayanan et al (2009), the outcome of venturing seems to focus on the intentions of top-management, either in integrating the venture into the corporations main portfolio (Venkataraman et al, 1992) or in achieving broader strategic or financial benefits for the corporate firm (Narayanan et al). Where the specific benefits of venture managers are considered, this largely seems to focus on the needs of external managers of independent ventures involved in CV activity (such as McNally, 1997). Where the personal intentions of venture-level managers are considered, this tends to be an element within the wider framework to achieve top-management aims (such as Kuratko, Ireland and Hornsby, 2004). As a result of this, it is useful to examine whose aims and goals are being considered in research in CV. On the whole, it is presumed that literature is focusing on the outcomes required by top-management, and I shall make specific reference to occasions when the interests of other participants in CV practice are being raised.

3.2 The Internal Corporate Venturing Process

Corporate venturing has been defined as ‘...*the various steps and processes associated with creating new businesses and integrating them into the firm’s overall business portfolio*’ (Narayanan et al, 2009: p.59). As a result, I propose that a good starting point for considering the development of internal corporate ventures is to consider what the activity of new venture creation within an existing firm is considered to be. Venkataraman et al’s (1992) framework of research on CV represents a useful starting point in the literature.

For Venkataraman et al (1992), CV is a process. In developing their conceptual framework for the study of CV, they base their model on a literature review of previous research on corporate innovation or business creation processes. They argue that the new business development process for independent ventures follows four stages, those of *idea development, start-up, growth, maturity* and potentially *decline*. This echoes process-view work conducted on conceptualising independent small business growth stages by Churchill and Lewis (1983) and Scott and Bruce (1987) of creation, growth,

development and maturity. For Venkataraman et al (1992), the stages of development of an individual venture in the corporate context can be defined as: *definition* of the idea; *penetration* of the market; *contagion* or coping with growth; and, *institutionalization* by absorbing the venture into the product portfolio of the corporate firm (see Figure 3.1). Alternative outcomes are acknowledged to include the termination of the project or spinning-out the venture as a going concern. Venkataraman et al (1992) separate this theoretical process according to decision-making at different management levels within the corporate firm: venture management (*founding process*); middle management (*fostering process*); and, senior management (*context-managing process*).

While Venkataraman et al's (1992) framework was developed from an in-depth literature review, an earlier empirical attempt to model the ICV process was developed by Burgelman (1983) who conducted interviews and document analysis with six venture projects in one corporation over the period of a year using a grounded theory approach. The projects Burgelman (1986) investigated were in a variety of stages, from initial research and development (R&D) projects to official ventures within a formal new venture division which had been created by the parent firm to focus specifically on the development of new ventures. Figure 3.3 illustrates the four stages that Burgelman (1983) observed:

■ = key activities

		Core Processes		Overlaying Processes	
		Definition	Impetus	Strategic Context	Structural Context
Management Levels	Corporate Management	Monitoring	Authorizing	Rationalizing	Structuring
	Senior Management (New Venture Division)	Coaching Stewardship	Strategic Building	Delineating	Negotiating
	Venture Management and Team	Technical & Need Linking	Strategic Forcing	Gatekeeping Idea Generating Bootlegging	Questioning

Product Championing (diagonal label across Strategic Building and Strategic Forcing)

Selecting (diagonal label across Rationalizing and Structuring)

Figure 3.3 - Key and peripheral activities in a process model of internal corporate venturing (Adapted from Burgelman, 1983, 2002)

Burgelman's (1983) work was the first attempt to develop an integrative framework of the development process of internal corporate venturing which he separated into two processes. The **Core Processes** primarily involved the initiation of an individual venture concept from the results of R&D (**definition**) and its eventual integration into the organisation as it achieves product success and attempts to gain more resources for growth (**impetus**). On top of this, Burgelman (1983) notes **Overlaying Processes** whereby the overall strategy and focus of CV activities (though a new venture division) are integrated into the corporate strategy. While not directly citing Burgelman's (1983) model, Venkataraman et al's (1992) model may potentially be compared with Burgelman's in terms of the stages that they argue are encountered in the CV process, as shown in Table 3.1. Here, I relate Venkataraman et al's (1992) **venture level** processes of **Founding** and **Fostering** with Burgelman's (1983) **Core Processes of Definition** and **Impetus**. In each case the former relates to activities in turning a research project into a venture, in relation to technical and market feasibility, while the latter refers to the acceptance of the venture within the organisation. Finally, Venkataraman et al's (1992) **Context-Managing Process** may be related to both of Burgelman's (1986) **Overlaying Processes of Strategic Context** and **Structural Context** as each of these elements relate to activities pursued by the wider corporate firm in relation to supporting overall CV activity.

Venkataraman et al (1992)	Burgelman (1983)
Venture Level - Founding Processes	Core Processes - Definition
Venture Level - Fostering Processes	Core Processes - Impetus
Population of Ventures - Context-Managing Processes	Overlaying Processes - Strategic Context
	Overlaying Processes - Structural Context

Table 3.1 - Integrated conceptual elements of the internal corporate venturing process

Both Venkataraman et al (1992) and Burgelman (1983) refer to their frameworks as describing CV processes, but it should be noted that in both cases their focus is specifically on ventures initiated by employees within the organisation, with the stated intention of developing a successful new product line for the parent firm. Given that later research has identified the potential for ventures to be developed through external acquisition and the potential for spin-outs or licensing to be a desired outcome of the venture process (Miles and Covin, 2002; Chesbrough and Socolof, 2000; Campbell et al, 2003), I argue that it is more appropriate to label Table 3.1 as integrated conceptual elements of the *internal corporate venturing* process (ICV).

Despite the similarities of Venkataraman et al (1992) and Burgelman's (1983) frameworks, there are a number of important differences within their approaches. The first is that the unit of analysis within Venkataraman et al's (1992) model is the organisational unit, be this the *venture* or the *population of ventures* (strategic and structural activities relating to all ventures within the corporation). Burgelman's (1983) unit of analysis focuses on the activity of actors within the organisation dependent on their role and position in the corporate hierarchy, be this *venture manager*, *senior management* or *top-management*. Burgelman's (1983) organisational activities (at venture level or corporate strategic level) appear to be similar to Venkataraman et al's, with the exception that Venkataraman et al (1992) do not explicitly refer to Burgelman's (1983) *New Venture Division* which may indicate that Venkataraman et al (1992) are not assuming either an independent business unit or a corporate incubator approach to ICV (Kazanjian, Drazin and Glynn, 2002). As a result, and to remain consistent with the illustration in Table 3.1, I shall similarly separate my discussion of the processes considered to relate to the development of internal corporate ventures and those relating to the development of the wider corporate context in which ventures develop.

3.3 Activities in the Development of Internal Corporate Ventures - Venture level stages

Both Burgelman (1983) and Venkataraman et al (1992) identify three inter-related phenomena that occur in the process of the development of individual internal ventures. These phenomena are collectively referred to as *venture level processes* in Table 3.1. The first element in their models relates to the initiation of the venture as a technical project within an R&D unit and the attempts to turn technical experiments into a venture which achieves technical, market and corporate acceptance. Burgelman (1983a) notes from his field observations that this was not always successfully accomplished. Although both process models start with the inception of ideas, differences emerge in the emphasis put on different elements of the process of developing internal ventures.

3.3.1 Burgelman's (1983a) definition and impetus stages

Burgelman's (1983a) focus relates to the different roles of actors within the corporate hierarchy in attempting to gain acceptance for an individual venture within the corporation (*institutionalization*) to secure resources for the growth plans of the venture and to align the venture with corporate strategy.

Burgelman (1983a) argues that in the pre-venture stage, *Definition of the New Business Opportunity*, the project is initiated by a scientist developing a new technology within a research and development (R&D) division. This *linking* activity involves both proving technical feasibility for successful launch into the market, while also attempting to relate the project to corporate strategy. This activity is supported by the leader of the R&D unit who also undertakes the activity of *product champion*. Building on Schön's (1967) concept of product champions in technology change, Burgelman (1983a) argues that product championing involves supporting the acceptance of the technical project within the corporation as an authorised venture project, resulting in the provision of specific resources (Burgelman, 1983a). This is undertaken to both overcome colleagues' concerns regarding technical feasibility and to allow the technical team's work to be officially endorsed. This may be necessary where the project had developed in an

unofficial capacity without official corporate approval, an approach known as *working underground* (Pinchot, 1985) or *skunkworks* (Starr and MacMillan, 1990). Following this the team may be officially authorised to work on the project but it has not been accepted as an official product in the corporate firm's portfolio and becomes subject to measurements of market feasibility.

The second stage of Burgelman's (1983a) core processes, *Impetus*, relates to the growth of the venture through market penetration and the development of a venture team. Burgelman (1983a) describes this as entrepreneurial activity and notes that in his research the R&D unit leader tended to become the venture manager, who was responsible for market entry and growth of the product, along with continuing technical developments. In this sense, the activity of *product champion* continues with the venture manager who engages in *strategic forcing* in driving the development of the venture to meet corporate benchmark targets, and shape the development of the venture itself.

At the same time a middle-manager within the New Venture Division, which has corporate responsibility for all ventures in the organisation, engages in a process of *strategic building*. This involves both managing and mentoring the venture manager, while also developing strategy for the division and liaising with top management who are responsible for overall corporate strategy and resources. In engaging in this activity, this manager also engages in the activity of *organisational championing* by attempting to understand and legitimise the venture's activities to top management.

3.3.2 Contribution of Burgelman's (1983a) framework

A benefit of Burgelman's (1983a) approach to explaining these elements of the internal venture development process is that it acknowledges the actions of individual actors, according to their role within the organisation. In addition, it illustrates that these actors must interact with each other in order to meet the different demands put on the venture in ensuring its development. A weakness of Burgelman's (1983a) model may be that the

activities taking place within the process are not clearly defined. Venkataraman et al's model (1992), in contrast, makes these activities explicit, though they do not make clear the roles of actors in the corporation who undertake this activity. Venkataraman et al (1992) share Burgelman's (1983a) focus in illustrating the development of the venture from technical idea to institutionalisation into the parent organisation but separate the activities in the process in relation to either technical and market-related elements or organisation-related elements.

3.3.3 Venkataraman et al's (1992) framework - Founding processes

Venkataraman et al (1992) set out to illustrate the processes undertaken in corporate venturing as a framework for their review of the literature. In doing so, they suggest that the intention of CV is to develop a new unit within the parent organisation that is both established in the market (*founding processes*) and within the parent organisation (*fostering processes*) that it was intended to serve. Unlike Burgelman's (1983a) framework that was developed through a grounded empirical study with sparse reference to literature, Venkataraman et al's (1992) framework is developed through a synthesis of the literature and lacks direct empirical evidence.

The *Founding Processes* within Venkataraman et al's (1992) model mainly relate to the technical and market-related activities that support the development of an individual venture as an attempt is made to establish products in the marketplace. This process is seen to include the activities of *ideating, forcing, rollercoasting* and *revitalising*.

Ideating activity is similar to the initial part of Burgelman's (1983a) *linking* activity in that this involves deciding which ideas emerging from technical developments should be supported for product development. This activity is suggested to involve linking technology and market needs, which occur through the internal and external networks which technical staff are part of, including the support of business managers who understand the market.

Forcing activity involves securing suppliers and customers for a new product, including deciding who bears risk in taking it into market. Venkataraman et al (1992) argued that this activity included economic, organisational and informal social processes, similar to Starr and MacMillan's (1990) explanation of how independent entrepreneurs build legitimacy through social networks.

Venkataraman et al (1992) build on Van de Ven's (1986) suggestion that managers have to cope with increased complexity in innovative projects, through the concept of **rollercoasting** activity due to the increasing success of the product after launch;

'The environment faced by the manager is like a rollercoaster ride, with sudden explosions in activity followed by lulls.' (Venkataraman et al, 1992, p. 498)

This involves developing generalised roles within the venture due to the need to act in uncertain circumstances influenced by internal political and structural environment within the parent organisation as well as the external competitive and technological environment (Venkataraman et al, 1992).

The final activity in the development of the venture, **revitalising**, involves the venture achieving efficiency while continuing innovation to avoid dependence on one product, which Burgelman (1983) suggested is a key purpose of CV for established firms. Venkataraman et al (1992) argue that there is a political need to connect the venture with existing activities of the corporate firm while providing a return on investment for the corporate firm and responding to external market pressures.

3.3.4 Venkataraman et al's (1992) framework - Fostering processes

Fostering Processes within Venkataraman et al's (1992) framework are the corporate organisation-related activities to support the development of the internal venture within the corporate firm. These processes are similar to Burgelman's (1983a) description of **product** and **organisational championing**, which was undertaken separately by actors at different levels within the organisation. Similarly Venkataraman et al (1992) proposed

that *championing* the internal venture to gain support and resources was necessary due to the unforeseeable nature of a venture's prospects in the early stages and the potential disruption that the venture may cause to the parent organisation. This builds on issues raised by Aldrich and Auster (1986) regarding the difficulty of gaining support due to political pressures in the organisation. Within Venkataraman et al's (1992) model, the *fostering processes* consist of four championing activities: *championing ideas*; *championing opportunistic behaviour*; *championing resources*; and, *championing incorporation*.

Building on Quinn (1980), Venkataraman et al (1992) argue that *championing ideas* involves convincing groups within the firm that the idea is worth pursuing, while also convincing the venture team to meet perceived organisational goals. Similarly Burgelman (1983) noted that as part of the process of *organisational championing*, senior management might need to encourage top management to alter organisational goals where this is required to ensure the legitimacy of a particularly successful and important venture.

Venkataraman et al (1992) argue that *championing opportunistic behaviour* was necessary due to internal pressure to conform to organisation's standards or *norms*. Peters and Waterman (1982), Kanter (1983) and Pinchot (1985) argued that in developing new innovations, a powerful agent is required to authorise the venture to break organisational routines, while staying within organisational norms. Venkataraman et al (1992) noted that within the context of CV, little was known about how this happened.

As a venture competes with other units within the firm, Venkataraman et al (1992) suggested that a powerful agent may be required to *champion resources* within the corporate firm. This was argued to be particularly important as limited information may be available about the venture or associated investment criteria might be subject to frequent change.

Venkataraman et al's (1992) final stage of *championing incorporation* is similar to Burgelman's (1983a) *institutionalisation* stage as a decision is made about whether the venture should be incorporated into the firm, spun-off, sold or abandoned. Venkataraman et al (1992) further suggested that there would be a need for a champion to negotiate with external and internal stakeholders to gain acceptance while ensuring the venture manager is rewarded and integrated into a hierarchical level appropriate to support the future of the venture in the corporate structure.

Building on Galbraith (1982) and Burgelman (1983a), Venkataraman et al (1992) argued that idea championing would be done by a venture manager, opportunistic behaviour and resource championing by a middle manager and incorporation by a top manager, though they noted that it was not clear as to what championing happens at what stage of the process.

In summary, by 1992 the process view of CV had concluded that the purpose of CV was to support the development of mainly technical ideas in establishing them as products in the marketplace, while also ideally institutionalising them as new business units within the parent organisation. The activities of a range of managers at operational and senior levels are considered important in pursuing these agendas. The establishment of the venture within the market was considered to be broadly similar to that of independent new ventures.

3.3.5 Activities in the development of internal corporate ventures - Conclusions

By 1992 a body of research had emerged from broader studies in organisations, entrepreneurship, innovation and strategic management as well as grounded research, which explained CV as a process that was initiated with the intention of developing a new business unit in an existing firm. A range of individuals across the organisation hierarchy are suggested to be involved in the activity, and the nature of these activities, including their job roles, may change as the venture develops. The development of

ventures was seen to be dependent on technological and market validation, the organisational context and the activity of individuals managing these processes, whose roles may change over time. The development of ventures was seen to be reliant on both external customers and on the provision of internal corporate resources.

Taken together, Burgelman (1983) and Venkataraman et al's (1992) frameworks illustrate three key elements in the development of internal ventures. The first of these, particularly emphasised by Burgelman (1983), relates to *roles* as *venture managers* and their teams support the technical and market development of the venture, middle-manager *champions* act to support the venture's acceptance within the corporate firm, specifically by liaising with *senior* and *top management*. The second element, particularly emphasised by Venkataraman et al (1992), relates to *development process*. As the *internal venture* develops from a technical project to a growing product team, it simultaneously gains acceptance in the external market, while gaining acceptance within the wider corporate firm. The third element of both frameworks is their proposition that both the first two elements are subject to *change over time*. Both Burgelman (1983) and Venkataraman et al (1992) emphasise that the internal venture development process involves both *venture growth* and *corporate institutionalisation*, while Burgelman (1983) notes that roles themselves are subject to change, as scientists become venture managers and middle managers become champions.

Process stage theory models (such as Churchill and Lewis, 1982; Scott and Bruce, 1987) have been criticised for suggesting that there is a pre-determined development path for ventures. This has been suggested to ignore the potential for ventures to grow quickly in their initial start-up phase (Oviatt and McDougall, 2004; Zahra, 2004). Furthermore process stage models have been proposed to over-simplify the *messiness* of new venture creation (Jones, 2005). From these perspectives, it may be argued that Burgelman (1983a) and Venkataraman et al's (1992) models suggest that the development of internal corporate ventures follows a pre-determined path from initiation to market success and internationalisation. This overlooks alternative development paths, such as

Venkataraman et al's (1992) acknowledgement that a venture may be sold or spun-off. Burgelman (1983a) and Venkataraman et al's (1992) models also simplify the development process in that they assume that activities that support the market and corporate acceptance of the venture will occur. These activities are generally related to *relationships* between managers at different levels within the corporate firm and external customers. Despite this, aspects of the models do suggest that these activities are hindered by the different expectations of decision-makers. This is particularly recognised in the *champion* roles where negotiation takes place between middle managers and senior and top management to support the institutionalisation of the internal venture.

In summary, Burgelman (1983a) and Venkataraman et al's (1992) frameworks of the development of internal corporate ventures are useful in illustrating how a venture may develop from an initial technical project to a new product group with market and corporate acceptance. Both frameworks emphasise that this process involves social processes through changes in the *roles* of participants engaged in ICV activity and is dependent on *relationships* both within the corporate firm and with external customers. These early frameworks therefore provide a basis for exploring how roles and relationships change in the development of internal corporate ventures. They also emphasise the different social behaviours of individuals involved in the process. These issues will be addressed in *Chapter 4*.

While the venture level stage elements of Burgelman (1983a) and Venkataraman et al's (1992) frameworks are useful in understanding the development of individual ventures, these do not explain the impact of the wider organisational and external contexts in which they operate. The next section addresses a number of these issues through both of these frameworks and subsequent research.

3.4 The organisational context

This section explores the internal organisational and external market contexts within which internal corporate ventures develop. Burgelman (1983) and Venkataraman et al's (1992) frameworks act as a useful starting point for the consideration of the organisational context within which ICVs develop as these supplement their explanation of *Venture level development processes* with an explanation of the *Corporate level context processes* in relation to ICV activity (see Table 3.1). In this wider corporate context, the focus is on all ICV activity within the firm, rather than an individual venture. Burgelman's (1983) *Overlaying Processes* and Venkataraman et al's (1992) *Context-Managing Process* illustrate how the wider organisational context both influences and is influenced by the development of individual internal ventures. The attempt to link these two levels together within one process framework suggests that there is a connection between the development of individual ventures and the wider corporate context, though Burgelman (1983) notes that in his own empirical work individual ventures were at different stages of development.

3.4.1 Supporting internal corporate ventures

The first of Burgelman's (1983a) two *overlaying processes* is the *strategic context* that is formed through *organizational championing* by senior managers for individual ventures to the corporate firm (Figure 3.3). This process is an attempt to either fit ventures to corporate strategy, or to encourage top managers to alter corporate strategy to support the venture (Burgelman, 1983a). Venkataraman et al (1992) similarly refer to the top manager's role in this activity through the process of *path-clearing* through which choices are made about whether or not to support ventures by dealing with institutional actors such as government and legal and regulatory requirements. Burgelman (1983a) also notes that top managers may decide to retrospectively *rationalise* ventures by legitimising their activity in the context of corporate strategy. Badguerahanian and Abetti (1995) argue that a venture's survival will depend on the ability to secure resources and maintain autonomy while maintaining good relationships with sponsors and executive champions to protect the venture from organisational bureaucracy. They

argue that this dependency on relationships is only resolved by integrating the venture into the organisation mainstream, selling, spinning off or closing the venture (Badguerahanian and Abetti, 1995).

In addition to the potential for top managers to provide support for ICV activity at a strategic level, Venkataraman et al (1992) propose that senior managers may also give venture managers *autonomy and control* to allow them to act without the explicit permission of senior managers. Greene et al (1999) argue that while autonomy and control allows a venture manager some freedom to develop the venture, this is limited by the expectation that the venture should *fit* the corporate firm's financial and strategic goals. This is argued to create a vicious circle whereby corporate resources, norms, policies and values provide opportunities and support for the venture but simultaneously restrict the ability to recognise opportunity both in the external market and the venture's own potential within the corporation (Greene et al, 1999). Burgers, Jansen, Van den Bosch and Volberda (2009) have suggested that this problem may be overcome where venture teams share corporate visions and goals.

In their recent review of CV literature, Narayanan et al (2009) argue that top management support is essential for the successful development of internal ventures. Similar to Venkataraman et al's (1992) proposal of top management support through autonomy and control, Narayanan et al (2009) suggest that top managers may provide support through *trust*, offering venture managers time availability, work discretion and *rewards*. Antoncic and Hisrich (2001) similarly note that providing training for employees and creating loose organisational boundaries are important factors in encouraging entrepreneurial activity. Azulay, Lerner and Tischler (2002) conversely argue that top management support may not necessarily be interpreted as such by lower-level employees, and suggest that top management must attempt to convince middle management and employees of their sincerity.

Abetti (1997) suggests that providing *slack* resources, such as time, autonomy and control, can assist the venture's development, as long as this is supported by clear vision from top managers. Birkinshaw (2003) has noted the importance of striking a balance between tight corporate control over internal ventures and providing complete autonomy. He argues that too much control may restrict the opportunity for new ventures to develop, but that too much autonomy may lead to unexpected risk (Birkinshaw, 2003). Burgelman (1983a) found in his research that where a venture leader is allowed autonomy, a venture may develop an independent culture dominated by the venture manager. Burgelman (1983) noted negative consequences of autonomy, where one venture, in pursuit of market aims, lost track of corporate goals, venture staff resigned and the venture manager was ultimately replaced to ensure corporate goals were met. Birkinshaw (2003) similarly suggests that a balance between autonomy and control may be achieved by providing clear direction through communication and appropriate reward incentives.

3.4.2 Communication, Trust and Rewards

In addition to top management support through control of resources and autonomy (Venkataraman et al, 1992), Narayanan et al (2009) suggest that support may be provided through *communication, trust* and *rewards*, or what Chung and Gibbons (1997) refer to as organisational *sociostructure*. Antoncic and Hisrich (1991) argue that open *communication* is a way of supporting innovation through information sharing and empowerment. Chung and Gibbons (1997) suggest that the ability to relate reasons for failure and success creates opportunities for organisational learning, but that this can only take place if individuals involved in ventures feel they are trusted and may discuss failure without fear of retribution.

Badguerahanian and Abetti (1995) emphasise the importance of retaining good relations with top managers. Similar to Burgelman (1983a) and Venkataraman et al's (1992) processes of championing, Chung and Gibbons (1997) and Prasad (1993) highlight that the individual developing a venture initiative has to enlist *trust* from top managers by

navigating through organisational politics. Chung and Gibbons (1997) suggest trust is evident through organisational politics and opportunities to develop organisational learning, a relationship that is illustrated in the championing activities highlighted by Burgelman (1983a) and Venkataraman et al (1991).

Antoncic and Hisrich (2001) have highlighted the importance of controls and *rewards* as a mechanism to support entrepreneurial activities in organisations. These rewards may be in non-financial forms, such as awards and time to work on new projects (Chung and Gibbons, 1997) or through access to corporate resources such as staff, equipment and money to develop new projects (Russell, 1999). Monsen, Patzelt and Saxton (2010) have illustrated that personal financial reward incentives to take part in profit sharing are important to employees in deciding whether to participate in innovative projects. This is mitigated by the perceived likelihood of success, the amount of risk to pay and job prospects (Monsen et al, 2010) and comparison with the rewards of external venture managers (Morse, 1986).

3.4.3 The corporate context

The second stage of Burgelman's (1983a) two *Overlaying Processes* is the *structural context* whereby through *selecting* processes, successful ventures are integrated into the structure of the corporation as new products within the corporate portfolio. Venkataraman et al (1992) distinguish two activities within this context: the *production of variations* through which ventures are selected for support, and; *legitimising* through which selected ventures are integrated into the corporate portfolio.

3.4.4 Encouraging new internal corporate venture creation

In relation to the selection of ventures through the *production of variations*, the concern is whether a *visible hand* of top management actively directs the development and selection of new ventures, similar to Burgelman's (1983) concept of *induced strategic behaviour*. Alternatively an *invisible hand* approach may be adopted where "*a thousand flowers bloom*" (Kanter, 1988, p.169), multiple ideas are allowed to develop with less

guidance from senior management, allowing the external market to play a part in selection. Kanter (1988) uses the metaphor of the garden to illustrate how the organisational context can create opportunities to develop numerous ventures;

'Innovations, like flowers, start from tiny seeds and have to be nurtured carefully until they blossom; then their essence has to be carried elsewhere for the flowers to spread. And some conditions - soil, climate, fertilizer, the layout of the garden - produce larger and more abundant flowers.' (p. 169)

Here Venkataraman et al (1992) note that approaches relate to how entrepreneurial a business is, which is determined by management culture, top management vision, commitment to venturing and attitudes to autonomy and control. Venkataraman et al (1992) further suggest that the availability of resources to develop new ideas within the firm may be an issue and that opportunities may be restrained by existing corporate resources. Similar to von Hippel's (1977) suggestions, they further argue that compensation and incentive schemes (financial and non-financial) may play a part in encouraging entrepreneurial behaviour amongst employees to encourage them to develop new ideas.

One of the potential results of the organisation's orientation to the external environment may be realised in its form and structure, which Narayanan et al (2009) notes may mediate CV activity by a firm. Matsuno, Mentzer and Ozsomer (2002) have found that the extent to which a firm's overall structures are formalised, centralised and departmentalised has an impact on their orientation to the market and innovative activity. Kazanjian et al (2002) have suggested that an individual venture's position in the organisation may be significantly affected by the firm's strategic approach to venturing. This strategic approach is suggested to be related to the decision whether to develop the venture as an independent business unit which competes with existing units within the firm, or as part of a corporate incubator or new venture division, similar to the approach identified by Burgelman (1983a) in which a number of ventures are supported through a dedicated division providing oversight of venture development. Miles and Covin (2002) and Campbell et al (2003) argue that multiple forms of support may be utilised by a

corporate firm to support either strategic or financial purposes for CV activity, based around the use of internal management relationships and external relationships with institutional investors.

3.4.5 Institutionalising successful ventures within the corporate firm

Venkataraman et al's (1992) second key activity in the organisational context is that of *legitimising* successful ventures to support their institutionalisation and retention within the corporate firm's overall portfolio. Pfeffer and Salancik (1979) suggested that there would be a need to ensure social legitimacy, according to the norms and social values of the organisation, and those of the wider socio-political *infrastructure* that may include lobbying external stakeholders (Chung and Gibbons, 1997). Venkataraman et al (1992) argue that where this fails, the decision may be taken to close, spin-out or sell the venture.

Badguerahanian and Abetti (1995) found that one of the crucial elements of an internal venture's success was the culture and climate of the parent organisation, in the form of shared norms, values and beliefs (Chung and Gibbons, 1997). Chung and Gibbons (1997) and Antoncic and Hisrich (2001) argue that ideology and values that inspire and legitimise entrepreneurial endeavour supports the initiation of internal ventures.

3.4.6 Summary

Both Venkataraman et al (1992) and Burgelman (1983a) make explicit reference to the importance of internal selection and legitimation of ventures by the corporation as a direct result of their synergy with corporate strategy and organisational structure. This may appear to be influenced both by the decisions of top management in relation to the fit of the venture with corporate strategy and the outcomes of championing activity in attempting to legitimise the activities of the venture. This highlights the focus of both models on the institutionalisation of the venture within the portfolio of the corporate firm. Institutionalisation may to an extent define the overall process and intention of these models of CV processes but it is notable that both models do not emphasise the

value of elements of technical and market-feasibility in developing the individual venture. In this sense, it appears that both models are framed from the perspective of top-management and presume the supremacy of corporate strategy and structure over market and technical success. Chesbrough (2002) has more recently argued that this equates to a form of adverse selection that is typical of traditional closed models of innovation management and that opening the business to the market is seen to be of increasing importance.

3.5 The organisational context - Conclusions

Both Venkataraman et al's (1992) and Burgelman's (1983a) models of CV process seem to suggest that where the institutionalisation of internal ventures is unsuccessful, these failed ventures may be sold, spun-out or closed. More recent research has suggested alternatives to this path. DeTienne (2004) has noted that venture managers may choose not to engage when they see an opportunity, but instead to leave the firm. Equally some technical developments may be rejected by corporate parents, in which case the venture team may leave the firm and create an independent venture with the support of a venture capitalist (Chesbrough, 2006).

Chesbrough (2006) and DeTienne's (2004) arguments differ from Burgelman (1983a) and Venkataraman et al's (1992) as they emphasise the impact of the external market context in the decision by individuals to develop ventures. Narayanan et al's (2009) review of the CV literature notes that both corporate organisational and external environmental contexts have an impact on the development of internal corporate ventures.

3.6 The External Environment and Purposes of CV

Narayanan et al (2009) argue that key external influences on the development of internal corporate ventures are technological change and market demand.

Zahra (1996) argues that internal ventures are likely to be developed in an attempt to

build on corporate technical capabilities from research and development as well as external networks. Hitt, Nixon, Hoskissan and Kochar (1999) argue that increasingly rapid technological change in international markets has put greater pressure on innovation for larger firms. While changes in technology and technology standards provide opportunities to develop innovations in new markets, it has also been argued that these changes may have an impact on the perceived legitimacy of an internal venture's activities to the parent firm (Baguerahanian and Abetti, 1995; Garud, Jain and Kumaraswamy, 2002).

3.6.1 Markets

Narayanan et al (2009) argue that market demand has an impact on the nature of CV and the ability for ventures to develop. Hitt et al (1999) have found that external relationships, in the form of supplier and customer involvement, are important for the success of new venture development in CV. Finding and serving market demand have also been argued to have an impact on internal corporate relationships as this may have an influence on the acceptance and continued success of a venture within the parent firm (Baguerahanian and Abetti, 1995).

3.6.2 Organisational orientation and the external environment

While market and technical contexts are seen to affect the development of internal corporate ventures, Zahra and Covin (1995) suggest that the industry environment may also have an effect on CV activity. The competitive environment in which the corporate firm operates has been argued to have a significant effect on the outcome and performance of organisations engaging in entrepreneurial innovations (Zahra and Covin, 1995). In order to understand the external context, environmental scanning and the use of market intelligence in developing new ventures and innovation may be used (Antoncic and Hisrich, 2001; Matsuno et al, 2002). Tunstall et al (2009) note that a firm's market orientation may affect the form of CV activity adopted and the emphasis placed on strategic or financial returns (Miles and Covin, 2002; Campbell et al, 2003).

3.7 Summary - Influences on ICV development

The process view of ICV development is useful in that it illustrates the issues that individuals involved with an ICV may face as it develops from an initial project into a new product unit within the corporate firm. Burgelman (1983a) notes however that it is not always the case that every venture will develop in the same way. Burgelman (1983a) and Venkataraman et al's (1992) frameworks are particularly useful in that they illustrate how senior managers in the corporate firm may act to support ICVs over time. In particular, these frameworks illustrate the extent to which ICVs development is dependent on relationships within the corporate firm and support from individuals at different managerial levels.

A limitation of Burgelman (1983a) and Venkataraman et al's (1992) frameworks is that they illustrate only how the development process may lead to the institutionalisation of a venture as a new product team within the corporate firm. Venkataraman et al (1992) suggest that the inability to institutionalise is a sign of failure; similarly Parhankangas and Arenius (2003) argue that where a venture is spun-off, this is due to problems with access to resources and managerial dilemmas, leading to the failure of relevant strategic processes. Miles and Covin (2002) and Campbell et al (2003) have conversely argued that spin-offs may be a deliberate strategy, as the corporate firm seeks to maximise the market value or learning opportunities from ICV activity.

Venture development and the organisational context

Burgelman (1983a) and Venkataraman et al's (1992) process frameworks suggest that the development of an individual venture is linked to the development of overall CV activity within the corporate firm. Narayanan et al (2009) see the organisational environment as both an impetus and a mediator of CV activity, in the sense that the organisational environment of the parent firm is seen to have a significant impact on the potential for CV success. Burgelman (1984) has suggested that senior managers within the corporate firm may deliberately attempt to influence the development of individual ventures, through corporate structure and strategy as part of a *top-down* approach. This

illustrates the impact of organisational processes such as rewards and communication on individuals collectively in the organisation in creating the environment for innovation, supporting the development of ventures through top-down *induced strategic behaviour* (Burgelman, 1984; Kuratko et al, 2004).

Some research has suggested that ventures, as they initiate and grow, may themselves change the organisational contexts in which they develop. Burgelman (1983a) found in his research that ICV activity developed as part of a *bottom-up* approach as ventures were allowed to develop new directions for the corporate firm with little direction from senior management. Burgelman (1984), Kuratko et al (2004) and Covin and Miles (2007) suggest that it is through this *autonomous strategic behaviour* that the development of individual ventures may drive the development of corporate strategy.

Burgelman (1983a) and Kuratko et al (2004) suggest that the catalyst for bottom-up or top-down ICV development is the culture of the corporate firm and senior management decision-making. Gompers (2002) and Allen and Hevert (2007) have noted that CV activity by corporate firms is cyclical, mirroring the external economy and investment environment (Birkinshaw et al, 2002). Burgelman and Välikangas (2005) argue that this cyclical investment behaviour is largely due to changing perspectives on organisational growth by top management. Where growth prospects are seen to be insufficient in relation to the external environment, a firm may engage in a top-down push to engage in ICV activity. Where growth prospects are seen to be satisfactory, firms may suspend CV activity as a cost-saving measure in line with strategic priorities. Burgelman and Välikangas (2005) also suggest that alternative situations may arise where ventures may be allowed to exist but be marginalised where it does not appear to fit corporate cost-saving or growth requirements.

Sambrook and Roberts (2005) and Covin and Miles (2007) conversely suggest that bottom-up and top-down ICV development may not be related to the choices of senior managers, but may instead be mutually dependent. In this context, firm strategy

encourages venturing activity and is itself developed by the results of this activity (Covin and Miles, 2007). Sambrook and Roberts (2005) have argued that entrepreneurial activities in organisations have a recursive relationship with organisational learning. From this perspective, firm strategy creates organisational change that leads to entrepreneurial activity; individuals then engage in learning-by-doing (Keil, 2004) which influences organisational change through learning (Sambrook and Roberts, 2007).

Overall, this chapter has identified that the development of internal corporate ventures is not only contingent on the actions of the venture managers leading it, but is also affected by a range of roles, relationships and influences within the wider corporate and external environmental context within which the venture develops. These influences are suggested to have an impact on the behaviour of individuals engaged in ICV activity. The next chapter considers how these influences are experienced through the range of roles and relationships that are pursued in the various contexts which relate to the development of internal corporate ventures.

CHAPTER 4 - ROLES, RELATIONSHIPS AND BEHAVIOURS IN CORPORATE VENTURING

This chapter critically evaluates perspectives on the roles and relationships that may be pursued in the development of internal corporate ventures. In order to interrogate the differences between the activities, purposes and consequences of this activity, it is argued that it is useful to focus on the recurrent roles which are discussed within the literature and to investigate the differences between the behaviour of individuals undertaking these roles. In doing so, it is suggested that it is important to incorporate a perspective on roles, relationships and related behaviours into an understanding of the development of internal corporate ventures. It is further argued that while existing conceptualisations of roles and relationships act as a strong basis for study, further work is required to consider how diverse relationships and roles may impact on behaviour through learning and change in developing or sustaining internal corporate ventures. As a result, three initial thematic templates related to the associated research questions are presented which summarise the key findings of this section.

4.1 Roles in Internal Corporate Ventures

It has been identified within this thesis that the development of internal corporate ventures requires the engagement of a range of individual actors, who may be positioned in different parts of the parent firm structure and who may act in different ways in supporting the development of individual ventures. Previous researchers have identified a range of management roles that these individuals may be formally assigned, while a number of new informal roles may emerge during the process of venture development. How the literature has dealt with each of these is now addressed in turn.

4.2 Management Roles in Corporate Venturing

Burgelman (1983a) and Venkataraman et al's (1992) stage models of CV processes illustrate that development activities were different for individual actors depending on their managerial rank within the organisation as *top manager*, *middle manager* or

operational manager. Venkataraman et al (1992) have further argued that CV is made up of a range of management activities and that understanding the associated processes requires an understanding of the managerial perspective of this activity. Given that management activity forms a key focus within CV literature and that within corporate firms individuals are likely to be formally recognised as managers, this forms the basis of an initial discussion of roles in the development of internal corporate ventures.

Top Management is a term used to describe individuals holding positions at board level within the corporate firm who are responsible for directing the firm by strategising and decision-making which may include the authorisation and recognition of the activities of lower-level managers (Burgelman, 1983a; Kuratko et al, 2004). Guth and Ginsberg (1990) argue, “*entrepreneurial behaviour in organisations is critically dependent on the characteristics, values/beliefs and visions of their strategic leaders*” (p.8). Top managers are seen to have a major influence on corporate venturing activities (Narayanan et al, 2009), though Angle and Van de Van (1989) highlight that innovation is only one of the many responsibilities of these institutional leaders. Kuratko et al (2004) argue that the capacity for top managers to direct the organisation is dependent on both governance structures and organisational culture that authorises their discretion to make decisions. In turn, top management is argued to influence the opportunities to act for other managers in the firm and they may be particularly important in legitimising the activities of individual ventures within the firm (Burgelman, 1983a). Beyond general corporate roles, Day (1994) has argued that top managers may have a direct interest in the development of individual ventures and that rather than simply driving the context in which they develop, they may act as direct **top-down champions** of individual ventures, providing direct support to venture managers.

Middle Management is a term used to describe a wide range of management roles between those of top management and operational management who have **first-line** responsibilities for operational staff (Kuratko et al, 2004). As organisations may vary in size and in the number of management levels within the organisation, this particular role

is particularly broad in definition and has also been defined as *senior management* (Burgelman, 1983a), though this definition has also been related to strategic leaders of the firm (Floyd and Lane, 2000), similar to top management.

Within the context of CV, Burgelman (1983a) has related this role to that of individuals who lead a new venture division, suggesting that middle managers may lead divisions within firms in the role of *CV division managers*. Siegel, Siegel and MacMillan (1988) have argued that the role of the CV division manager may be divided into two types. *Pilots* have significant independence to make venture decisions, but are usually focused on venturing for the purpose of financial returns for the corporate firm. *Co-pilots* rely on corporate permission to invest in ventures and are usually focused on venturing for the purpose of meeting corporate strategic goals.

A clear definition of middle managers as a whole is that they are responsible for operational first-line managers who report to them, indicating that they have responsibility for managing the interface between top management and operational activities within the firm (Burgelman, 1983a; Kuratko et al, 2004). Middle managers have perhaps received the most direct attention in the literature considering the development of ventures within firms (Kuratko et al, 2004). Hornsby, Kuratko, Shepherd and Bott (2009) have indicated that, along with senior/top management, they are most likely to be successful in implementing ideas. Burgelman (1983a), Kanter (1985), Drucker (1985) and Ireland, Kuratko, Covin and Hornsby (2005) have all indicated that the middle managers' role is central in the development of entrepreneurial activity and new business development within the firm.

A key activity for middle managers in CV is seen to be that of *championing* innovative projects, including ventures in facilitating political support for the venture in the parent firm and supporting venture managers in moving the venture towards gaining legitimacy, which may include implementing sanctions or rewards (Burgelman, 1983a; Kuratko et al, 2004). Angle and Van de Van (1989) have further suggested that, similar

to the role of champion, middle managers may take the role of sponsor-mentor or critic, though Pinchot (1985) has indicated that sponsors may not have direct management responsibility for the individuals they support. Drucker (1985) and Kanter (1985) have argued that middle managers may act as entrepreneurs, or *intrapreneurs*, in personally driving the development of a new innovation or venture. Both of these have also been related to other management levels and are considered as unique roles in themselves in section 4.3.

Operational Management is a term used to describe those individuals with first-line direct responsibility for operational staff within the firm (Kuratko et al, 2004). Two different views exist on the role of these managers in the CV process, based on the origination and direction of strategic impetus within the firm defined by Burgelman (1983b) as either induced/top-down or autonomous/bottom-up. Where CV is seen as a *top-down* process, driven by strategic decision-making of top managers, operational managers' role is considered to be that of acting out the requirements of higher-level managers and adjusting their activities based on the requirements of the firm (Kuratko et al, 2004). In this context Hornsby et al (2009) found that operational first-line managers were the least likely to successfully implement their ideas, despite the level of support they may be given. Within this context, the operational management role may be seen as one that is largely subservient to the activities and decisions of top and middle management.

An alternative perspective of operational managers is one in which CV is seen as a *bottom-up* process. In this context operational managers may be seen as the most likely to develop new ventures based on their awareness of emerging market and technical opportunities, due to their immersion in operational duties (Burgelman, 1983a). In this context, operational managers may be seen as the primary innovators or entrepreneurs (Angle and Van de Van, 1989) and if successful, may become venture managers.

The *venture management* role has largely been conceptualised by Burgelman (1983a)

and Venkataraman et al (1992) as one that occurs due to the venture development process, in that it begins and ends with the existence of the venture. Here, similar to the broader role of operational manager, the venture manager is responsible for directing the activities of operational staff and ensuring that the requirements of senior management are met (Burgelman, 1983b; Venkataraman et al, 1992). The unique nature of an internal venture also requires them to focus on strategic decision-making for the development of the internal venture itself. In this sense, a venture manager's role is one that is constantly negotiated in the political context of the firm. Abetti (1997) found in his case study research of a CV initiative that the venture managers were;

'...able to change their roles from underground innovators to product, executive, and corporate champions in order to reinforce, broaden, and implement their vision.' (p.527)

Kuratko et al (2004) have argued that whether strategic impetus within the firm is autonomous or induced, the successful implementation of a new business concept is reliant on the organisational context that is determined by higher-level management. As a result, an operational manager may not seek to be formally identified as a venture manager, and may instead opt to hide their venture as an underground project (Pinchot, 1985; Starr and MacMillan, 1990) until such point as results are considered to be favourable to the expectations of higher-level management. Venkataraman et al (1992) have also indicated that the success of a venture in developing into an institutionalised new business unit within the firm may partly be related to the successful promotion of an operational manager into a middle management position, along with the attendant *"symbolic gestures and rituals of admittance to the inner circles of the corporate power structure"* (Venkataraman et al, 1992, p.506). Badguerahanian and Abetti (1995) have noted however that where a venture is sold or spun-off, this may lead to the venture manager leaving the organisation with the new venture as an employee in this newly independent organisation. Similarly, Chesbrough (2006) has indicated that in cases where the venture is closed down or not permitted to continue, venture managers may decide to resign and develop their ideas as an independent new venture.

In summary, this section has examined the range of management roles that may exist within corporate firms and the activities that individuals in these roles may engage in as part of CV activity. While the management-level at which individuals operate appears to have an impact on the activities that individuals may engage in, a number of emergent roles peculiar to ICV also appear to have an impact and these roles are discussed further in section 4.3.

4.3 Emergent Roles in Corporate Venturing

Burgelman (1983a) and Venkataraman et al's (1992) process view of ICV development illustrates that individuals in management roles may engage in a number of emergent activities through the CV process. In addition to the key role of top management in authorising and strategising, key activities in the CV process have been argued to include *championing* (Burgelman, 1983a; Venkataraman et al, 1992) and the actions of managers acting as *entrepreneurs* (Burgelman, 1983a; Garud and Van de Van, 1992). Each of these roles has been argued to be important for the development of internal corporate ventures and overall CV activity within the firm. This section considers the roles of champions and entrepreneurs within the organisation in relation to their impact on individuals engaging in ICV activity.

4.3.1 Champions

Burgelman (1983a) and Venkataraman et al (1992) argue that championing is a key element in the CV process. This section addresses what the role of champion is perceived to involve and relates this to the earlier discussion on management roles.

The concept of championing itself has emerged from three related perspectives within the literature: innovation championing looks at championing in relation to a new product launch or market extension; corporate venture championing looks specifically at the innovative behaviour of corporate managers; and, finally the corporate entrepreneurship approach incorporates both perspectives but emphasises political activity within the

corporate firm (Abetti, 1997; Greene, Brush and Hart, 1999). From an innovation perspective, Howell and Higgins (1990) argue that as a specific role within the firm, a champion is seen to act as a form of transformational leader by articulating a vision about an innovation's potential, and enlisting support from others to utilise resources to exploit opportunity. Perspectives on championing within the specific context of CV support this definition of the championing role, but offer different perspectives on how it may occur. From a CV perspective, Burgelman (1983a) argues that a champion's role is to focus on the development of a single product concept and support its development into a venture. In his case study research, he found that where championing did not occur, the product concept was never successfully realised as a business proposition.

Championing has been argued to take place either before or after the success of the venture has been confirmed. Burgelman (1983a) and Day (1994) have noted that championing may involve legitimising the venture in the context of corporate strategy, and that often this successfully takes place by attempting to alter strategy to fit the venture after the venture has been realised. Dougherty (1992) has disagreed with this, by arguing that in her findings, championing during the venture development process leads to more success. The concept of championing during the venture process has been illustrated through Venkataraman et al's (1992) stage-based model. In this approach, champions need to support the activities of venture managers in both initiating ideas, acting opportunistically, acquiring resources and attempting to incorporate the venture into the corporate firm as a new business unit. Abetti (1997) argues that this model is particularly useful in illustrating the dynamic evolutionary aspect of the champion role. Despite this, Venkataraman et al (1992) do not specifically identify who takes on the champion role.

Burgelman (1983a), while less detailed about the activities that champions may engage in, argues that champions may exist at two levels of the firm. The first of these is at the level of the venture to the firm, as part of a bottom-up process of venture institutionalisation. The other level of championing suggested by Burgelman (1983a) is

that of venture division to the overall firm, in supporting all venture activity. At this level, the champion's role seems similar to that suggested by Venkataraman et al (1992) involving greater position power related to hierarchical position, access to resources, technical expertise and/or centrality in a sociometric network of information in order to steer a path through the socio-political process.

Day (1994) approached championing from a corporate entrepreneurship perspective and argued that three forms of champion may be relevant in internal corporate venturing. She argued that almost all ventures have at least one champion if not more, though one normally stands out as principle champion. Day's (1994) first champion type is based on Burgelman's (1983a) suggestion of a *bottom-up* champion. This is argued to involve a champion who has relevant technical expertise and market knowledge and is embedded in relevant social networks. These capabilities support efforts to allow the venture to operate secretly until it can demonstrate success to top management to avoid being selected out through formal measurements. The needs of this role mean that top management are unlikely to be able to take on this role, due to their relatively lesser technical knowledge.

The second type of champion is argued to be a *top-down* champion who emerges when ventures are expensive and visible and when they represent new strategic directions or resource configurations for the firm. Day (1994) argues that the roles implied for these staff by Burgelman (1983a) of *retroactive rationalising* and by Venkataraman et al (1992) of an *invisible hand* approach, means that top-management is not normally seen to have a role to play in acting as a principle champion, due to the difficulties of predicting successful ventures. Day (1994) argues that where ventures require significant financial resources to develop and/or require organisational structures and architectures to be re-arranged, they will need direct top management support. Bottom-up champions would normally abandon ventures in this situation, as they will realise they do not have the scope to accomplish these without significant top management support and continuous input.

Day (1994) proposes that an alternative form of championing may be *dual-role*. This emerges from the firm's upper ranks when an innovative idea is highly uncertain but not technology driven. Day (1994) argues that this role is most likely to emerge amongst top management where the venture opportunity is more market-driven, as top managers are more likely to have access to market information through knowledge and networks. In technology-driven ventures, it is argued that multiple champions may be more relevant as top management is unlikely to have the relevant technical knowledge. This multiple champion approach is similar to Venkataraman et al's (1992) suggestion that managers at different levels in the firm may enact different elements of the championing process. Dual-role champions are seen to be involved in both mentoring and supporting the venture team to gain organisational resources while also being involved directly in the product championing process. Where this role is divided amongst multiple champions, Day (1994) builds on Mintzberg, Raisinghani and Theoret (1976) to suggest that information asymmetry means that champions may not base their decisions on the same information.

'Choices are made by people who do not fully comprehend the proposals presented to them. Thus, in authorization, the comparative ignorance of the manager is coupled with the inherent bias of the sponsor.' (Mintzberg et al, 1976, p.260)

Day's (1994) work builds empirically on previous conceptual models of championing activities in providing clear suggestions of who may take on championing activities within an organisation and the importance of position in management hierarchy to the nature of the venture, the impact on the parent firm, and the innovativeness of the venture concept. At the same time, Day's (1994) work attempts to consider activities within the overall concept of corporate entrepreneurship and as a result this work, while useful, is not directly concerned with the same process as Burgelman (1983a) and Venkataraman et al (1992). Greene et al (1999) have noted that corporate entrepreneurship perspectives are concerned primarily with the political role in ensuring the objectives of the parent firm, which appears similar to Day's (1994) conceptualisation. Greene et al (1999) view Venkataraman et al's (1992) four

championing activities as a mixture of person and activity, while their own approach acknowledges that a corporate venturing champion may be an individual or a venture team.

In summary, a number of authors have emphasised the importance of championing activities to the development of new ventures in existing organisations. This may involve activity at different stages of a venture's development from creation to institutionalisation within the parent firm. While the importance of this activity is generally agreed, it is not always clear who takes this on. As a result the delineation of the role and activity of championing remains unclear, though the importance of this activity and specific management roles in championing a range of venture types is clearly emphasised.

4.3.2 The entrepreneur within the organisation

Within the CV literature, as within associated literature on CE, the individual attempting to develop an individual venture within the firm is interchangeably referred to as: a scientist (Burgelman, 1983a; Chesbrough, 2006); a venture manager or operational manager (Burgelman, 1983a; Venkataraman et al, 1992); and, frequently as an entrepreneur (Burgelman, 1983a; Garud and Van de Van, 1992). This section critically evaluates the concept of the entrepreneur within the organisation and considers how this role relates to CV activity.

The initial conception of the entrepreneur within the organisation has been attributed to Macrae (1976) who called for the development of "*managers, professionals and artisans of the future who would set up new and small businesses within old and existing organisations*" (pp.45-61). This was further developed as a concept by Pinchot (1985) who referred to these individuals as intra-corporate entrepreneurs, paraphrased as *intrapreneurs*. Pinchot (1985) defined these individuals as;

'Any of the "dreamers who do." Those who take hands-on responsibility for creating innovation of any kind within an organization. The intrapreneur may be the creator or inventor but is always the dreamer who figures out how to turn an idea into a profitable reality.' (Pinchot, 1985, p.x)

Intrapreneurs have largely been conceptualised through association with managers within corporate firms and entrepreneurs leading independent new ventures (Pinchot, 1985; Luschinger and Bagby, 1987). Pinchot's (1985) conceptualisation is largely equivalent to Burgelman (1983a) and Venkataraman et al's (1992) concept of the venture manager as entrepreneur, in that the venture manager seeks to create a venture inside the organisation. This definition of an entrepreneur is also consistent with Gartner's (1988) definition within the broader entrepreneurship literature that entrepreneurship is the creation of new organisations. Pinchot (1985) indicates that the key difference between intrapreneurs and entrepreneurs is that intrapreneurs exist within a corporate environment. Morse (1986) has argued that intrapreneurship is impossible within the corporate context due to the political resistance that innovations receive. Conversely, Pinchot (1985) argued that to circumvent resistance, intrapreneurs must develop their projects underground and seek mentors to support their projects through the politics of the corporate organisation, equivalent to Burgelman (1983a) and Venkataraman's (1992) *champions*.

Pinchot's (1985) concept of the intrapreneur is effectively a hybrid between the independent entrepreneur and the corporate manager (Czarniawska-Joerges and Wolff, 1991). Burgelman (1983a) and Garud and Van de Ven (1992) refer to venture managers more generally as *entrepreneurs*, concurrent with the usage in the broader management literature at the time (Drucker, 1983; Peters and Waterman, 1982). Kanter (1985) used the concepts of entrepreneur and intrapreneur interchangeably, while Angle and Van de Ven (1989) suggested a hybrid of innovator/manager/entrepreneur. It is argued here that these different definitions effectively refer to the same role-type of the *corporate entrepreneur* (Abetti, 1997) and that while the general concept of the entrepreneur as employee is a broad one, the term *intrapreneur* is the most useful when considering the specific activity of developing new innovative projects, such as internal corporate

ventures within the firm. In addition, the concept of intrapreneur suggests one in which an individual commits to a venture concept and negotiates within the corporate organisation to attain legitimacy. In this sense, the activity of intrapreneurship suggests a bottom-up autonomous approach to CV.

Corbett and Hmieleski (2007) have argued that corporate entrepreneurs have to deal with conflicting cognitive schema between that of a manager and that of an entrepreneur. This approach highlights the difference between management roles and entrepreneurial roles, as well as the difficulties that individuals may experience in reconciling two different role types in pursuing the development of individual ventures in the firm. Czarniawska-Joerges and Wolff (1991) argue that the roles of *leader*, *manager* and *entrepreneur* have enjoyed variable periods of popularity within organisations and management literature and that as one is considered to be outmoded, another will rise in importance. As a result, the difficulty in reconciling these organisational roles may be due in part to the changing emphasis that is placed on them within organisations.

While the role of the intrapreneur as a venture manager developed in the context of new venture development in CV, the concept of the entrepreneur in the organisation has developed more widely in organisational practice and management literature. Peters and Waterman (1982) and Drucker (1983) argued that entrepreneurs were required within firms to improve organisational performance, due to increasing technology and market change (Jones-Evans, 2006). Peters and Waterman (1982) have further suggested that entrepreneurial behaviour might exist at any level of the firm while Hornsby, Kuratko and Zahra (2002) argue that middle managers, by acting entrepreneurially, are able to transform firms through strategic renewal.

Taken as a whole, these perspectives on entrepreneurial behaviour within firms present entrepreneurship as a positive, creative capability, which produces attractive outcomes for the firm and the individual. Conversely, du Gay (1996) has argued that the concept of entrepreneurship and specifically intrapreneurship within existing organisations, acts as

a subliminal form of power over employees. From this perspective, intrapreneurship encourages employees to believe that they have the capacity to create change within organisations, but this creative capacity is limited by the expectation that in doing so they will seek to achieve the strategic aims of the corporate organisation. Klein (2000) argues that employees have been encouraged to accept reduced working hours and fixed-term contracts as an element of their emancipation as entrepreneurs, to mask their loss of job security.

Building on the work of du Gay (1996), Whittle and Mueller (2008) found in their case study research that employees engaged in the development of an innovative project within an organisation utilised the concept of intrapreneurship as an assumed identity to legitimise their activity within the organisation. From this perspective, referring to oneself as an intrapreneur acts as a legitimisation tool, through the expectation that to be seen as entrepreneurial is to be seen as personally committed to both a project and wider organisational goals, while being attuned to market needs.

In conclusion, the role of intrapreneur as it relates to the development of internal corporate ventures, is conceived to be representative of the activity of new venture development within the organisation. While this is useful in explaining the role of venture managers in developing new ventures and illustrating the bottom-up activities of new venture development, there are limitations to this concept as it is difficult to reconcile entrepreneurial and managerial roles. Instead, one may argue that entrepreneurship is a form of organisational discourse that may be utilised in order to legitimise activities in developing internal corporate ventures.

4.4 Summary

This section has considered a variety of roles that individuals may engage in as part of CV activity. The range of managerial roles that may be engaged in pursuing CV suggests that the development of new ventures requires the activity of individuals working across the entire hierarchical structure of a corporate organisation. The emergent roles of

champion and intrapreneur suggest that managers may need to engage in roles that are not part of their usual activities as managers, in order to pursue the development of internal corporate ventures. Furthermore, it appears that managers may assume a number of these roles as part of CV activity and that roles may change over time. This may be due to different demands as internal ventures develop, but may also be due to the purposeful positioning of individuals as they represent themselves in, or are allocated, different roles during the venture development process in order to achieve aims which align to their personal projects and the perceived goals of the venture and parent organisation.

Table 4.1 illustrates the range of internal and external roles that have been described in relation to the development of ICVs. Table 4.2 emphasises specific corporate roles and emergent roles and summarises the key themes presented in the literature related to these roles.

Roles and Relationships		
Top Manager	Entrepreneur	Shareholder
Senior Manager	Intrapreneur	Government
Middle Manager	Venture Capitalist	Operational Staff
Venture Manager	Customer	Technical Staff
Champion	Supplier	Venture Staff

Table 4.1 - Thematic template of roles and relationships in CV activity

Corporate Roles
<i>Top Managers</i>
<p>Are strategic leaders with a major influence on venturing activities (Narayanan et al, 2009) as a whole they;</p> <ul style="list-style-type: none"> • develop corporate strategy (Burgelman, 1983a; Kuratko et al, 2004); • authorise the activities of lower-level managers (Burgelman, 1983a; Kuratko et al, 2004); • decide whether venture activity should be sanctioned (Burgelman, 1983a; Day, 1994); • may provide recognition/rewards (Pinchot, 1985; Kazanjian et al, 2002); • may be directly involved as champions (Day, 1992; Thornhill and Amit, 2000; Miles and Covin, 2002); • authority over corporate resources (Howell and Higgins, 1990; Venkataraman et al, 1992; Day, 1994), and; • may possess general market competence, but less likely to possess technical competence. (Day, 1994)
<i>Middle managers</i>
<p>Manage interface between top management and operations(Burgelman, 1983a; Kuratko et al, 2004) they;</p> <ul style="list-style-type: none"> • may have discretion over venture support (Burgelman, 1983a; Venkataraman et al, 1992; Day, 1994); • may depend on top management sanction (Kuratko et al, 2004); • are most likely to act as venture champions (Burgelman, 1983a; Venkataraman, 1992; Kuratko et al, 2004); • champion ventures to top management (Burgelman, 1983a; Kuratko et al, 2004); • enforce corporate objectives and provide goals and rewards to venture managers (Pinchot, 1985); • have access to resources within the corporation (Venkataraman et al, 1992; Burgelman, 1983a); • may possess general market and technical competence (Burgelman, 1983a; Day, 1994); • may adopt similar working practices to venture capitalists (Miles and Covin, 2002; Chesbrough, 2003).
<i>Operational managers</i>
<p>Are responsible for direction of core operational staff (Burgelman, 1983b; Venkataraman et al, 1992) they;</p> <ul style="list-style-type: none"> •Meet the demands of higher-level managers (Kuratko et al, 2004; Hornsby et al, 2009); •Are immersed in operational duties (Burgelman, 1983a); •Possess market and technical competence in product areas (Burgelman, 1983a; Angle and Van de Van, 1989)
Emergent Roles
<i>Venture manager</i>
<p>An emergent role which is linked to the existence of a venture they;</p> <ul style="list-style-type: none"> • are most likely to have come from operational management (Burgelman, 1983b; Pinchot 1985, Venkataraman et al, 1992, Abetti, 1997), or may be externally recruited (Chesbrough, 2006); • direct operational staff in the venture team (Burgelman, 1983b; Venkataraman et al, 1992); • meet the requirements of middle managers (Burgelman, 1983b; Venkataraman et al, 1992); • make independent strategic decisions for the venture (Burgelman, 1983a; Abetti, 1997); • may receive a promotion to mainstream middle management as venture is integrated into business division (Venkataraman et al, 1992); • may leave corporation if the venture spun-out or sold (Badguerahanian and Abetti, 1995), and; • may leave corporation if the venture is not supported by the corporation (Chesbrough, 2006). <p>Identification as venture manager may be dependent on personal relevance and whether venture is legitimate within the corporate (Pinchot, 1985; Starr and MacMillan, 1990; Abetti, 1997; Kuratko, 2004).</p>
<i>Champions</i>
<p>An emergent role related specifically to ventures, they;</p> <ul style="list-style-type: none"> • may be a manager at any level of the organisation (Venkataraman et al, 1992; Day, 1994); • may support single products as individual ventures (Burgelman, 1983a; Day, 1994); • may support all ventures within the organisation (Burgelman, 1983a; Venkataraman et al, 1992; Day, 1994); • may support venture managers in initiating ideas, sanctioning actions, acquiring resources and incorporating venture into the firm through institutional championing (Burgelman, 1983a; Howell and Higgins, 1990; Venkataraman et al, 1992; Day, 1994; Greene et al, 1999); • may champion a venture in accessing the market or developing technology through product championing (Venkataraman et al, 1992; Day, 1994), and; • may operate alone or as part of a team (Mintzberg et al, 1976; Day, 1994)
<i>Intrapreneurs / corporate entrepreneurs / entrepreneurs</i>
<p>An emergent role, tends to be the equivalent of the venture manger, they;</p> <ul style="list-style-type: none"> • act as product champion (Pinchot, 1985; Luschinger and Bagby, 1987); • take on responsibility for venture development (Pinchot, 1985; Luschinger and Bagby, 1987); • champion the venture's legitimacy in the context of the firm and resources (Pinchot, 1985; Morse, 1986); • emphasise the needs of the venture over those of the corporation (Pinchot, 1985), and; • May work underground until the venture is supported (Pinchot, 1985).

Table 4.2 - Roles in the development of ICV's: Key themes

Table 4.2 illustrates that the key activities associated with corporate roles relate to both corporate institutional and venture relationships. In relation to emergent roles, key activities are associated with the development of the venture in the corporate context. Section 4.5 considers how relationships between the individuals engaging in these roles have been conceptualised in relation to CV and the impact of individual behaviour and learning within these relationships.

4.5 Relationships in Corporate Venturing

In the previous section, a range of roles were discussed which individual actors may enact through internal corporate venturing. These roles were shown to span the internal hierarchies of corporate firms or to emerge through the development of internal ventures. Each of these roles was further shown to exist in relation to corporate venturing activities. This section considers the relationships that develop between individuals in the pursuit of corporate venturing practice and in doing so, outlines the alternative forms of relationships that may develop and the impact of these on individuals and practice.

Burgelman (1983b) and Venkataraman et al's (1992) stage-based frameworks of the corporate venturing process illustrate a range of relationships within and outside the organisation that impact upon the development of internal ventures. These relationships are linked directly to different roles within the organisation, from operational/venture managers to top management, and act as a useful starting point to consider what relationships may emerge.

4.5.1 Relationships for venture managers

A key activity in the initiation of a venture project is seen to be venture managers' interactions with external customers (Venkataraman et al, 1992; Dougherty, 1994), as well as internal business managers and technical staff (Burgelman, 1983a). These relationships are suggested to allow the venture manager to understand the technical and market potential of the venture project, while also attempting to secure future support. As a result it appears to be important that the venture manager is embedded into

appropriate social networks (Greene et al, 1999) to support the initiation of the venture as well as to understand venture needs as the market develops (Venkataraman et al, 1992). This relationship with external and internal parties is argued to support the venture managers' efforts as a bottom-up champion in negotiating the venture's development with higher-level internal management, where a venture manager can show greater knowledge of the opportunity than senior managers (Day, 1994). In addition to the potential impact on relationships with the parent organisation, it has been argued that a venture manager may be able to improve the venture's market relevance by communicating directly with customers as the venture develops (Venkataraman et al, 1992). Additionally, Garud, Jain and Kumaraswamy (2002) found that through venturing activity corporate organisations were able to influence the development of technological standards through associated external relationships.

In addition to interactions with external parties, the venture manager may interact with individuals across the parent organisation. Burgelman (1983a) argues that the venture manager will constantly need to work with staff in the venture team. Initially this team is argued to comprise of technicians from the original pre-venture project. As the venture develops, new staff may join the venture as generalists, then be subsequently replaced by specialist staff, to support the venture manager in meeting growing internal organisational expectations (Burgelman, 1983a; Venkataraman et al, 1992). Burgelman (1983a) suggests that problems may develop in relationships with venture team specialists, as a venture manager may focus on project milestones over technical and administrative needs, leading to relationship break-down and potential future problems. Alternatively, Burgelman (1983a) found that the venture team may begin to form its own distinct culture as links between the team become stronger than those with members of the parent organisation.

One of the most important relationships for a venture manager in the wider organisation is seen to be that with the middle management champion as way of securing ongoing support either through a formal (Burgelman, 1983a; Venkataraman et al, 1992) or

informal (Pinchot, 1985) sponsor. A sponsor may be particularly useful in their role as organisational champion (Venkataraman et al, 1992) in seeking the legitimisation of the venture within the parent firm, which involves convincing top management and negotiating organisational politics (Morse, 1986). As a result a good relationship with a sponsor may help overcome the problems which internal politics and the incompatibility of existing organisational rules and systems may cause for venture managers when interacting with internal staff (Venkataraman et al, 1992; Dougherty, 1994). Siegel et al (1988) argue that one of the most significant obstacles in corporate venturing is the incompatibility of corporate and entrepreneurial cultures. It can be difficult for intrapreneurs to find support for their ideas amongst peers and managers in what can be a highly political atmosphere in an established company (Block and MacMillan, 1993; Pinchot and Pelman, 1999). Individuals who do develop ventures may be concerned about the extent to which this activity may be subverted to satisfy corporate objectives (Siegel et al, 1988). It may be that the venture does not receive formal support within the organisation and in this context Venkataraman et al (1992) argue that a venture manager may access under-utilised resources within the firm to develop the venture. Pinchot (1985) and Chesbrough (2000) have suggested that where a venture manager finds that it is impossible to gain support for the development of a venture, they may find it necessary to leave the organisation and to seek support externally for the venture idea, such as from venture capitalists.

Additional insights into the relationships that venture managers may engage in have been approached from the level of the venture as an entity in itself. Sorrentino and Williams (1995) and Thornhill and Amit (2000) have found that the fit of a venture's needs with that of the parent firm's organisational resources may have an impact on the development of the venture. From a resource-based perspective, Greene et al (1999) argued that the nature of relationships between the venture manager and others in the organisation has an impact on the availability of these resources to the venture.

The impact of time on venture relationships

Research that emphasises venture managers' activities suggests that venture relationships are consistent over time. Despite this, Venkataraman et al (1992) have suggested that as it becomes established within the parent firm, the venture may form its own independent culture, suggesting that the focus of venture manager relationships may shift away from one where the operational manager is subservient to senior management needs (Kuratko et al, 2002). In this sense, the nature of relationships between the venture manager and middle/top-level management within the firm may change as the venture develops, with the focus of authority and power altering as the venture develops into a recognisable entity.

Greene et al (1999) argue that the development of internal relationships and overall corporate culture may allow the venture to improve its access to resources, but that internal demands for results may reduce the impact of these relationships. Thornhill and Amit (2000) found that as the venture develops, the need for internal organisational resources may diminish, but internal relationships do not. This would suggest that internal relationships that are developed remain important to the venture's development even once it has successfully integrated into the firm's core activities. This does not, however, suggest that these relationships will be maintained in situations where a venture is sold or spun-out (Venkataraman et al, 1992).

In summary, these perspectives on a venture manager's relationships suggest both that internal and external parties influence their behaviour. In particular, three types of relationships in which the venture manager may engage stand out: those related to the development of the venture's product; those related to the development of the venture as an entity; and, those related to the venture manager's membership of the corporate firm. The changing nature of relationships suggests that as the venture develops, these relationships and the relative importance placed upon them change too. The next section explores the relationships which middle management engage in, and considers how these may impact on others.

4.5.2 Relationships for Middle Management Champions

The previous section identified that one of the key relationships for venture managers is with middle management champions. Venkataraman et al (1992) argue that within corporate organisations different coalitions of power, represented by groups such as product divisions, may prefer to allocate resources based on their own interests and may resist the development of ideas that threaten the relevance of certain knowledge, skills and existing power bases. In this context, middle management champions may attempt to overcome or convert social and political pressures to secure resources for the advantage of the venture. Venkataraman et al (1992) argue that this requires a powerful actor with the necessary connections to be able to carry this out. Greene et al (2002) similarly argue for the importance of social capital as a resource utilised by champions in supporting the development of the venture. Venkataraman et al (1992) also suggest that the champion needs to be able to ensure that the venture is meeting the expectations of the parent firm.

Burgelman (1983a) and Venkataraman (1992) suggest that middle management are most likely to act as champions for ventures because of the strength of their relationships inside the organisation. They are close enough to the operations of the firm to be able to understand market potential, but senior enough to have the relevant authority to direct the venture and social connections to secure support. This is echoed by Day (1994) in her proposal of dual-role champions, who have both market and strategic understanding. Beyond relationships with general staff in the parent organisation and the venture manager, Burgelman (1983a) suggests that the middle manager may need to develop relationships with external small firms, in order to bring in external skills or technologies, as well as work with external firms or investors in order to support any decision to sell or spin-off the venture. Chesbrough (2000) and Hill, Maula, Birkinshaw and Murray (2009) have further suggested that middle managers responsible for ventures may be expected to emulate external venture capitalists in their approach to venture support.

The position and role of the middle manager within the overall organisational context may impact on relationships with venture managers. Miles and Covin (2002) argue that firms may engage in two forms of CV in supporting internal ventures within corporate firms. The first of these, *direct-internal* venturing, is where ventures are supported in an ad hoc fashion within existing product division structure and may be encouraged through specific awards or grants to encourage new innovative approaches to product development (Pinchot, 1985; Kazanjian et al, 2002). An alternative approach is *indirect-internal* support where a New Venture Division (NVD) is developed, led by a specifically appointed middle manager, to encourage particularly innovative new ventures that may not fit with existing products and services (Kazanjian et al, 2002). In this context it is more likely that the middle manager will be responsible for a number of internal ventures. Burgelman (1983a) found that the pressures of developing relationships with top management and meeting process requirements meant that the middle managers in the NVD he studied neglected to work with the numerous venture managers in the division, who felt they needed more personal advice to direct their individual ventures.

A key element of the relationship between middle management and top management is related to the need for formal approval from top management to utilise internal corporate resources and engage in external relationship development to support internal ventures (Burgelman, 1983a; Venkataraman et al, 1992). Siegel et al (1988) argue that the inability to make independent decisions is a key problem for NVD middle managers, though it has been questioned whether middle management autonomy from top management has any impact on venture success (Thornhill and Amit, 2000).

Similar to Burgelman's (1983a) findings Siegel et al (1988) suggest that while NVD manager *pilots* focus on financial results means they may operate more independently in a role similar to that of a venture capitalist (Chesbrough, 2003; Hill et al, 2009), NVD manager *co-pilots* particularly rely on top management permission to invest in ventures, due to their focus on venturing for the purpose of strategic goals. Siegel et al (1988)

argue that the close relationships co-pilots have with top management means that they may suffer from frequent interference and lack of patience from top management. Burgelman (1983a) found that a benefit from close relationships with top management was that the middle manager may be able to request that top management alters corporate strategy to be able to fully support the venture (Burgelman, 1983a). These different forms of relationship may also have an influence on the approach middle managers take to supporting individual ventures and their relationships with venture managers. Different structures for CV within the firm may influence middle managers to either support individual ventures directly or to let them fend for themselves, due to deliberate or accidental intentions.

As with venture manager relationships, most explanations of middle manager relationships suggest that these are consistent over time, regardless of the stage of ventures or corporate strategy. Conversely, Tunstall et al (2009) identify that approaches to venturing may alter due to changing strategic intent within the corporate firm. Campbell et al (2003) have argued that as a result of changing strategies in relation to CV, a key problem for NVD managers is ensuring consistent advice from top management, as corporate organisations involved in venturing often move from one type of venturing to another without knowing what they are trying to achieve.

4.5.3 Relationships for Top Management

Burgelman (1983a) and Venkataraman et al (1992) indicate that top managements' main concern is with the strategic interests of the parent firm and that as a result their relationships revolve around corporate strategy and the negotiation of CV and its impact on the corporate firm. Top management are largely regarded to dominate the internal relationships they engage in, due to their position of power and the expectation that all staff follow corporate values and strategic focus which have been set by top management (Kuratko et al, 2002). Beyond internal relationships, Venkataraman (1992) argues that top management may be involved with external relationships in negotiating changes in corporate strategy to support ventures amongst external stakeholders, such as

shareholders and government agencies, who have influence over the activities of the corporate organisation.

Despite the suggested dominance of top management decision-making, Burgelman (1983a) found that there were occasions when top management were convinced by middle management to alter corporate strategy to allow a venture to be developed, following successful negotiation by middle management. This suggests that while corporate strategy, controlled by top management, remains the primary internal instrument by which activity may be seen as legitimate, top management may be convinced that there are reasons why they should alter it. Day (1994) has indicated that top management may lack technical knowledge, and that as a result may need to depend on venture champions who have the expertise to lead venture development. While Venkataraman et al (1992) do not make specific claims about the knowledge of top management, they do suggest that venture managers may develop technical and market knowledge which is novel to the organisation, resulting in a need to alter corporate strategy which has not previously acknowledged these opportunities.

Venkataraman et al (1992) suggests that two approaches to CV relationships may be taken by top management. The *invisible hand* approach (Kanter, 1988) is similar to that outlined by Burgelman (1983a) and Venkataraman et al (1992) where middle management is given responsibility for assessing market relevance of ventures. Here a new venture division structural approach may be most likely (Kazanjian et al, 2002).

In the alternative *visible hand* approach (Garud and Van de Van, 1992) is most similar to Day's (1994) concept of the *top-down* champion where top management takes a direct role in sponsoring ventures and Miles and Covin's (2002) direct-internal form of CV. In this context, it may be much easier for an internal venture to access resources as the venture benefits from the authority of the top manager (Thornhill and Amit, 2000), though Day (1994) suggests this is most likely to happen where the venture is aligned with the top manager's understanding of the market. Thornhill and Amit (2000) argue

that in this approach, close relationship ties between the venture and corporate senior management are important for success. This particularly relates to the visibility of the venture amongst top management and the level of trust which exists between them, in terms of feeling valued and meeting commitments.

Regardless of the approach taken to managing relationships within the firm, Venkataraman et al (1992) suggest that top managers seek to influence venture development through institutional mechanisms at their disposal. Where middle management is used to managing CV, top management may seek to ensure a venture division meets perceived strategic needs by recruiting an individual who is market-focused, such as an external venture capitalist (Miles and Covin, 2002), or an individual who is conservative. Beyond direct recruitment policies for middle management, Venkataraman et al (1992) argue that financial rewards may be utilised as a mechanism to encourage venture development amongst operational and venture management, along with non-financial rewards such as giving autonomy to make decisions. These methods may be particularly utilised as part of an *invisible hand* approach aiming to create an entrepreneurial environment within the firm (Kuratko et al, 2002)

Birkinshaw (2002) has noted that while providing space and resources within organisations may seem appropriate to develop an entrepreneurial climate, this may have an adverse effect on the organisation if top management loses the ability to keep track of what ventures are being developed. Burgelman (1983a) found that in the organisation he studied top management seemed unsure about the direction they wanted ventures to take, leaving themselves open to influence by middle management. Campbell et al (2002) have further argued that where top management is indecisive about the direction of CV strategy, middle management responsible for ventures will be unable to be effective in their own roles.

In summary, it appears that due to the authority inherent in their position which top management hold over other staff within the firm, they are in a unique position to decide

the direction and approaches which venturing activity may take. This authority may be enacted either through a direct relationship with venture managers, or through influencing the dynamics of venture activity by recruiting certain types of people or providing relevant incentives. Top management's position allows them to decide which ventures may be allowed to be successful and to modify corporate strategy through negotiation with internal and external parties where necessary. Despite this, top management may be influenced by their own perspectives about the market in selecting ventures. Their partial knowledge and the conflicting demands of middle management, venture managers and external stakeholders, may mean that top management's approach to CV strategy may change over time, causing potential problems for CV activity as expectations change over the long-term and venture needs alter as they develop.

4.5.4 Action and authority in corporate venturing relationships

The previous section has outlined the different interests and activities of managers that influence their relationships. A summary of these relationships is provided in Table 4.3:

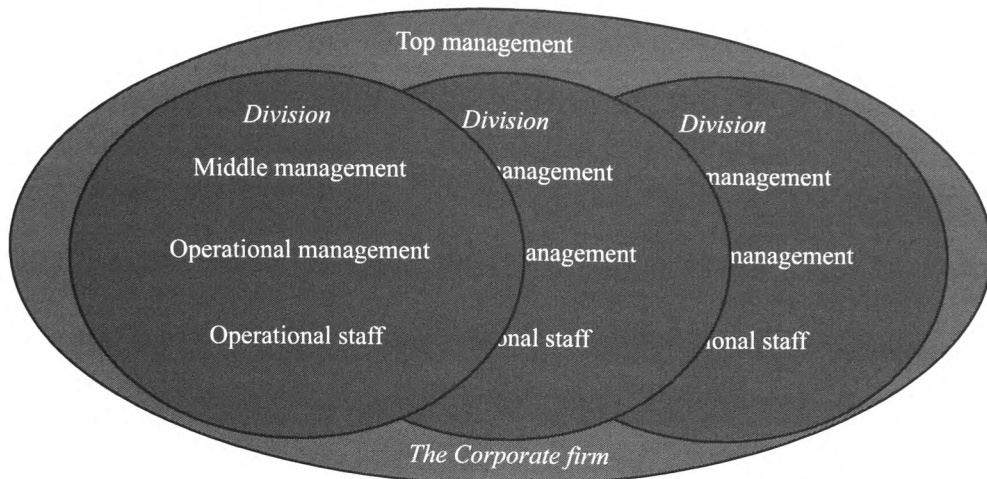
<u>Relationships in Internal Corporate Venturing</u>
<i>Venture Managers</i>
<ul style="list-style-type: none"> • Engage in different internal/external relationships. • Some relationships may change in nature • New relationships may emerge as venture develops
<i>Middle Managers</i>
<ul style="list-style-type: none"> • Engagement depends on type of CV adopted • Work with an internal venture manger, top management • Possess strong general social connections within the corporation • Type of CV adopted by the firm and top manager goals may influence amount of autonomy given • Relationships with internal venture managers may be unique (in Indirect-Internal venturing) or build on existing operational management relationships (in Direct-Internal venturing).
<i>Top Management</i>
<ul style="list-style-type: none"> • External venture capitalists (as potential recruits for venture management, or middle management) • Shareholders • Government agencies • May have a direct relationship with venture manager (in Direct-Internal CV) • May have a direct relationship with middle manager (in Indirect-Internal CV) • Like to have strong internal contacts

Table 4.3 - Relationships in Internal Corporate Venturing: Key themes

These explanations suggest that venture managers are particularly reliant on the sanction of senior-level champions, who in turn are reliant on the decisions of top management. Burgelman (1983b) argues that these form of relationships are part of *induced strategic behaviour* within organisations where strategy is determined at the top of the organisation and is filtered down. Burgelman (1983a) and Venkataraman et al (1992) argue that ICV relationships may also be influenced by *autonomous strategic behaviour* within the organisation, in that they suggest that venture development is initiated and driven by the venture team, headed by an operational manager. In this context the venture manager may need to act as product champion or intrapreneur themselves to force the acceptance of the project as a venture (Burgelman, 1983a; Pinchot, 1985).

Both Burgelman (1983a) and Venkataraman et al (1992) suggest that regardless of the way in which relationships develop, negotiation will take place in relation to the development of internal ventures and how they are supported. This suggests that relationships may change over time as the venture develops and the corporate firm responds to this.

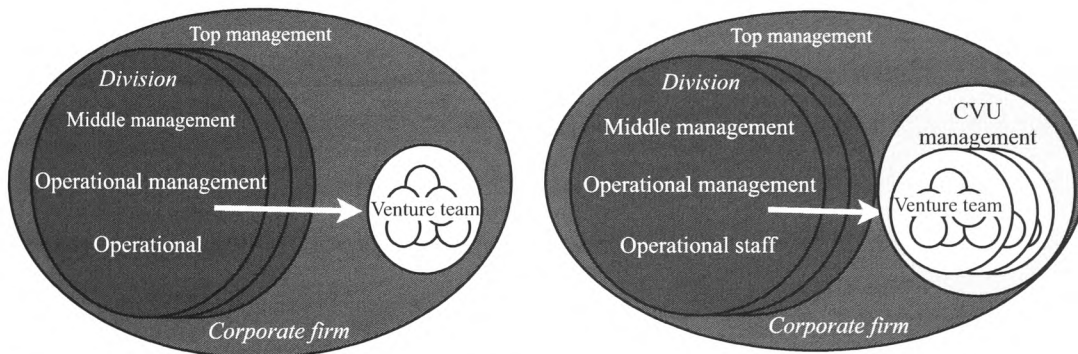
Figures 4.1, 4.2 and 4.3 illustrate the different forms of relationships that may occur as an internal venture develops. Figure 4.1 illustrates a traditional corporate structure where individuals' relationships are shaped by their hierarchical position within the corporate firm, which consists of multiple divisions:



Corporate firm without ICV activity

Figure 4.1 - Traditional Corporate Relationships

Figure 4.2 illustrates early phases of an internal venture’s development. Here an emerging venture team may either be supported directly by top management outside of a corporate division, or be supported within a *corporate venture unit or new venture division*:



Emerging venture with direct top management support

Emerging venture in a corporate venture unit

Figure 4.2 - Early venture development phases

Finally, figure 4.3 illustrates late phases of an internal venture’s development. Here a venture project may be either institutionalised into an existing division as a product team, or may become an entirely new division within the firm. Where a venture is not

institutionalised, but continues to exist, it may either be sold or spun-out of the corporate firm:

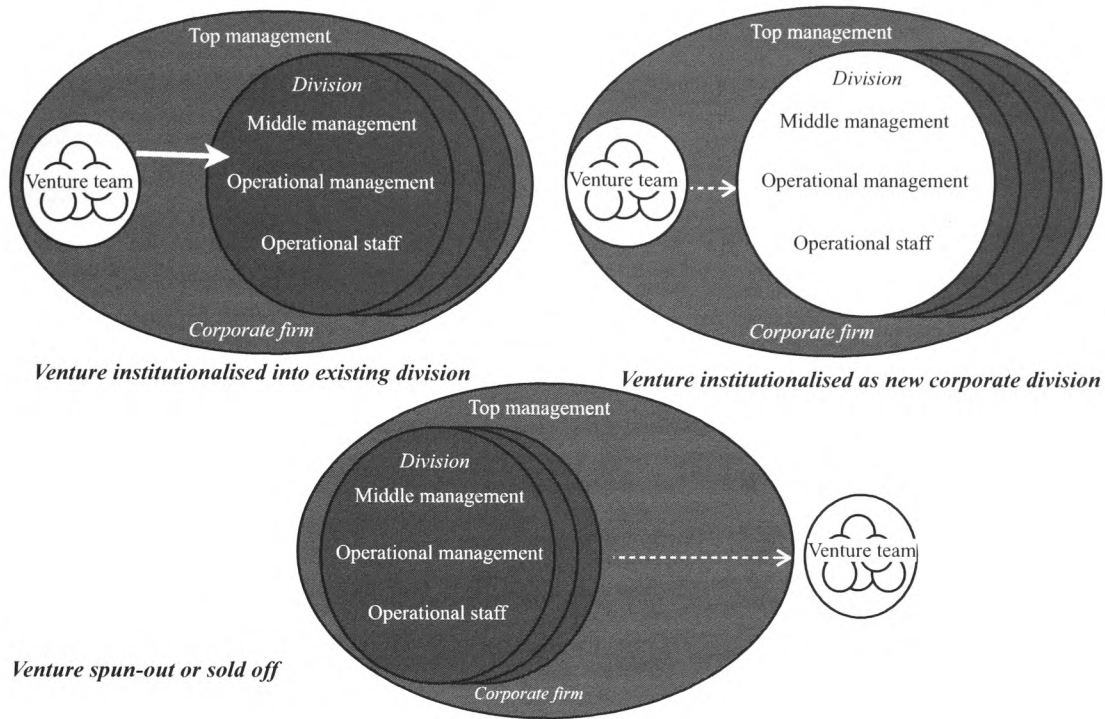


Figure 4.3 - Late venture development phases

Figures 4.1, 4.2 and 4.3 do not presume either autonomous or induced strategic behaviour within the spectrum of CV relationships, but acknowledge that venture relationships and the development of ICVs may be influenced by behaviour and learning. Section 4.6 considers how different roles may affect individuals behaviour and how relationships may affect individual behaviour through learning in the development of internal corporate ventures.

4.5.5 External relationships in internal corporate venturing

Burgelman (1983a) and Venkataraman et al (1992) identified that relationships in CV are largely internal, with external parties limited to the venture's customers, the acquisition of external small firms, recruitment and the parent firm's external stakeholders. Figure

4.2-4.3 illustrates that relationships are dominated by internal needs, particularly related to the individual venture's development and corporate strategy.

Miles and Covin (2002), Campbell et al (2003) and Tunstall et al (2009) identify that other external actors may impact on internal corporate venturing practice. Specifically, while Burgelman (1983a) found that new venture division middle managers were appointed internally, Hill and Birkinshaw (2008) have suggested that corporations may expect new venture divisions to act in a similar way to external venture capitalists. Both internal appointment and the recruitment of external venture capitalists to act as NVD managers have been used to meet this need (Miles and Covin, 2002; Campbell et al, 2003), though Hill and Birkinshaw (2008) have noted that providing similar rewards to external venture capitalists may not be appropriate for internal corporate venturing.

Chesbrough (2003) argued that external individuals may be recruited to directly manage ventures. These external recruits may prefer it if the parent organisation adopts a venture capitalist model in terms of the relationships which are developed with ventures, though this may not align with the parent firm's overall culture and expectations. Chesbrough and Socolof (2000) found that these externally-recruited venture managers may be focused on maximising personal financial returns regardless of the resultant effect on the parent organisation.

Where internal ventures cannot be developed into new products within the corporate firm, it may be considered appropriate for spin-off or licensing where an alternative business model may improve the venture's prospects. Unlike Venkataraman et al's (1992) suggestion that spin-offs are failed corporate projects, Chesbrough (2002) suggests that the spin-off of a venture may be an intended objective for the parent firm and that external relationships, including venture spin-outs and spin-ins may be regarded as highly as internal relationships.

4.5.6 Summary

Overall, a key issue in both internal and external CV relationships appears to be whether these support the venture and corporate strategy. This creates a potential dichotomy where a venture development may appear to be at odds with corporate strategy, making the role of champions vital in negotiating either venture or corporate strategy. It is also relevant to note that within the literature, where corporate strategy or the venture is supported this is always seen to be positive. Where one of these aspects is not supported, it is always considered to be negative. The failure of ventures or corporate strategy could therefore be linked to lack of support, yet Birkinshaw (2003) notes that such support is not always in the best interests of the parent corporation. Section 4.6 explores the different forms of behaviour that can occur through relationships in CV and critically reviews different perspectives on the effect of these behaviours on the corporation and venture development.

4.6 Behaviour and Learning in Corporate Venturing

The preceding sections have considered the range of roles and relationships that individuals may engage in through the pursuit of CV. This section explores how these relationships and roles may inform behaviour. Subsequently the ways in which learning and change may take place through social interaction as part of CV activity is considered and the impact of this on roles and relationships is explored.

The Strategic Behaviour Perspective

Burgelman (1983a) and Venkataraman et al (1992) argue that the development of internal corporate ventures may be influenced by either *autonomous* or *induced* strategic behaviour. Following this strategic behavioural approach, Kuratko, Ireland and Hornsby (2004) provide a model of the corporate entrepreneurship process (Figure 4.4) and argue that even where autonomous strategic behaviour may occur amongst managers, the entrepreneurial process within organisations is induced by top management through their decisions in developing firm strategy and structure. From their perspective, within a firm that has embraced corporate entrepreneurship, all

managers will be imbued with firm values and focused on the strategic goals of the firm, set down by top management of the firm:

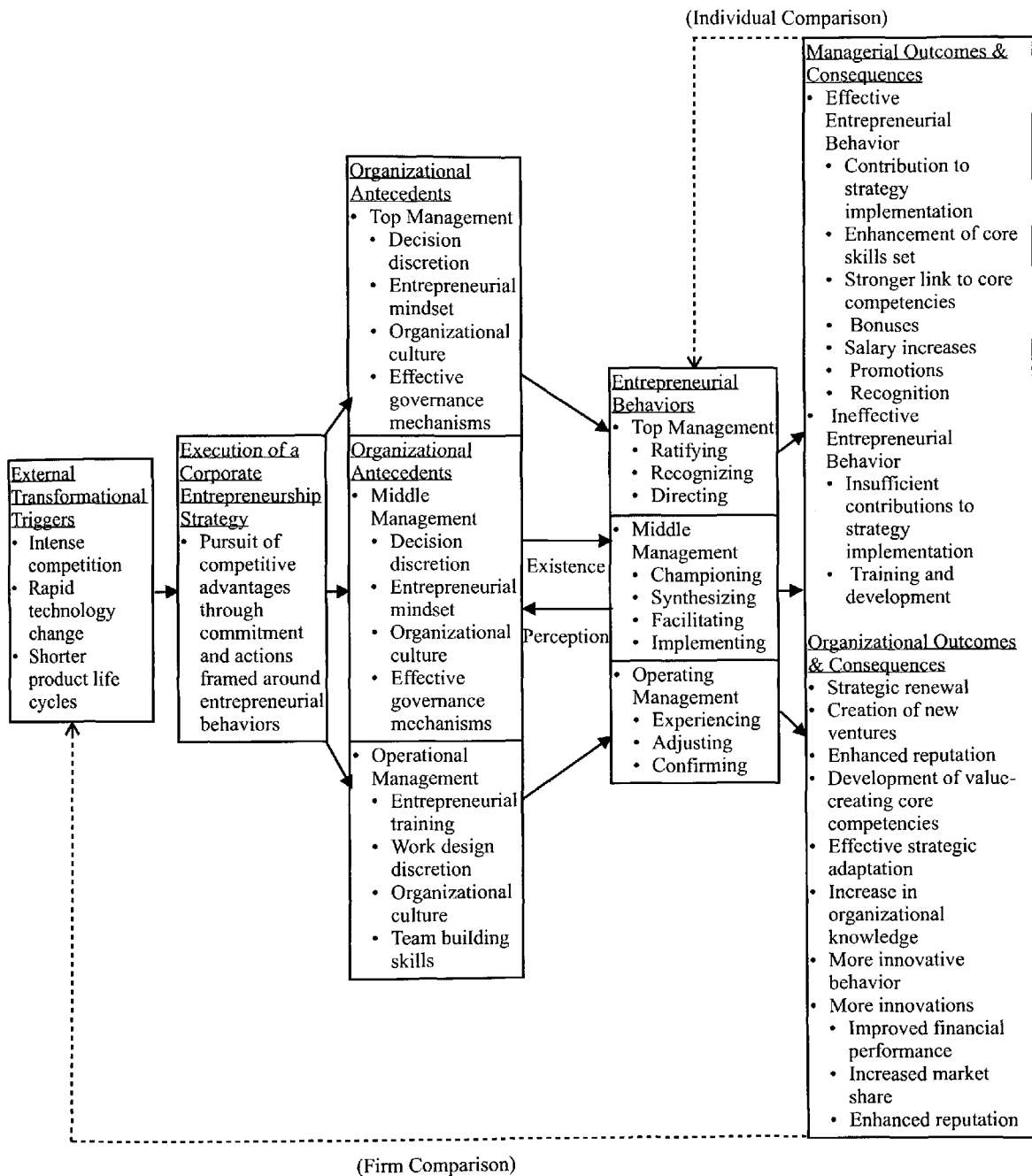


Figure 4.4 - A model of the Corporate Entrepreneurship Process as it relates to Managers
(Taken from Kuratko, Ireland and Hornsby, 2004)

Kuratko et al's (2004) model shares similarities with that of Narayanan et al (2009) in that it highlights the organisational and environmental events which provide an impetus

to the firm's activities, as well as outcomes which may be expected from these activities. These include a range of similar issues such as increasing technology change and demand for new products in the external environment, as well as the impact of corporate strategy, corporate culture and financial rewards internally to the organisation. At the internal level Kuratko et al (2004) argue that internal characteristics are not just a form of impetus to activity, but are themselves a result of a process of entrepreneurial behaviour within the firm. For Kuratko et al (2004), internal organisational antecedents may support the development of certain organisational attributes that impact on individuals. In return, these attributes may eventually be seen as antecedents themselves to the development of organisational characteristics in a relationship of reciprocal causality.

Beyond wider antecedents, organisational attributes and outcomes, Kuratko et al (2004) present the activity of individuals according to their roles as operational, middle or top management in a way which echoes Burgelman (1983) and Venkataraman et al (1992). Rather than explaining the activities of managers, Kuratko et al (2004) illustrate a range of organisational behaviours that managers are argued to exhibit. These behaviours are proposed to be the outcome of particular organisational attributes.

Russell (1999) has similarly considered the impact of organisational attributes and argues that individual behaviour may be impacted by the synergy between organisational culture and structure. From this perspective, structural support through elements such as autonomy, control over resources and open exchange of information may provide an environment for innovation to flourish, but does not necessarily generate this, as individuals could use these opportunities to deliberately restrict innovation (Russell, 1999). Cultural elements, such as entrepreneurial values and belief systems are considered to directly support innovative behaviour and together with structure, which provides opportunity, these are seen to work synergistically to produce innovations. Similar to Kuratko et al's (2004) argument, Russell (1999) suggests that entrepreneurial culture provides the perception that innovation is expected and creates organisational

norms that lead to more attempts to develop innovative projects. The existence of these projects is argued to validate cultural beliefs and norms.

Russell (1999) further argues that where innovative activities are seen to lead to organisational success, they will be supported and developed further, whereas in the case of perceived failure, structural support and the encouragement of entrepreneurial cultures may be reduced. For Kuratko et al (2004) these forms of organisational sanction are represented by the firm's corporate strategy, which, similar to Russell (1999) is developed by both the outcomes of entrepreneurial behaviour and innovative activities. Kuratko et al (2004) argue that these outcomes only lead to entrepreneurial corporate strategy where they are seen to be relevant in comparison with the external environment.

Russell (1999) has argued that where organisations exist in dynamic information-rich environments, opportunities for innovation are widespread and it is easier to develop innovative activities, increasing the chances of an entrepreneurial culture and structure being developed. Meanwhile in hostile or static environments developing innovative projects may be more difficult, encouraging conservative approaches with reduced efforts to act innovatively. Tunstall et al (2009) observed that firms that engage in corporate venturing approached this differently depending on their perception of firm position in relation to the external environment, leading to either a defensive, conservative posture or an aggressive, entrepreneurial posture.

Kuratko et al (2004) suggest that beyond changes in organisational attributes and strategy, the impact of these processes is to create change in individual behaviour. Just as individuals are encouraged to behave entrepreneurially through organisational strategy and attributes, their behaviour creates individual consequences. These consequences include the organisational outcomes of innovative projects and strategic development, and the personal impact of benefits that the organisation provides to individuals as reward for their efforts. Thornberry (2003) has similarly argued for the importance of rewards and support in encouraging internal venture managers, while Monsen et al

(2010) found that the opportunity for profit-sharing as a result of participation in new ventures is affected by organisational and individual attributes. In particular they found that willingness to participate in new ventures was positively affected by expected success in terms of individuals' expectations and negatively affected where organisations introduce pay risk and job risk, regardless of the perceived personal effort required.

In summary, Kuratko et al's (2004) strategic behavioural framework illustrates a recursive cycle of mutually constitutive individual and organisational behaviour through learning which arises both from internal activities and external change. In this sense, this framework is useful in beginning to develop an understanding of behaviour as it relates to entrepreneurial projects within organisations. It should be noted however that Kuratko et al (2004) are dealing with the broader issue of behaviour in the context of overall corporate entrepreneurship within the firm and that while this perspective may include CV as an aspect of CE activity, this only relates to firms who are developing an entrepreneurial strategy at an overall organisational level. As a result Kuratko et al's (2004) framework is limited to providing a perspective on firms adopting one type of strategy, whereas Covin and Miles (2007) and Tunstall et al (2009) have identified that CV may take place in alternative strategic orientations. In addition, Kuratko et al's (2004) interest in individual roles concentrates on the development of entrepreneurial behaviour amongst individuals, while Russell (1999) has suggested that individuals' responses may be to deliberately act in ways which prevent innovations developing, to serve their own personal agendas.

Finally, while Kuratko et al's (2004) model allows us to see how organisational activities may inform individual behaviour, it is more limited in explaining the impact of the interaction between individuals at different organisational levels proposed by Burgelman (1983) and Venkataraman et al (1992). Kuratko et al (2004) explain that their perspective on the interaction between management levels assumes that relationships are determined by induced top-down strategic behaviour. In this sense, top management, in response to their responsibilities and individual entrepreneurial mindset, set corporate strategy and

create sanctions. These activities are seen to directly influence the organisational environment, in response to which all managers act in striving to achieve corporate goals. From this perspective, the ability to act entrepreneurially is determined by proximity to top management (Hornsby et al, 2009)

While these suggestions echo Venkataraman et al's (1992) discussion of the influence of top management on venture development, the implication is that lower level managers' behaviour is responsive purely to internal influences driven by top management. This is at odds with Burgelman's (1983) suggestion that operational managers may drive organisational change in reaction to stimulus from the external and internal environment. The remainder of this section looks at alternative perspectives on behaviour and learning as this relates to the development of internal corporate ventures.

4.6.1 The sources and impact of learning on behaviour in Corporate Venturing

While strategic behaviour perspectives on CE and CV are useful as a starting point, they appear to be unable to explain the complexity of changing roles and relationships within CV practice. Kuratko et al's (2004) model is useful in illustrating that individual behaviour may be informed by learning through experience. In order to investigate this in more detail, it is necessary to explore the different perspectives that have been employed to understand how behaviour may be informed by learning in relation to CV activity within organisations.

Kuratko et al (2004) argue that individual behaviour is reinforced by the perception of positive outcomes. In considering the behaviour of venture managers in the context of CV, Garud and Van de Van (1992) refer to this type of activity as *trial-and-error learning* where the experience of positive outcomes encourage individuals to continue with a course of action, while negative outcomes encourage them to change direction. Similarly, Venkataraman et al (1992) refer to trial-and-error learning as a *learning-by-doing* approach in which individuals reflect on previous experiences. From this perspective, individuals' actions are informed through *conceptualisation* such as

listening to market needs, and *implementation* by experimenting with solutions to needs.

Venkataraman et al (1992) argue that opportunities for learning can be hindered as venture managers are surrounded by information noise caused by external environmental change, market information and internal political issues, creating ambiguities. Garud and Van de Van (1992) found that in ambiguous situations it is unclear whether actions will lead to negative or positive outcomes. In this situation, they argue that venture managers, as entrepreneurs, are likely to prefer continuing to act in the way that they see as most appropriate, rather than deliberating. This ability to act is made possible by accessible resources and low sponsor/mentor involvement, and is driven by individual venture managers' entrepreneurial risk-taking tendencies (Garud and Van de Van, 1992).

Garud and Van de Van (1992) suggest that as a result of the risk-taking propensity of venture managers working in ambiguous situations, corporate sponsors need to act as critics during environmentally ambiguous times and consider *hedging* with alternative solutions, although Azulay et al (2002) suggest instead that trial-and-error behaviour and tolerating mistakes be encouraged as simply part of venturing. Greene et al (1999) have argued that the experience of developing the venture team may improve the capabilities of staff in the form of human capital, while Burgelman (1983a) suggested that learning from the development of ventures may lead to organisational knowledge which New Venture Division managers could use to align the venture with corporate strategy, as part of attempts to institutionalise the venture within the firm.

These views of experiential learning amongst venture managers suggest that the activity of leading a venture project has a direct impact on venture manager behaviour and the development of organisational knowledge. In this context, learning itself is contingent on external and internal information, the support of middle managers and the entrepreneurial personality of the venture manager themselves. Venkataraman et al (1992) argue that overall a combination of political, cognitive and emotional processes are required to underpin individual learning. The next section considers perspectives on

how knowledge is developed overall within organisations through CV, as well as considering the different phenomena that inform behaviour in the development of internal corporate ventures.

4.6.2 Organisational Learning

Burgelman (1983) points out that as part of the ICV development process, the successes of the venture manager in learning-by-doing supports the middle manager in learning how the venture has been successful, a process which Venkataraman et al (1992) call *sensemaking*. McGrath (1995) argues that creating opportunities to learn from ventures as they develop is important in ensuring that ventures are managed in the appropriate way. McGrath (1995) argues that knowledge about the prospects of individual ventures is limited at the outset and that ventures must be monitored for signals of problems related to market acceptance, internal organisational acceptance and the competitive environment. The success of the venture initiation process is argued to depend on the ability of the venture manager to accept that in uncertain situations they are not necessarily always right (McGrath, 1995). Through the success of the subsequent learning-by-doing approach of the venture manager, their superior manager is able to understand why the venture has worked despite uncertainty and can feed this into organisational strategy (Burgelman, 1983a). As a result McGrath (1995) argues that the success of the venture manager's own learning process feeds into that of others, resulting in the development of overall *organisational learning*.

Honig (2001) argues that organisational learning comprises the total knowledge resident within the organisation and the capacity for change, which individuals within the firm draw on as a resource for their own activities, with positive or negative outcomes. From Honig's (2001) perspective, intrapreneurs draw on existing internal corporate structured approaches in learning processes when developing internal ventures. Keil (2004) similarly found that in his case study research organisational learning developed in one venture through learning-by-doing amongst the venture team both through formal and informal internal networks within the overall organisation. In addition external networks

with investee firms supported the venture team's learning as well as the recruitment of an external individual from the venture capital industry who brought their proprietary knowledge to the venture team. In contrast, Keil (2004) found that in the other case he studied, the isolation of the venture group from the rest of the organisation restricted opportunities for learning.

Taken together, these perspectives of organisational learning in the context of CV are useful in illustrating how individual learning both informs and is informed by learning across the organisation, as well as the impact of external networks. This perspective is similar to the process-view where venture and firm strategy were seen to be involved in reciprocal development. The organisational learning perspective adds to this argument by illustrating how the behaviour of individuals in different roles in the organisation informs others' learning through relationships. A weakness in the organisational learning approach is that similar to Kuratko et al's (2004) model, these perspectives tend to privilege the venture and the overall organisation over individual roles. Sambrook and Roberts (2005) argue that perspectives on organisational learning related to both corporate entrepreneurship and corporate venturing, tend to overlook the contribution of inter-related individual and group learning. In order to attempt to understand these issues, the next section considers perspectives on how social interaction affects individual learning. This leads to a discussion of the importance of social learning in understanding roles and relationships in the development of internal corporate ventures.

4.6.3 Individual Cognition and Learning

A number of attempts have been made to understand the behaviour of individuals involved in the development of new internal corporate ventures. Pinchot (1985) and Luschinger and Bagby (1987) attempted to explain these internal venture manager's behaviour by comparing their role to that of internal employee and external independent entrepreneurship roles, leading to the development of the concept of the intra-corporate entrepreneur, or *intrapreneur* (Pinchot, 1985). Building on this perspective, early work attempted to explain the behaviour by applying personality trait theories from studies

into independent entrepreneurs. Ross and Unwalla (1986) suggested that intrapreneurs shared traits with entrepreneurs including being results-orientated, ambitious, challenged by innovation, rational, competitive and questioning. Unique traits were suggested to include a dislike of bureaucracy, an understanding of organisations, belief in colleagues, political adeptness and the ability to resolve conflicts. Lessem (1987) suggested that intrapreneurship was a type of organisational behaviour found across the organisation in different types of intrapreneurs who may be involved at different product and strategic levels. Despite these early attempts to explain individual behaviour, little attempt has been made to consider the impact of social interaction on individual behaviour in the development of internal ventures.

The cognitive perspective

Corbett and Hmieleski (2007) as an exception, have approached this issue by arguing that corporate entrepreneurs develop different *cognitions* (mental processes) to entrepreneurs developing independent ventures, due to the specific event *schema* (mental structures formed to deal with organising knowledge and processing new information) that they develop. For intrapreneurs, their usual role working within a corporate context is argued to have an impact on their approach to learning (Honig, 2001), particularly in relation to their view of strategy, the use of specialised professional relationships over diverse networks and the need to protect intellectual property (Corbett and Hmieleski, 2007). These approaches are argued to normally occur as part of intrapreneurs' role schema within a corporate setting and as a result have a direct impact on the way in which intrapreneurs approach new venture development.

Corbett and Hmieleski (2007) argue that the mental schema intrapreneurs develop through their traditional roles as corporate employees creates a conflict when these individuals encounter new events through venturing activities, which takes time to resolve through changes in mental schema. Shepherd, Covin and Kuratko (2009) draw on the work of Bandura (1997) and social cognitive theory to argue that the ability for individuals to cope with a venture event, such as project failure, is related to their

personal sense of ability, or *self-efficacy*, itself generated through personal experiences of achievement in the past.

These arguments suggest that individuals engaged in the development of new ventures within corporations learn from past experiences of working within the firm and that the active experience of developing a venture leads to ambiguity caused not just by the situations encountered, but by the inexperience of managers in coping with these events. In this sense, the activity of developing internal ventures can be seen as an active learning experience for venture managers which has a direct impact on individuals' behaviour in different situations. While these learning processes are considered to be going on within the mind of the individual, Shepherd et al (2009) suggest that individual self-efficacy can be developed through social networks. In particular they suggest that New Venture Divisions, in which internal ventures may be developed, provide an opportunity to develop a sub-culture within the firm that may act as a social network to support the development of appropriate approaches to learning. They further note that where an individual already has high self-efficacy, they may be resistant to social support, thus reducing their opportunities for learning.

Taken together, these cognitive approaches build on organisational learning perspectives in explaining the impact of the experience of working within an organisation on individual behaviour. In addition, these arguments highlight how an individual's previous experience may impact on their approach to venture development as these roles change. These changes and interactions are suggested to be related to the social contexts in which individuals operate, but provide limited explanations for how relationships inform individual learning through social interactions. Both Corbett and Hmieleski (2007) and Shepherd et al (2009) suggest that up until the launch of an internal venture, the individual's experience and interactions are limited to the internal corporate environment. There is little consideration of the external relationships individual may engage in or the potential for experience in other industries, such as Keil's (2004) identification of recruitment into corporate venture teams of individuals from the venture

capital industry. In order to understand how changing roles and relationships shape the development of internal corporate ventures it is important to consider how social interactions with others, in combination with prior experience, support and develop roles and relationships. The next section explores these social interactions in more detail.

4.6.4 Social interaction and learning in Corporate Venturing

Similar to the organisational learning approach, Burgelman (1988) suggests that learning emerges from action in individual ventures that ultimately informs strategy at a corporate level. A point of divergence emerges in that Burgelman (1988) suggests that this occurs through a specific process of development involving a series of discrete learning events driven by the social interaction of individuals at different levels within the organisation.

Building on his concept of CV as an autonomous bottom-up form of strategy development (Burgelman, 1983a), Burgelman (1988) argues that venturing activity develops firm strategy through a social learning process (Figure 4.5). In this model, Burgelman (1988) suggests that the action of individuals, in learning-by-doing, informs the basis upon which middle managers make strategic decisions. These decisions in turn cognitively inform the learning-by-doing approach of middle management in leading the New Venture Division, in turn informing the decisions made by top management in deciding the overall corporate strategy of the firm. From this perspective, managers' decisions are informed both by the institutional strategy of the firm and the actions of individuals, in a recursive cycle at each level of the organisation:

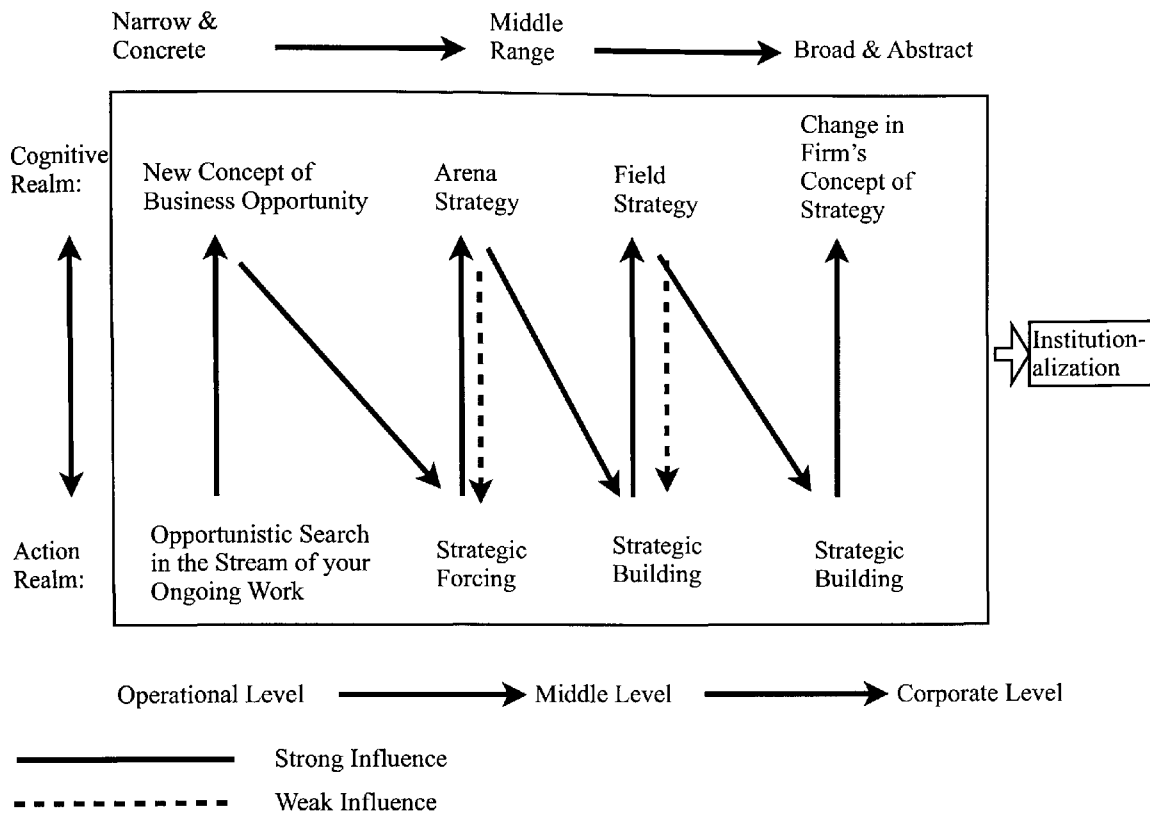


Figure 4.5 - The interplay of action and cognition in strategy-making of internal ventures (Based on Burgelman, 1988)

Venkataraman et al (1992) argue in relation to CV that individual learning is influenced by cognitive, political and emotional influences, including social networks, suggesting that the process is dynamic and complex. Burgelman's (1988) model is useful in understanding some of this complexity by highlighting the learning processes that take place at multiple levels and the connections between them through social interaction. While this is useful in outlining the connection between individual action and the institutional strategies that inform action, the model generalises individuals according to their roles. While Burgelman (1983) identified in his earlier case research model of CV activity that some ventures were unsuccessful in influencing strategy, Burgelman's (1988) later model only includes successful institutionalisation activities. Finally, Burgelman's (1988) model refers specifically to CV activities, and does not include

wider impacts on the firm, such as non-venturing related internal relationships or external events.

Social interaction, roles and learning

Dougherty (1992) has argued that for individuals engaged in developing internal ventures, it is difficult to determine who potential customers are and what their needs may be. In order to make sense of this ambiguity, individuals draw on their *interpretive schemes* (frames of reference). As individuals working within a corporate organisation, each person is a member of a corporate department. Staff within each department share similar activities and as a result develop a shared understanding of these activities, or *departmental thought-worlds* (Dougherty, 1992). Each department therefore has a shared understanding of their activities in relation to the product development process, but conceptualise this in a different way from other departments. Dougherty (1992) notes that the concept of thought-worlds is similar to that of organisational culture, but at a departmental level.

In her later work, Dougherty (1995) suggests that thought-worlds are effectively institutionalised practices, formed by implicit rules and expected ways of behaving. Prasad (1993) suggests that within organisations there is a tendency for powerful social networks to develop based around managerial level and organisational structure, such as departments. From this perspective, there is a strong impetus within organisations to conform to the expectations of certain social groups, such as by being seen as a team-player (Prasad, 1993). Dougherty (1992) found that in her case study research, when a small firm was acquired to support CV activities of a corporation, these external recruits appeared to lose their effectiveness once they were inducted into technical departments within the larger firm.

Dougherty (1995) suggests the departmentalisation of individuals encourages ways of behaving which may be inappropriate for the situation or that through the enforcement of departmental rules and interests, those involved in venture development may be

prevented from engaging in certain activities. Prasad (1993) argues that organisational structures support the position power of individuals and that venturing activity may be seen to threaten certain interests, forcing individuals who wish to develop ventures to conform or build coalitions of support.

Dougherty (1992) argues that the dominance of departmental thought-worlds can be overcome through organisational routines, which create opportunities to challenge perceived wisdom through the action of individuals. Dougherty (1992) found that cross-departmental product teams, including an internal venture, created an opportunity to develop new interpretive schemes, through interaction with individuals who utilise other institutionalised practices within the corporate firm. From an external perspective, Dougherty (1995) argues that interaction with customers provides insights which may challenge the very premises upon which departmentalised views have been formed, and that venture teams provide an opportunity to feed this back into the organisation. Venkataraman et al (1992) have similarly suggested that venture managers may interpret technological solutions through identifying market needs as a *sensemaking* process (Weick, 1975) whereby new options are developed rather than deferring to pre-determined solutions. Communication between venture managers of these solutions to middle managers leads to further sensemaking, through which informal social contracts are developed with internal managers and external customers, supported by the venture's legitimacy through the reputation of the parent firm.

Dougherty (1995) notes that while organisational routines have the capacity to enable change in organisations, they may also be used to maintain existing ways of behaving and constrain opportunities for change. Expected relationships between ventures and a department may have been constructed to suit the purposes of existing groups within the organisation (Prasad, 1993). Dougherty (1992) found that in one case study a manager decided it was necessary to relocate the venture to another building to create physical and communication distance from one department in order to achieve the venture's goals. These new routines may not have a lasting effect on individuals though, as

Dougherty (1992) notes that at the end of a venture project, individuals found that once they returned to their department they tended to return to institutionalised practices and ways of behaving.

These arguments and findings suggest that a solution may be to create organisational routines that embrace innovation and collaborative learning. Dougherty and Heller (1994) argue, however, that even when the intentions of senior management may be to support it, product innovation is always institutionally illegitimate, as it does not relate to existing institutionalised organisational routines. Dougherty and Heller (1994) argue that institutions within organisations are persistent and innovations are illegitimate in this context. From a CV perspective, Dougherty and Heller (1994) found that for some of the projects they studied, the development of internal ventures was a way to break away from existing routines and to reframe working roles and relationships into a new pattern that allowed individuals to re-conceptualise their day-to-day practices. In this context, Dougherty and Heller (1994) argue that roles and relationships were reconceived through utilising the concept of the venture as a metaphor to support new ways of thinking and enable change, effectively re-framing their way of thinking, or interpretive schemes. This is similar to Burgelman's (1983a) suggestion that ventures may eventually develop their own independent cultures as individuals within the venture team learn new perspectives.

While these arguments suggest that ventures are an effective tool for individuals to develop new ways of thinking, Dougherty and Heller (1994) found that some ventures did not appear to develop in similar ways. Some of the ventures they observed appeared to maintain existing relationships and solutions, while others only termed themselves ventures when their existing product development activity did not meet the expectations of existing organisational processes. Dougherty and Heller (1994) argue that in this sense, the term *venture* was used ceremonially in order to be seen as legitimate, without being forced to change practices.

From this perspective, Dougherty and Heller (1994) question whether sponsors, champions and ventures are actually important for innovation within organisations, or are simply terms used to legitimise illegitimate activities. This is similar to Whittle and Mueller's (2008) findings where the term *intrapreneur* was used as a discursive device by individuals to legitimise their activities. Dougherty and Heller (1994) argue that these terms may assist individuals in carrying out their intentions, but also mean that innovative activities remain illegitimate within the parent firm, as these terms emphasise activities as peripheral rather than creating new integrated ways of working within the firm.

These arguments allow for the recognition that different perspectives and expectations may exist in departments as well as at managerial levels. Dougherty (1992, 1995) and Prasad's (1993) perspectives of institutional ways of behaving and power centres within departments and other groups within organisations clarifies some of the influences on the formation and conduct of roles and relationships in CV. Dougherty's (1992) perspective also suggests that there need not necessarily be a dominant view, such as the expectations of top management (Kuratko et al, 2002). It may be relevant to see all perspectives within organisations as potentially useful, rather than suggesting that the view of one group should be valued over the other.

Dougherty (1992, 1995), Prasad (1993) and Dougherty and Heller (1994), suggest that innovation is a positive activity that should be promoted, but is purposefully prevented by factions within organisations. This presumes that the intentions of venture managers are to achieve what they perceive to be the unmet needs of the parent firm, similar to Burgelman's (1988) model of a recursive cycle between management-sanctioned strategy and individual venturing activity. Whittle and Mueller (2008) have, however, noted that individuals may attempt to be seen as innovative (as intrapreneurs) to justify their positions within the firm, rather than for any altruistic purposes, while Dougherty and Heller (1994) have noted that the concept of an internal venture may be utilised as a way of justifying decisions. As a result, a venture manager's perspective of what is

innovative need not necessarily be the same as others' perspectives.

These arguments are useful in understanding how roles and relationships may interact in the development of internal corporate ventures. While Burgelman's (1988) framework of social learning processes in ICV (Figure 4.5) is useful as a summative model of these interactions at different hierarchical levels of the organisation, it does not include detail on the impact of organisational structure and departmentalisation on these relationships. Furthermore, beyond interaction with customers there is little consideration of the impact of external phenomena on CV roles and relationships and the impact these relationships may have on individuals' interpretation of their roles.

Table 4.4 summarises the three key themes that emerge from this review in relation to behaviour and learning. These *social processes* include the influence of different *experiences* on individuals, including corporate and venture development relationships. From this, the different *perceptions* of individuals, according to their roles and prior experience are of importance. These perceptions may inform *championing* activities as individuals support venture development in the context of both external relationships (such as customers) and corporate relationships (such as venture, middle and top managers).

Behaviour and Learning Themes - Social Processes
Experiences - of venturing, corporation and external relationships
Perceptions according to roles - of support, rewards and relationships
Championing activities - of ventures to the market and ventures to the corporation

Table 4.4 - Thematic template of social processes in CV activity

4.7 Summary

In exploring roles and relationships in the development of internal corporate ventures, this review has drawn on a range of literature in order to illustrate the activities and behaviour of individuals according to their roles and relationships within the ICV development process. As a result three thematic templates have been developed that summarise:

- A) The corporate institutional and emergent venture roles that relate to ICV activity;
- B) The dynamics of relationships that individuals may engage in as part of ICV activity;
- C) The social processes which individuals are presumed to engage in pursuing roles and relationships in the development of internal corporate ventures.

By drawing on existing literature to develop thematic templates, it has been possible to summarise the findings and concepts that have been developed by other researchers and scholars in the field of corporate venturing. During this discussion, it has been noted that some of the ideas proposed in earlier work have been developed conceptually but are untested. Furthermore, where empirical work has been conducted, researchers have drawn on different sources of data and theoretical positions that may not necessarily be directly comparable. While I have sought to provide a comprehensive review and accurate summary in the thematic templates, this is predicated on my own theoretical stance and the history of my engagement with the subject. Few authors have directly considered roles and relationships as part of the social processes that inform the development of corporate venturing and this selection of material may be different from that which others may select. Blumer (1969) and Denzin (1989, 2001) argue that concepts regarding the nature of the social world are only useful in their ability to faithfully represent consistent aspects of it. From this perspective, concepts are only useful if they are constructed "*in the light of the nature of the empirical world under study*" (Blumer, 1969: p.27).

The literature that informs the three thematic templates is focused on the phenomena of

corporate venturing. However this work was largely published between the mid 1980s and early 2000s. I have aimed to illustrate how changes have been observed in the practice of corporate venturing over this period, but much conceptual work has built on early studies, tacitly accepting that empirical observations at that time remain relevant at later dates. Furthermore, the majority of research into corporate venturing has been conducted in the context of firms in the USA, with a lesser consideration of the contexts of other regions such as Canada and Europe.

To advance the thematic template developed from the literature, and following the approach of Blumer (1969) and Denzin (1989, 2001), it is relevant to consider the relevance of my theoretical template to the lived experience of practitioners in internal corporate venturing. By subjecting this to comparison with the experiences of practitioners, a conceptualisation of the practice of corporate venturing is developed. In particular, at this stage of the research, the thematic template of roles, relationships and associated social processes in the development of internal corporate ventures are critiqued. This will support the consideration of the relevance of these overall themes and the literature that informs them. This will underpin the development of a conceptual framework of the social processes through which internal corporate ventures are developed.

CHAPTER 5 RESEARCH PHILOSOPHY AND CONCEPTUAL FRAMEWORK

This chapter explains the ontological and epistemological stance adopted in conducting the research. This is followed by an exploration of explanations of social processes leading to the development of a strong social constructionist perspective which acknowledges that social construction takes place as an element of wider structuration processes. Finally, the section presents a conceptual analytical framework of social processes through the integration of Stones' (2005) quadripartite framework of structuration and Weick's (1995) sensemaking framework.

5.1 Interpretivism

This thesis focuses on the social processes that inform the potential development of new business entities within multinational firms, through a phenomenon known as corporate venturing. In approaching this study I adopt an interpretivist stance which draws on the work of Goffman (1959), Berger and Luckmann (1967), Blumer (1969) and Giddens (1984) in conceptualising social reality as socially constructed through the ongoing interaction of individuals, as part of a subjectivist ontology of the social world. Blumer's (1969) conception of symbolic interactionism and his suggestions for the conduct of social research act as an initial basis for the approach adopted in this study.

Blumer (1969) argues that individuals act towards objects, people and concepts on the basis of the meaning that these phenomena have for them. These meanings are held to emerge from social interactions with other individuals and are either sustained or modified through the *interpretive* processes used by the individual in dealing with these phenomena, similar to Weber's concept of *verstehen* (understanding). Blumer (1969) additionally contends that the interpretive process, through which existing and new meanings are selected, takes place through self-interaction. This self-interaction is not a discrete cognitive process, but instead is an overt discussion with oneself or a *reflective* process.

These discrete concepts are not without limitations of their own which will be discussed later in this work, where I will set out their relevance to social processes as they have been conceived from a subjectivist perspective in entrepreneurship and organisational studies. At this stage I simply aim to illustrate that these form the basis of my view of the interpretivist position; that meaning for individuals is sustained or transformed through social interaction and self-reflection, each of which is unique to the individual though experience (Denzin, 2001). This perspective forms the basis for my engagement with this research project. As a result my presumption is that individuals engaged in the practice of corporate venturing have unique personal experiences that inform their interpretation of their social world and their capacity to create change. Importantly, as a researcher, these principles also apply to me as a participant in the research project. My work has arisen from a range of social interactions and personal reflections that have informed the frames of reference used when approaching this research project. As a result my interpretations of others' work, my engagement with research participants and the concepts I derive from this are subjective and unique. It may be that others following the same line of enquiry may draw different conclusions than those which I propose, but through the presentation of my reading, experiences, analysis and conceptualisations I will outline the processes which have led me to draw the conclusions I have reached.

Beyond his statement of the tenets of the symbolic interactionist approach to the interpretivist turn, Blumer (1969) outlines a proposal for authentic research into social processes, which emphasises an empiricist epistemology. His argument is that functionalist approaches to explaining the social world emphasise methodological processes above the actual lived experience of individuals in the societies they wish to explain. In their critique of entrepreneurship research, Jones and Spicer (2009) similarly lament that functionalist approaches have become '*...a mundane game of collecting statistics and operationalising every variable that might in any way be related to entrepreneurship*' (p.2). Blumer (1969) argues that the main elements of scientific research methodology: devising research questions; determining research instruments;

gathering data; analysing data and developing concepts, are vital in the pursuit of scientific investigations into the social world. However he suggests that functionalists promote this process over the social phenomena they hope to explain. Instead Blumer (1969) argues that each element of the research project needs to be related to the social world that it intends to investigate, in an *iterative* process of *exploration* of the social world through experiencing the actual phenomena in question and *inspection* of concepts derived from this through rigorous scientific analysis. Similarly Denzin (1989) has built on this approach to argue that '*theory and methods must go hand in hand*' (P. 2) through attention to the use of multiple methods which are better able to deepen interpretation of social phenomena. Blumer (1969) argues that it is only through this process of going to the social world, or *empirical reality*, appraising concepts derived from this experience and then returning to the social world to explore whether these concepts stand up empirically, that a social researcher can confidently develop concepts which are true to the social world they intend to depict. In this sense, while acknowledging the interpretive capacity of research subjects and their interactions, as a researcher of the social world one must interact with these subjects in order to support the research project through an iterative, interpretive process. This may allow one to engage in understanding the *lived experience* of those engaged in the development of new ventures (Rae, 2004; Fletcher and Watson, 2007) following an interpretivist approach to management and entrepreneurship studies, which focuses on day-to-day activities (Jones and Spicer, 2009) as well as opportunities to understand personal epiphany; '*...those life experiences that radically alter and shape the meanings people give to themselves and their life projects*' (Denzin, 2001, p.34).

5.1.1 Interpretivist explanations of social processes

Blumer (1969) defined the interpretivist process as one of *symbolic interactionism* based upon the work of George Herbert Mead. As an interpretivist position, the three tenets of symbolic interactionism are that:

'...human beings act towards things [physical objects, people and institutions] on the basis of the meanings that the things have for them...the meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows...' and 'these meanings are handled in, and modified through, an interpretive process used by the person dealing with the things he encounters.' (Blumer, 1969, p.2)

In summary, from a symbolic interactionist perspective, the social world is argued to be experienced by individuals through their exposure to symbols, such as words and gestures, and their interpretation of these symbols, as part of social interaction with others. This approach is similar to the interpretivist position of Dougherty and Heller (1994) and Whittle and Mueller (2008) in suggesting that the roles which individuals assume, as well as the concept of innovation and ventures themselves are open to interpretation by different individuals engaged in corporate venturing activities, based upon their particular interests and perceptions of their practice. Denzin (2001) has developed this approach through the concept of *interpretive interactionism* by emphasising that individual's interpretations are influenced further by the social context within which social interaction takes place.

Heracleous (2006) argues that symbolic interactionism has acted as one of the founding tenets upon which an interpretivist position may be based. Lindgren and Packendorff (2009) note that approaches within interpretivist stances may include *ethnomethodology*, *poststructuralism*, and *symbolic interactionism* but that together these may be unified under the umbrella of a *social construction* stance, which Fletcher (2006) and Jones and Spicer (2009) note has become a unifying term for those engaging in qualitative research from a subjectivist stance in entrepreneurship research. At this point, it should be noted that both in management studies (Harding, 2003; Watson, 2008) and in entrepreneurship (Fletcher, 2006; Chell, 2008) the concept of social construction as an all-encompassing umbrella term for all interpretivist research is problematic, an issue which shall be explored in the next section.

5.2 The social construction of reality

Lindgren and Packendorff (2009) note that as a concept, the social construction of reality may be seen as embracing both ontological, epistemological and ideological issues (Table 5.1). Based on the hermeneutic tradition, the social construction of reality holds a subjectivist position in arguing that social reality exists through the subjective interpretations of individuals (Lindgren and Packendorff, 2009). In this sense, this position rejects a realist ontology by arguing that the social world does not exist independently of the individuals who conceive it. Instead a subjectivist ontology is assumed in relation to the social world by arguing that social reality exists in the mind of individuals, created through interaction with others.

Ontological position (view of reality)	Entrepreneurship is inter-subjectively interpreted and constructed in social interaction between people.
Epistemological position (view of knowledge)	Entrepreneurship research aims at creating understandings of how and why actors interpret and construct entrepreneurial processes. Knowledge on entrepreneurship represented as narrative, discursive and textual data.
Ideological position (view of what legitimises research)	Researcher participates in construction of theory and practice. Awareness and responsibility required of researchers.

Table 5.1 - Entrepreneurship as social construction: basic assumptions and consequences (Lindgren and Packendorff, 2009)

Researchers have considered social construction in a range of contexts, including science and technology, where Pinch and Bijker's (1984) concept of the *social construction of technology* has argued that new technical artifacts are the product of negotiation amongst groups, meaning that the original purpose of new technologies created by organisations may not be the same as the purposes for which they are used, or the way in which they develop.

Within management studies, Harding (2003) has considered how management is socially constructed through individuals being inducted through management education, including management textbooks and then through their ongoing interactions within

organisations, through which both managers and workers interactively develop and sustain conceptions of what *management* is. Similarly, Watson (2001) argues that;

'There 'is' no organization. There is 'organizing' - brought about through talking and relating... There is no 'management' we might say. There is 'managing' - brought about through talking and relating' (p.233)

In this sense, both the concepts of management and the concept of organisation can be described as a subjective, emergent, ongoing process of social interaction, through which the individuals involved generate meaning. Within entrepreneurship studies, Rae and Carswell (2000) have suggested that entrepreneurs make sense of their experience through the development of vision, self-belief and adaptive learning as part of a process of social construction, suggesting that enterprise is an ongoing experience of producing meaning through social interaction, interpretation and reflection.

Fletcher (2006) notes that while these range of approaches are able to inform us how individuals actively construct meaning in their socially situated context, this is largely focused on the way in which these experiences inform individual mental cognitive processes. In this sense, they may be argued to focus on the individual, similar to a *social constructivist* approach, which has been related to social psychology (Chell, 2008; Gergen, 2009). Downing (2005) notes that while these approaches are able to develop concepts of personal theory, they are unable to explain the impact of experience of working in organisations and the impact this has on the individual personal theories developed.

From these perspectives, the social construction of reality may be considered to be inseparable from the interpretivist tradition as described by Burrell and Morgan (1985), in that the social world may be seen as an emergent social process created by the individuals concerned. In this context, social reality outside of individual consciousness is no more than intersubjectively shared meaning (Burrell and Morgan, 1985).

5.2.1 Bringing in reality - the social constructionist position

Harding (2003), Fletcher (2006) and Watson (2008) disagree with the perspective on social construction as an entirely subjective ontology, noting that there are a variety of perspectives on the extent to which social reality may be said to be *out there* through social structures, rather than simply *in here* through subjective experience. As Fletcher (2006) notes, *social constructionism* is concerned with how reality is constructed through relationships and action, rather than purely focusing on the individual's interpretation:

'...it derives theoretically from the relationality between people, institutions, material objects, physical entities and language, rather than the private sense-making activity of particular individuals. As a result, we are encouraged to see our modes of description, explanation and representation as derived from relationship.' (Fletcher, 2006: p. 422)

Harding (2003) argues that researchers, who hold that there is no such thing as social reality, are in fact taking a pure symbolic interactionist perspective in suggesting that meaning is only drawn from ongoing interaction. Harding (2003) concurs with Burr (2003) that social construction involves the construction *of* something; that social phenomena are at the same time both socially constructed and real in so much as they exist through shared experience (Burr, 2003). This approach has been defined as *social constructionist* in that it accepts that the result of social construction is social structure and institutions, such as organisations (Fletcher, 2006; Chell, 2008; Gergen, 2009). Downing (2005) argues that a social constructionist approach to entrepreneurship needs to consider not only the process through which entrepreneurs socially construct their enterprise, but also the ways in which these formed organisations constrain or enable entrepreneurs' future activity. Downing (2005) notes that this involves a range of factors that he conceptualises as the way in which:

'A relatively vague interaction between values, self-belief, and relationships or strategy and stakeholders is posited to produce change or continuity in business models.' (p. 187)

This suggests that in seeking to understand social processes in the development of internal corporate ventures, it is useful to not only consider the importance of roles and relationships in developing ventures, but also how these developed ventures impact upon roles and relationships as a part of social processes.

5.2.2 Developing the social constructionist perspective

Berger and Luckmann (1966) are credited with developing the key departure point for social constructionism by social psychologists (Burr, 2003; Gergen, 2009), sociologists (Giddens, 2009), organisational behaviour (Harding, 2003; Watson, 2008) and entrepreneurship scholars (Fletcher, 2006; Downing, 2005). Burr (2003) argues that Berger and Luckmann's (1966) concept of a sociology of knowledge draws on the concept of symbolic interactionism, but takes this further by proposing that human beings (as social *agents*) actively create and sustain social phenomena through social practice.

On an individual level, Berger and Luckmann (1966) suggest that social phenomena is sustained through three inter-related processes;

Externalisation, through which individuals create meaning, such as through attaching meaning to physical objects. Using Berger and Luckmann's (1966) example, a knife, as an object, may become an objectification of violence and can then become used as a sign of violence by others on other occasions.

Objectivation arises as a result of externalisation, so that the object or its representation, and the meaning associated with it, can become separated from the original expression, usually through repeated use or interaction with others. In this sense, the idea that *the knife was dangerous* may become *a knife is dangerous*. In addition to physical objects, words can be objectivations as they express meaning, but can be used in different contexts and locations.

Internalisation, so that as children acquire language and are socialised into their culture, they become able to pass meanings on to future generations. For instance, by a parent telling a child not to play with knives, the child will come to assume that knives are dangerous, without ever having been involved with the way in which this meaning was formed.

While this process of interpretation and meaning bears similarity to Blumer's (1969) symbolic interactionist perspective, the key departure from this perspective for Berger and Luckmann (1966) is that meaning may become **taken-for-granted**. Furthermore, while the three processes outlined above emphasise the social interactions of an individual with others, similar to the concern of social psychologists, Berger and Luckmann (1966) also present this process as one which takes place as part of a wider social process in forming and maintaining societies;

'Society is a human product, society is an objective reality, Man is a social product.' (p.79)

Watson (2008) argues that Berger and Luckmann's (1966) approach to social constructionism acknowledges that something is created through social construction, that institutions do come into existence, but that they are not necessarily permanent or fixed. In this sense, Harding (2003) cautions against the perception that **organisation** can be seen as a real or fixed entity;

'...to think of this entity 'organization' as some monstrous overlord that watches our every move while it remains invisible to us, and that seeks ever-more insidious ways of controlling us...' (p.5)

Instead, it may be more useful to consider organisations as being made up of different sets of social interactions, similar to Dougherty's (1992) **departmental thoughtworlds**. It is from this perspective that Kristensen and Zeiltn (2001) suggest that multinational firms are not coherent entities, but are made up of different social environments, such as headquarters and subsidiaries, each of which have distinct conceptualisations of the

corporation, which impact on the language used within these units and in their interactions between each other. From this developed perspective, it is possible to argue that it is not only ventures which are formed and maintained through social processes, but also that the corporations within which internal corporate ventures form are themselves made up of constellations of inter-connected relationships.

One contentious issue within social constructionist thinking is the extent to which one can explain the relationship of individual subjective agency with broader institutionalised social structure. Harding (2003) and Burr (2003) note that with its focus on the role of the individual in creating meaning and denial of structures as real, social constructionism does not seem to be able to explain why norms and consistencies appear to exist across individuals within particular cultures (Harding, 2003). One approach to overcoming this dualism that Burr (2003) recommends is that of *structuration theory*.

Watson (2008) argues that structuration theory, along with similar sociological developments such as *new institutional theory*, is a development of the social construction approach by attempting to accommodate the interplay between agency and social structure. Burr (2003), Downing (2005) and Chell (2008) argue that structuration theory provides a way to conceive, within a social constructionist perspective, how it is that broad social structures and institutions may be relatively stable over time and impact on individual choice, yet also be subject to maintenance or change by agents.

5.2.3 Structuration Theory

Watson (2008) notes that structuration theory, as developed by Giddens (1984), may be seen as one of the developments of Berger and Luckmann's (1966) conceptualisations of the process of institutionalisation at the centre of the relationship between human action and creativity and pre-existing institutions and discourses. Giddens (1984) rejects the idea that agency and structure operate distinctly as a *dualism* and argues instead that they operate in a *duality* in which one co-creates the other, or as Giddens (1984) puts it;

'Structure is the medium and outcome of the conduct it recursively organizes; the structural properties of social systems do not exist outside of action but are chronically implicated in its production and reproduction.' (p.374)

Sarason, Dean and Dillard (2006) usefully illustrate this concept through M.C. Escher's *Drawing Hands* (Figure 5.1) where each hand, though initially appearing to be distinct, is in fact involved in the reciprocal creation of the other:

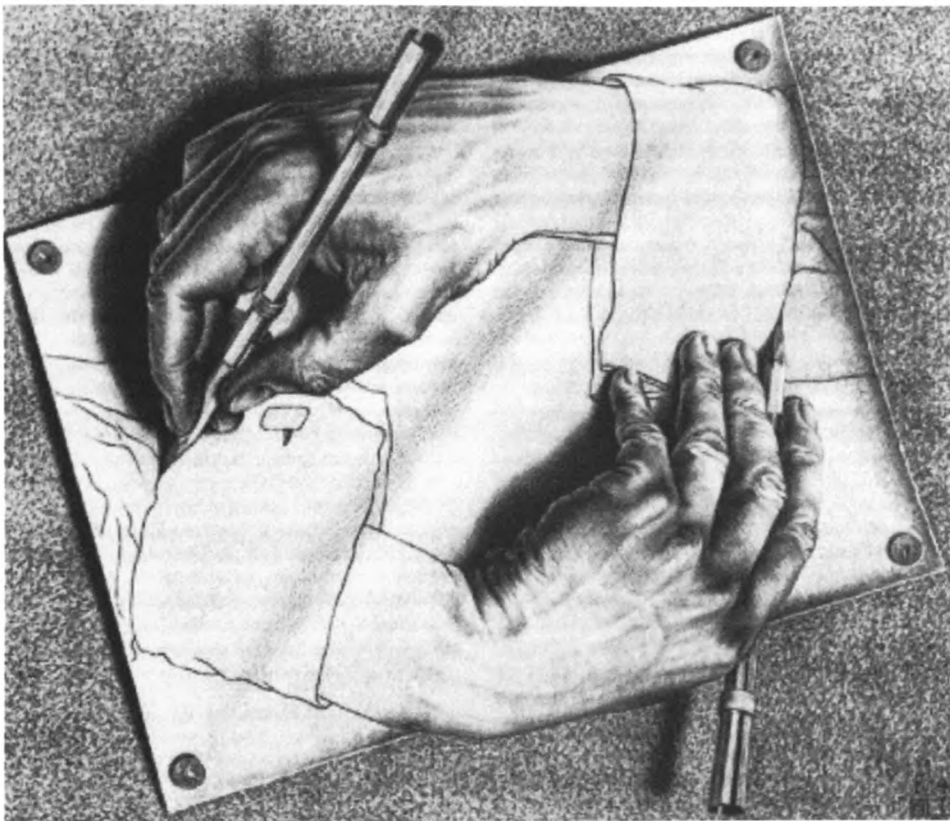


Figure 5.1 - M.C. Escher's *Drawing Hands* © 2001 Gordon Art B.V.–Baarn–Holland

This concept has been developed by a number of researchers in conceptualising the activity of individuals in organisational and entrepreneurial contexts. Watson (2008) notes that another development from social constructionism is new institutional theory, which takes a *critical realist* perspective. Recently, a debate between Sarason, Dean and Dillard (2010) and Mole and Mole (2010) drew on Sarason et al (2006) in exploring the relevance of both structuration theory and critical realism in explaining the entrepreneur-opportunity nexus. Sarason et al's (2010) concluding paper notes that while both share

an interest in considering the linking of subjective interpretivist and objective realist ontologies, ultimately critical realism starts from an objectivist position, while structuration theory starts from a subjectivist position. In this sense, social constructionist approaches to entrepreneurship research, such as Downing (2005), Fletcher (2006) and Chell (2008) have tended to see their work as consisting of the analysis of social construction processes operating within wider structurationist processes.

Chell (2008) argues that structuration theory allows one to conceptualise the dynamics of macro-environments, such as nations, countries and scientific or artistic institutions, meso-environments, such as industries and organisation and micro-level activity, such as individuals and teams. Utilising this multi-level perspective, Jack and Anderson (2002), Chiasson and Saunders (2005) and Sarason et al (2006, 2010) have attempted to utilise structuration theory to consider how the individual entrepreneur interacts with their environment as a way of reconceptualising opportunity recognition and formation.

5.2.4 Linking action and structure - From Scripts to Interpretive Frames

Chiasson and Saunders (2005) argue that social structure and individual action are linked together through *scripts* based on structure, which act as *recipes* that allow individuals to act. Chell (2008), in considering the social construction of entrepreneurial personality through incorporating a structurationist view, gives the example of a business script that may be developed by an entrepreneur. While these scripts may appear similar to the concept of cognitive schema, the difference lies in Chell's (2008) suggestion that these do not exist in the mind of individuals, but are instead the tacit awareness of entrepreneurs of their environment, which they may choose to either intentionally enact, or ignore. This is similar to Downing's (2005) conceptualisation of a business model from a structurationist perspective, which is both generated and sustained by the entrepreneur but which also enables and restricts their opportunities. Sarason et al (2006) develop the structurationist approach to the individual-opportunity nexus by emphasising the Giddensian perspective that structure and agency are a duality, and that

by association, so too are the individual and the opportunity. In this sense, individuals are both involved in the identification of opportunities and in the creation of them (Sarason et al, 2006). This brings us back to what may be termed a ***strong social constructionist*** perspective, which rejects an entirely subjectivist position but argues that;

'...there is an interplay between agency and structure linking individual construction of sense-making and enactment to the societal level through processes of structuration.' (Fletcher, 2006, p. 426-427)

This, of course, is not to say that human beings are a social construction. Instead it is the individual basis of interpretation and action, which is actively constructed and shared in interaction with others through ***sensemaking*** and ***enactment***. Simply put, social understanding and action are formed and based upon what Dougherty (1992) and Heracleous (2006) refer to as ***interpretive schemes***. As a result, it is possible to argue that individuals involved in the development of internal corporate ventures are engaged in a simultaneous process of sensemaking and enactment, which is both informed by and involved in constituting the social contexts in which ventures are developed. These processes may act as the focus of investigation through the development of a conceptual framework to understand social processes in the development of internal corporate ventures. The next section explains how this form of investigation informs the research project.

5.3 Developing epistemology from a structurationist perspective

While social constructionism and in turn structuration theory support the development of a holistic ontology which accepts that social structure is developed and maintained through human agency, Stones (2005) notes that Giddens' (1984) work on structuration theory was more concerned with ontology than epistemology. Stones (2005) argues that this leaves a gap in supporting those who may wish to conduct research within this perspective. Similarly, while both social constructionists who accept structuration such as Downing (2005), Fletcher (2006) and Chell (2008) and pure structurationists such as Jack and Anderson (2002), Chiasson and Saunders (2005) and Sarason et al (2006, 2010)

have done much to explain conceptually how structuration may contribute to an understanding of entrepreneurial action, this has not included clues as to how research which accepts structurationist approaches may proceed.

In her detailed conceptualisation of the socio-economic and political environments that the entrepreneur operates in, Chell (2008) suggests that structuration theory is conceptualised as the interoperability of social structures and agents. Through his development of structuration theory to emphasise its epistemological relevance, Stones (2005) instead conceptualises it at an agentic level. Here the emphasis is on the perspectives and actions of the agent. In this sense, while Chell (2008) reifies structure as something which is *out there*, Stones (2005) argues that structures only exist in the agent's perspectives; that is the agent acts *as if* there were external structures, but that they do not exist in themselves externally from the lived experience of individuals; a position closer to that proposed by Sarason et al (2010) and those who accept that social constructionism is part of a structuration process (Downing, 2005; Fletcher, 2006).

A specific attempt to operationalise structuration theory in organisational research has been undertaken by Heracleous (2006). Although adopting an argument similar to that of Stones (2005), Heracleous (2006) limits himself to the role of language and discourse. Heracleous (2006) adopts a similar perspective to Stones (2005) in that he suggests that actors draw on existing discourses, but are also engaged in the ongoing production of language. In this sense, discourses are continuously constructed and either maintained or created. Heracleous (2006) argues that the difference between structuration theory and social constructionism is that the latter does not emphasise the extent to which an actor may be consciously constructing reality. In this sense, similar to Goffman's (1959) concept of *impression management*, from a structurationist perspective discursive devices such as rhetoric may be linguistic tools deliberately used by actors to achieve certain aims. However, at the same time, the consequences of speech-acts may be intentional or unintentional in the way that they are received by others (Heracleous, 2006).

This is a useful perspective as it takes us away from the restrictive awareness of individuals presumed by *cognitive theory*, whereby individuals appear to enact mental schema unwillingly in carrying out scripts. Structuration theory allows that actors may be reflexively aware of the scripts that they draw from and are always able to choose how they act (Heracleous, 2006), that is actors are to some extent *knowledgeable* (Stones, 2005).

Heracleous (2006) attempts to define the scripts which individuals use by referring to interpretive schemes and cognitive schema which he suggests are similar concepts, although he prefers cognitive schema to describe mental processes. Chell (2008) notes however that cognition and social construction are ontologically distinct. Stones' (2005) more detailed exploration of these issues suggests a solution, by arguing that structuration takes the form of a range of interpretive processes internal to the agent. These processes include those within the memory of the agent (similar to *cognitive schema*) and those within the discursive resources available to the agent (similar to *interpretive schemes*) each of which are separate issues albeit intertwined by the *quadripartite structuration process* (Figure 5.2):

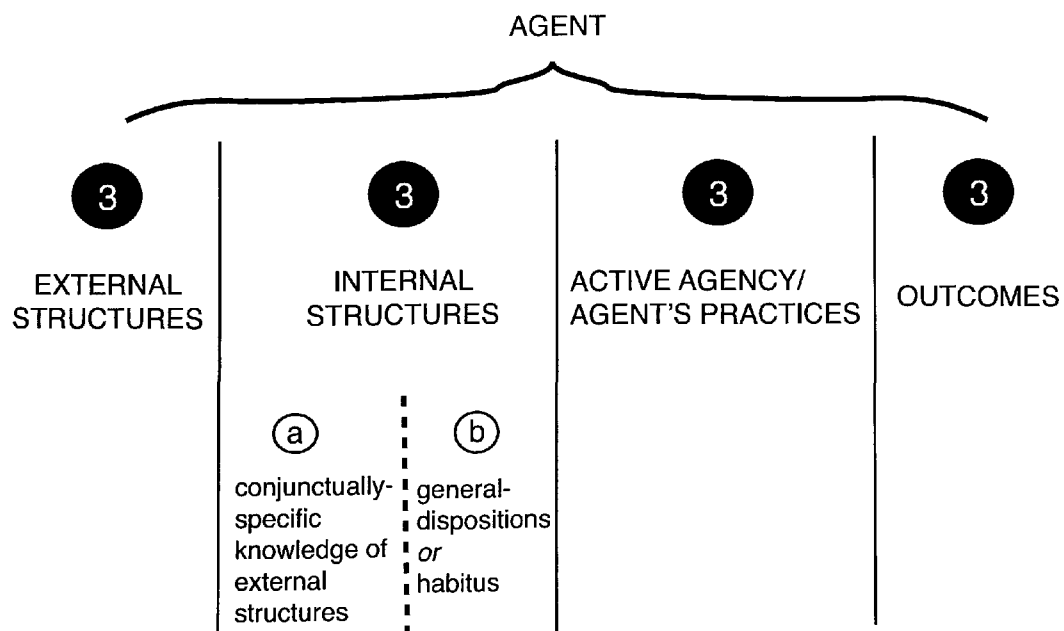


Figure 5.2 - The quadripartite nature of structuration (Stones, 2005)

5.3.1 The quadripartite nature of Structuration

Stones' (2005) work attempts to support the operationalisation of Giddens' (1984) ontological project, to provide a clearer basis for empirical work that acknowledges structuration. The core element of Stones' (2005) thesis rests on the analytical separation of the duality of structure and agency into a *quadripartite* process;

Stage 1) External structures.

As conditions of action, Stones (2005) argues that these can be conceptualised as a framework of *position-practices*, perceived as the social contexts within which individuals act, from the perspective of the individual agent being considered and/or by the researcher. In this sense, external structure is not reified as *out there* but instead exists in relation to the relationships of actors to each other. As illustrated by Chell's (2008) model, Giddens (1984) does not define specific social structures but instead distinguishes the different dynamics of these social contexts as *Signification (meaning)*, *Legitimation (norms)*, and *Domination (facility, or power)*. Stones (2005) notes that the separation of these dynamics is simply for analytical purposes and are not experienced by agents separately, but are in fact inter-related.

Stage 2) Internal structures

Conjunctually-specific knowledge (a) The individual agent's own knowledge of individual position-practices, which Stones (2005) also equates to *roles* and associated practices which the agent is explicitly aware of, by interpreting the position of themselves in the context of others, as participants in external structures. The reference here to knowledge of roles and practices suggests that this interpretation is based on something similar to Dougherty's (1992) concept of *interpretive schemes* of individuals based on the different social interactions they are involved in. Stones (2005) notes that this aspect of the agent's internal structure is one which directly draws on the agent's knowledge of external structure, and the relevant dynamics of signification, legitimation and domination.

General-disposition (b) This is ‘Taken-for-granted’ knowledge, or tacit knowledge, which may not be obvious to the agent but is drawn upon as memory traces. Stones (2005) associates this with Bourdieu’s concept of *habitus*, similar to cognitive mental schema, but suggests that these are not fixed but actually in constant development based on the agent’s experience. Stones (2005) notes if the expectations developed by an individual in their *conjunctually-specific knowledge (a)* are sustained over time, this may develop into a habitual expectation, thus forming part of the agent’s *general-disposition (b)*.

Stage 3) Active Agency/Agent’s Practice

Individual action, or the active ways in which the agent routinely or strategically and critically draw upon their internal structures (Stones, 2005). This could be through a range of activities, including physical and discursive acts (Heracleous, 2006), and will lead to Stage 4.

Stage 4) Outcomes

The impact of agent’s actions and interactions on external structures, which may involve change and elaboration of structure or reproduction and preservation, this is perhaps most similar to the concept of *institutionalisation* within social constructionism as individuals create or reproduce social reality through interaction with others. Stones (2005) notes that it is not necessarily always the case that an actor’s practice will impact on social structure and that other outcomes could simply include the success or failure of the agent’s own purposes. Additionally, Stones (2005) notes that the structural context could either support or hinder the agent’s purposes, as the options available to them are shaped by others through their individual actions or interactions, effectively completing the cycle through to *Stage 1*.

Stones (2005) notes that ultimately structuration is a grand social theory, and that most research projects would only attempt to consider an element of the quadripartite structuration process, while acknowledging that the other processes are going on. It is

from this perspective that this project proceed. The research questions focus on roles and relationships in the development of internal corporate ventures and are concerned with the ways in which individuals make sense of their involvement in corporate venturing activity through social interaction in the development of internal corporate ventures. In this sense, the research takes a *strong social constructionist* approach, which accepts wider structuration processes. From this stance, I acknowledge that language is not all there is (Downing, 2005; Fletcher, 2006), that agents exist and that through their practices, social structure is brought into existence and maintained. This follows Berger and Luckmann's (1969) thesis that social construction involves the construction of something, from something. It is further noted that social construction is not a process operating purely in the mind of the individual, but is an element of wider structural processes that occur in and through social interaction (Fletcher, 2006). Although this thesis does not attempt to engage in a *strong structurationist* approach by investigating all four of Stones' (2005) quadripartite processes in detail, Stones' (2005) suggestions for structurationist approaches in empirical research assist in supporting the development of an initial conceptual framework from an ontological position which accepts that social constructionism is an element of structuration processes.

In developing this initial framework, emphasis is placed on the analysis of the two elements of the quadripartite process. This approach is consistent with Stones' (2005) proposal that empirical research which adopts structuration theory may focus on elements of the process as appropriate to the research question under consideration. The first area of emphasis is on *Conjunctually-specific knowledge*, which as an element of an agent's *internal structures* through *interpretive schemes*, may be seen to specifically relate to agents' perceptions of their roles and relationships and how they draw on these in social interaction. As the focus of this study is on understanding social processes in the development of internal corporate ventures, the second element of *agent's practices* through social interaction is further emphasised in relation to an individual's active engagement in the development of internal corporate ventures. As these elements are part of the overall structuration process, this approach further acknowledges that they are

influenced by and have an influence on the other elements of this process.

An emphasis on these two elements of the structuration process together facilitates an examination both of how agents perceive their roles and relationships and the way in which these interpretations inform their practices in the ongoing development of internal corporate ventures through social interaction. This approach to Stones' (2005) framework is developed further in the following section in relation to concepts of *sensemaking* and *enactment* as part of a *strong social constructionist* epistemology underpinning the research project, leading to the development of an integrated conceptual framework.

5.3.2 Developing a strong social constructionist epistemology - Sensemaking, enactment and emergence

Fletcher (2006) notes that from a social constructionist perspective the focus is on how individual collective engagement in *sensemaking* and *enactment* impact on the societal level through structuration. As the focus of this thesis is on roles and relationships in the development of corporate venturing, sensemaking and enactment processes would seem to be particularly appropriate in understanding how corporate ventures develop through social interaction. This section specifically considers how Karl Weick's (1995) concept of sensemaking, along with related concepts of enactment and emergence, assists in explaining how organisational practice may develop through social interaction.

Brown, Stacey and Nandhakumar (2008) argue that sensemaking can be conceived as the process through which individuals create or enact the social world as part of an ongoing negotiation with others. From this perspective, sensemaking may be seen as the process through which individuals come to construct their social world through interaction with others (Taylor and Van Every, 2000). Weick, Sutcliffe and Obstfeld (2005) and Brown et al (2008) both note Taylor and Van Every's (2000) brief summary of this process;

'Sensemaking is a way station on the road to a consensually constructed, coordinated system of action' (p.275)

Rae (2002) has conceived of this as part of the individual learning process, whereby individuals come to make sense of their experiences in the context of their social interactions with others. In a similar way, Weick (1995) notes that sensemaking does not begin in a void, but that instead individuals base their sensemaking on their *beliefs*, which originate in the *structural frames* which exist at societal, organisational and community levels. Weick (1995) argues that at an individual level, sensemaking occurs through the interaction of individual belief and individual *action*, leading potentially to new structural frames through interaction with others. As Weick (1995) notes;

'Occasions for sensemaking are constructed after which they become a platform for further construction.' (p. 87)

Weick's (1995) addition of action to the sensemaking process illustrates that individuals constantly experience and create change, forcing them to compare this to their existing conceptions of how things are done. Weick et al (2005) suggest that individuals may be reflexively aware of this where the current situation faced appears to be different from what was expected. In this sense, an individual's observation of action may reinforce personal beliefs of how things get done through the sensemaking process, but the fact that this has occurred will not be immediately apparent to the individual. It is only where the consequences of action seem unexpected that the individual may be aware of a shift from normality to a seemingly unintelligible situation.

Conceiving of sensemaking as an individual learning process suggests that sensemaking goes on within the mind of the individual. Fletcher (2006) emphasises that sensemaking is as much a relational process as it is an individual one. While individuals may personally attempt to make sense of their experience, it is only through previous or new interactions with others that new events are constructed. Both Rae (2002) and Fletcher (2006) note that the creation of a business can be seen to develop through a sensemaking process on behalf of the entrepreneur. From this perspective, an entrepreneur's

participation within a community and interaction with things around them allows them to develop an understanding of their social world and identify opportunities to create new business opportunities that the social community may be receptive to (Rae, 2002; Fletcher, 2006). In this sense, sensemaking may be seen as the process through which an individual uses their interpretive frameworks of the social world to compare with the current situation faced, in order to decide on a suitable course of action. Subsequent action then influences the social context from which future sensemaking takes place through a process of *enactment*. The following section critically evaluates the concepts of sensemaking and enactment within the context of the quadripartite process of structuration in order to develop a conceptual analytical framework of roles and relationships as part of social processes in the development of internal corporate ventures.

5.4 Developing a conceptual framework of sensemaking processes

Similar to social constructionism and structuration theory, Weick (1995) argues that individuals construct roles and interpret their environment by drawing on social structures. Weick (1995) illustrates this as a process of sensemaking through the connection made between abstract indirect frames of reference, or *sensible structures*, and the direct frames of language and *action*.

It has been illustrated that there are some similarities between Weick's (1995) framework of sensemaking processes and Stones' (2005) framework of the quadripartite nature of structuration. Figure 5.3 proposes how the two may be integrated to develop a conceptual framework. Weick's (1995) approach appears to be useful in supporting the development of an analytical framework for empirical understanding. In comparison to Stones' (2005) more general framework, however, Weick's framework does not appear to allow for the range and variety of structuration dynamics. In order to develop a conceptual framework for the analysis of roles and relationships as social processes in the development of internal corporate ventures, Figure 5.3 outlines how Weick's (1995) sensemaking framework may be overlaid onto Stones' (2005) wider quadripartite framework of structuration:

External Structure		Internal Structure	Agent's Practices	Outcomes
Perceived by agent and/or researcher in context		Interpretive Frames as agent's awareness of external structure	Actions based on choices, drawn through agent's internal structure	Intended and unintended consequence of action on external structure and/or on agent's personal projects
Institutions:				
<u>Ethnic/Religious</u> (clubs and churches)	Signification	Meaning <u>Beliefs</u>	<u>Arguing</u>	
<u>Capitalist</u> (firms)				
<u>Familial</u> (households)	Legitimation	Norms <u>Sanction</u> (e.g. majority/ minority)	<u>Expecting</u>	
<u>State/Political</u> (executive, legislative, judicial)				
<u>Professional/Academic</u> (professional bodies and universities) (Whittington, 1997, cited in Stones, 2005)	Domination	Facility (Power) <u>Authority and Control of resources</u>	<u>Commitment</u>	
Scientific Industry Technological Organisations (firms) (Weick, 1995)				
		<u>Emotion</u>	<u>Manipulation</u>	
		<u>Experience</u>		<u>Enactment</u>

Figure 5.3 - Moving to an integrated framework of sensemaking and structuration

The next section critically evaluates Weick's (1995) sensemaking framework in the context of Stones' (2005) quadripartite structuration process in order to illustrate the operationalisation of the integrated framework of sensemaking and structuration as a conceptual analytical framework.

5.5 Interpreting External Structure

This section explores Weick's (1995) proposal regarding the development of interpretive frameworks from wider social structure and institutions in relation to Stones' (2005) concept of *external structures*. Weick (1995) conceptualises external structure as a series of levels, at which shared understanding exists between people. This includes a view of external structure as *indirect frames*, the influence of organisations as

organisational frames and the influence of communities within organisations as *community frames*. These concepts are critically evaluated in relation to a strong social constructionist position and Stones' (2005) quadripartite process of structuration. Finally, the role of individual *interpretive frames* is evaluated in relation to Stones' (2005) concept of *conjunctually-specific knowledge*.

5.5.1 Indirect Frames - External Structure

Weick (1995) conceives of social structure as a series of *Indirect* and *Direct Frames*, operating at different levels. Individuals are argued to be consciously aware of these frames meaning that these are *sensible structures*. This is similar to Stones' (2005) explanation of *external structures*, which exist insofar as they are perceived by the agent-in-context and/or the researcher-in-context. As a result the conceptual framework transposes Weick's (1995) indirect frames against Stones' (2005) external structure.

Weick (1995) goes into greater detail than Stones (2005) about external structure in conceptualising sensible structures at a range of levels, from macro-societal structures to organisational values to group paradigms. He first explains macro societal structures in the form of *ideologies* or *vocabularies of society* that may be considered to be shared *values* and *norms* at a societal level, such as institutions of religion, family and science. Similarly, Stones (2005) argues that an agent's involvement in certain social institutions may be identified, such as religion, family and professions. Weick's (1995) reference to values may be seen as similar to Giddens' (1984) analytic concept of *signification* while Weick's (1995) reference to norms may be similar to Giddens' (1984) analytic concept of *legitimation*. It is notable, however that Weick (1995) leaves out the issue of *power* and *domination*, which Harding (2003) argues must be acknowledged in social constructionist research. Stones (2005) follows Giddens' (1984) conceptualisation of power as made up of *authoritative* and *allocative* rules and resources, in that individuals derive power in their interactions from material resources such as goods and property and from positions of authority with subsequent relevance to *legitimacy* through shaping accepted norms (Jarzabkowski, 2008). Giddens (1984) argues that while these forms of domination in social structure may influence agency, they never prevent it. From this

perspective, agents always have a *choice*, even in social situations which may present limited options (Stones, 2005)

5.5.2 Organisational Frames

While Stones (2005) includes organisations as an aspect of external capitalist structures, Weick (1995) perceives firms as a specific level, in which there exist *value-set* discourses, or beliefs, which may be emotionally charged for individuals. Weick (1995) argues that these value-sets act as the basis upon which information may be accepted or rejected as useful or relevant, which may be seen as an acknowledgment of the importance of *signification* and *legitimation* in the experience of organisations.

In the context of organisational frames, Weick (1995) seems to acknowledge *domination* in that he suggests that organisational vocabularies act as a form of indirect control, which individuals may refer to where more direct methods of control, such as direct supervision or organisationally enforced routines are absent. Weick (1995) further notes that these *premises* influence how individuals carry out activities, but may have different influences at different parts of organisations, meaning that the premises which underpin the design of a project by junior managers may render them unintelligible to top managers and vice-versa. In this way, Weick (1995) appears to suggest that similar to Burgelman's arguments (1988, 2004) it is not simply *top-down* control that influences organisational life, but that *bottom-up* premises may also have an influence.

5.5.3 Community Frames

Weick suggests that occupational communities within organisations may have forms of shared understanding, or *paradigms*. Weick (1995) argues that these are more diverse in number and of smaller bodies of thought than those proposed by Burrell and Morgan (1996). As an example, Weick (1995) notes that scientific paradigms may vary between individual disciplines in the academic community and that equally within commercial industries, technological paradigms might vary in their conceptualisation of operating, marketing, strategy and profits. Weick (1995) appears to suggest that this particular frame is shared by individuals within a community, suggesting it is similar to the

concept of *thoughtworlds* suggested by Dougherty (1992) in the context of corporate departments. Stones' (2005) acceptance of institutions suggests that individuals' perceptions may be influenced by their involvement with different social practice-positions, including academic, professional and familial. Stones (2005) retains these influences at a broad social level, arguing that while an individual's perception of their position within social structures will inform their decisions, at a more local level influences will be contextually specific. Stones (2005) argues that social research must seek to understand the context within which individual agents act and which influences their interpretive frames. As a result, Weick's (1995) concept of community frames, which seeks to limit which social contexts may be considered to be communities, may be seen as overly-prescriptive and is not directly included within the conceptual framework in the context of this study, but may instead be derived from empirical analysis of the perceptions of research participants of their own specific social contexts within which internal corporate ventures develop, through *interpretive frames*.

5.5.4 Interpretive Frames

Weick (1995) notes that in addition to the wider vocabularies across society, organisations and communities, which form individual belief, individuals may also draw on concepts of how things are done. This done either through proposing *theories of action* by drawing on rules and procedures, or through *traditions* by drawing on the history of how things were done in the past. In each case, it is suggested that through sensemaking processes these may each develop and alter, and these may be most similar to Dougherty's (1992) and Heracleous' (2006) concept of *individual interpretive frames*, which are developed from wider discourses, history and personal experience. The important issue suggested by Weick (1995) is that these are constantly in development through individual experience and interaction with others. This conceptualisation is perhaps closest to Stones' (2005) concept of agent's internal structures as *conjunctually-specific knowledge of external structures*. For clarity and to closer align this framework with social constructionism, both Weick's (1995) and Stones' (2005) concepts shall be referred to as *interpretive frames*, in that all of these terms refer to the way in which an agent draws upon their knowledge and active learning

to make sense of the social world. Weick's (1995) particular contribution here is that he notes that it is through personal experience and interactions that individuals develop their interpretive frames. This acknowledges that individuals are constantly immersed in the social world and draw from this experience, something that Stones' (2005) framework does not specifically illustrate. While Weick (1995) refers to interpretive frames being drawn from concepts of traditions, history, experience and discourses, Stones' (2005) suggestion that external structures of *signification*, *legitimation* and *domination* are perceived by individual agents through *meaning*, *norms* and *facility* (power, or the capacity to act) allows for a more focused analysis of individual interpretive frames and therefore acts as the basis of this element of the conceptual framework. Stones (2005) points out that taken together, these analytical categories of external structure and interpretive frames should simply be seen as a way of sensitising the researcher's interpretive analysis, rather than being absolutes which are directly observable in themselves.

5.5.5 Summary

This section has explored Weick's (1995) conceptualisations of agent's social contexts and the impact of this on experience in forming interpretive frames, in comparison to Stones' (2005) quadripartite process. This discussion assists in developing the conceptual framework by building on Stones' (2005) conception of the dynamics of external structure through the inclusion of organisations, while acknowledging how individuals' interpretive frames develop in the context of prior experience and knowledge. The next section develops the conceptual framework by exploring how interpretive frames act as the basis for individual action, in the form of agent's practices as actions in the context of the experience of the development of internal corporate ventures.

5.6 Agent's Practices - The Action Domain

Weick (1995) notes that while sensemaking involves interpretation on the part of individuals, it also involves a process of *sensegiving* in that individuals create social reality through their actions. Weick (1995) does not explain how interpretation acts as

the basis of action, but Stones (2005) notes that *agent's practices* are based upon individuals' taken-for-granted *pre-dispositions*; an issue that he argues is relevant to issues of psychoanalysis. Stones (2005) notes that it is possible to accept that this goes on as an unconscious process in the mind of the individual, without necessarily including this within the focus of empirical research. This connection does, however, allow for a consideration of agent's practices as action based on interpretive frames.

As part of the concept of external indirect frames, Weick (1995) notes the concept of *vocabularies of sequence and experience*, which he suggests are transmitted through stories told by individuals, which may be unique or commonplace within the organisation. For Weick (1995), these are key elements of sensemaking in that they may be directly and deliberately used by individuals in order to assist in clarifying new events, by using stories as a way of '*...raising the possibility that outcomes can be predicted, understood and possibly controlled.*' (p.129)

Weick (1995) notes that stories may act as ways of framing present events, or that present events may be accidentally framed by individuals in the context of stories, such as a memory of a story being triggered by an event. In this sense, stories and accounts of events may be evidence of individuals actively developing their interpretive frames. Brown et al (2008) see these accounts as *repertoires of understanding* in which individuals retrospectively explain events in relation to space and time, legitimating their perspective on this event and their own role. Holt and Macpherson (2010) note that this means that while opportunities are created to reinforce existing shared understanding, individuals also have the ability to propose new personal interpretations. Brown et al (2008) note that these personal accounts are not casual explanations, but are part of the process through which individuals reduce uncertainty and have an impact on individual's own understanding as a form of action. As individuals may interpret situations and their own personal roles differently, so Brown et al (2008) argue that different interpretations exist that may not necessarily reach consensus within the organisation. Similar to Weick's (1995) proposal that a mixture of minority and majority perspectives may

develop within organisations, Brown et al (2008) note that sensemaking may be regarded as involving the *politics of meaning* as understanding is not only involved in institutionalisation, but in the creation of alternative versions which may exist within the organisation as part of the ongoing effort to render sensible the equivocal elements of organisational life (Brown et al, 2008). The development of majority and minority perspectives creates the need for individuals to justify themselves to others, which Weick (1995) summarises in his concept of *arguing and expecting*.

5.6.1 Action based on interpretive frames: Arguing and Expecting

Weick (1995) notes that *argument* may be defined as both reasoned discourse and dispute between people. Weick (1995) argues that through social interaction, different views are proposed based on individual interpretive frames and these are questioned through comparison with the arguments of others. These interactions ultimately lead to the potential for individuals to modify or alter their arguments as they engage in sensemaking. Weick (1995) further notes that within organisations, meetings are a key forum where arguments are brought forward and developed. It is argued that there may be a difference in the extent to which majority and minority views are developed and scrutinised, leading to clarity in minority views that are successfully sustained over time in the face of majority perspectives. This may create potential for inconsistency in majority perspectives that may adapt, but be subject to less scrutiny, due to a lack of reflexivity amongst those individuals adopting majority perspectives (Weick, 1995).

In addition to their basis for justifying one's point of view, one may argue that interpretive frames act as the basis for interpreting new experiences. Weick (1995) notes that where events seem to correspond to an *expectation*, individuals will not notice but where events do not conform to expectation, these will cause the individual to analyse the circumstances more closely. Furthermore, Weick (1995) notes that expectation is an active process, in that where individuals have clear expectations, they will *act as if* these expectations were likely to be realised. This will then impact on their interaction with others, who will then respond accordingly. Weick (1995) refers to this as *self-fulfilling prophecy*; that by expecting something will happen, it is more likely to do so as the

individual acts in ways that support this outcome;

'When perceivers act on their expectations, they may enact what they predict will be there. And when they see what they have enacted, using their predictions as a lens, they often confirm their prediction. The joint product of this directive action and selective attention is a set of inputs that match expectations and make sense.' (p.152)

Weick (1995) suggests that individuals in organisations will tend to cling to explaining circumstances in light of their expectations as this provides some reassurance of predictability as individuals prefer to avoid uncertainty.

5.6.2 Interaction as Conflict

Weick's (1995) suggestion that expectations may not be met and that individuals may engage in argument, suggests that individuals may not necessarily share beliefs within the same organisation. Buchel (2000) notes that where joint ventures are developed between corporate firms, successful attempts at convergence are punctuated by times of conflict during the life of the venture as participants draw on different interpretive frames in approaching situations. Similarly, concepts of intrapreneuring and championing within the CV literature suggest that there may be disagreement regarding support for the development of internal corporate ventures.

Holt and Macpherson (2010) note that sensemaking is not only about learning the institutional rules of organisations as to what is and is not legitimate. They further suggest that sensemaking is also about awareness of authority and responsibility which come with institutional rules and finding ways to manipulate others' accounts through sensemaking (Holt and Macpherson, 2010). This may be seen to be part of an attempt to pursue personal interests and support their legitimacy (Contu and Wilmott, 2003). Similarly, Sims (2003) notes that due to the differences in understanding between operational staff and senior managers, middle managers in corporate firms may be likely to find themselves engaged in different sensemaking and sensegiving activities that operate in conflict with each other. As individuals encounter others who provide different accounts based on their own interpretive frames, Holt and Macpherson (2010)

argue that the organisational institutional setting becomes a *contested terrain* where different propositions compete for prominence.

5.6.3 Creative Action

Taken together, Weick's (1995) concept of sensible structures and the beliefs based on them suggests that there is a strong impetus in social groups towards conformity and consensual views of reality. Holt and Macpherson (2010) note that through their reference to existing frames of reference, individuals support the institutionalisation of the firm through sensemaking, strengthening the collectively imposed limitations of organisational boundaries, roles and authority. Similarly, Brown et al (2008) support the idea that the sensemaking process may be seen as one in which shared meaning emerges through experience and interaction, leading to shared interpretive schemes.

Holt and Macpherson (2010) note that despite the appearance of tangibility, firms are not "*a collection of stable, material objects and symbols and more a temporary alignment of forces realized through collaborative engagement.*" (p. 23). Brown et al (2008) argue that there are limitations to the extent to which shared interpretive schemes may develop as one may also consider that individuals have different understandings to those of the group, due to the different experiences they encounter, undermining the possibility of group *thoughtworlds* (Brown et al, 2008). Stones (2005) notes that from a structuration perspective, individuals' knowledge is incomplete. Giddens' (1984) explains this on the basis of the concept of *time-space distanciation* whereby it is acknowledged that individuals cannot experience the social world in the same way as those they interact with, due to the restrictions of time and physical space. As a result, individuals are likely to face experiences that do not neatly match their expectations, leading them to reflexively question their interpretations. The potential for unexpected consequences may create situations which may appear *ambiguous* or in which individuals feel *uncertain*.

5.6.4 Equivocal circumstances: Ambiguity and Uncertainty

Weick (1995) notes that sensemaking may be most apparent when individuals

experience unexpected events or shocks, such as encountering unusual problems when leaving a firm to start a new venture. While initially causing emotional turmoil, Weick (1995) argues that as an individual becomes used to dealing with unexpected events they may become used to coping. Weick (1995) terms these events as *discrepancies* in that the event is only problematic in the context of existing pre-dispositions of individuals based on their interpretive frames, which make the events appear to stand out. Weick (1995) argues that these discrepancies may be due to *ambiguous* or *uncertain* experiences.

In situations where individuals experience *uncertainty* this is suggested to be due to a lack of understanding (Weick, 1995). The individual has not come across this situation before and is not aware of any ways of interpreting the situation. Weick (1995) notes that in this case an individual may actively seek out information shaped by the individual's expectations, such as drawing on normal expectations or referring to authority figures. In situations of *ambiguity* the individual is confused by too many interpretations, or a surplus of information, in a situation that is unexpected and lacks clarity. Weick (1995) notes that the term ambiguity itself has double-meanings and prefers the term *equivocality*, where something is open to multiple conflicting interpretations. In these contexts, Holt and Macpherson (2010) argue that individuals will base their sensemaking activity on prevailing habits of judgement, sense and collaborative activity. Sims (2003) notes that even speech itself can be equivocal, in that meaning may be uncertain or ambiguous to both the listener and the producer in some circumstances. Weick (1995) notes that symbols and metaphors may be utilised at times of ambiguity, as individuals struggle to conceptualise their experience on the basis of usual explanations.

Weick (1995) notes that in occasions of ambiguity and uncertainty, individuals will actively seek cues to guide their sensemaking activities, including trial-and-error behaviour and discussion with others. Garud and Van de Ven (1992) and Venkataraman et al (1992) argue that *trial-and-error*, or *learning-by-doing*, is a key behaviour process amongst venture managers in developing solutions to market needs through ventures.

Similarly, Hill and Levenhagen (1995) have argued that uncertain and ambiguous task environments are most likely to involve sensemaking activity through innovation and entrepreneurship. Hill and Levenhagen (1995) further suggest that entrepreneurs who tend to perceive ambiguous situations as opportunities will actually choose to take part in them, as they see ambiguity as an opportunity to interpret and influence the environment to their advantage. Gartner, Bird and Starr (1992) equally argue that developing new ventures involves an attempt by entrepreneurs to move towards a less equivocal reality;

'Entrepreneurs talk and act "as if" equivocal events are non-equivocal' (p.17)

Holt and Macpherson (2010) argue that this *acting as if* involves using judgement to propose meaning from an individual's new experience and persuading others of the legitimacy of that meaning. Hill and Levenhagen (1995) suggest that this may be evidenced through the use of metaphor and symbols by entrepreneurs as they attempt to develop settled meaning, or interpretive schemes, in an attempt to develop a less equivocal reality through venture development. In the context of Stones' (2005) explanation of structuration, *acting as if* may be seen as a process through which *agent's practices* are driven by intended personal *outcomes*.

5.6.5 Action based on intended outcomes - Enforcing

While Weick (1995) notes that individuals make experience understandable through story-telling, he further argues that individuals may attempt to enforce certain interpretations in order to explain actions in equivocal circumstances. In this sense, action creates ongoing reasons for individuals to explain what is happening. Stones (2005) has similarly noted that individuals may attempt to achieve certain *outcomes* for their personal projects, though these may not necessarily be achieved.

Weick (1995) argues that individuals act in a range of ways, but that not all of them are noticed by the individual or others. Where acts are public and the outcome is clear, it is suggested that individuals will show *commitment* to their acts by explaining them

(Weick, 1995). These explanations tend to relate to the individuals attempts to show how the action was good and justifiable, similar to Goffman's (1959) concept of *impression management*. Weick (1995) notes that by committing, and confirming their action as justified, individuals act in ways which support the initial action and may continue to do so, even when the consequences may no longer be desirable. From this perspective behaviour which leads to losses could be sustained by individuals as they continue to commit to a certain course of action in order to justify it and subsequent acts;

'Thus commitment affects sensemaking by focusing attention, uncovering unnoticed features, and imposing value. Commitment imposes a form of logic on the interpretation of action.' (p.159)

As a result, the meaning of action is formed out of justifications that have been decided upon. When these justifications are subsequently confirmed by new events (through *expectation*) these become generalised to other issues and used to convince others to include them in their own interpretations (*arguing*). As events develop, a wider number of individuals become influenced by an increasingly more compelling *ideology*. Through this process Weick (1995) emphasises that action may create reasons for explanation and justification, leading to new interpretive frames as individuals justify action. This process of institutionalisation is similar to Stones' (2005) explanation of *outcomes* that lead to new structures;

'Commitment transforms underorganized perceptions into a more orderly pattern.' (Weick, 1995, p.159)

Manipulation

Similar to Gartner et al's (2003) explanation of how entrepreneurs use language to explain action, Weick (1995) argues that action effectively engenders meaning. As other actions are undertaken in response to this action, meanings are developed as to why these happen. Weick (1995) suggests that this is a form of *entrepreneurial sensemaking*, in that unique actions that did not exist previously in that environment are undertaken, and individuals effectively apply their agency through choice (Giddens, 1984). Through

the subsequent actions of others, new meaning is then created. As a result, Weick (1995) argues that it is possible for individuals to purposively act in order to create new meaning. Weick (1995) offers an example of a coffee shop venture created in a disaster area, which leads to the creation of new social relations and activities as refugees and rescue workers respond to the action of the entrepreneur. In this sense, *manipulation* is about the consequences of action;

‘Manipulation is about making things happen, so that a person can then pounce on those created things and try to explain them as a way to get a better sense of what is happening’ (p.168)

Stones (2005) similarly acknowledges that individuals may purposively attempt to influence the outcome of their projects, but unlike Weick (1995), notes that there may be *unintended consequences* as well as *intended consequences*.

5.6.6 Summary

In summary, a sensemaking approach acknowledges that individuals interpret meaning on the basis of shared frames of reference and action. Action, as a result, causes not only change but also creates social outcomes which act as the basis for future sensemaking activity;

‘Sensemaking starts either with the action or the outcome, but in both cases, beliefs are altered to create a sensible explanation for the action or the outcome.’ (Weick, 1995, p. 168)

Weick’s (1995) concept of manipulation suggests that individuals can purposively create a need for sensemaking activity by acting, though the consequences of how actions are interpreted cannot be controlled. Weick (1995) summarises this through the concept of *enactment* whereby individuals may purposively choose to manipulate their environment by creating it through actions, including speech, which leads to new opportunities for sensemaking. In this sense, as with Giddens’ (1984) and Stones’ (2005) structuration theory, people are not purely acting on the basis of social structures, but are purposively enacting their environments through choices and action, sometimes to

maintain the existing social order, sometimes in order to create a niche, or in order to be able to operate in an environment which makes sense to them by changing it through action. This concept of *enactment* may be seen as the process through which *agent's practices* generate *outcomes* in Stones' (2005) model. The next section considers enactment as the final element of the sensemaking process to assist in understanding how internal ventures develop through interactive social processes.

5.7 Enactment

The concepts of agent's practices outlined earlier emphasise that sensemaking is not simply an act of relating experience to existing interpretive frames, but that it is also an ongoing achievement of creating social reality, or what Weick (1995) terms *enactment*. Furthermore, enactment may be seen as having two potential forms of impact on the social world. *Actions based on interpretive frames* emphasise that individuals may seek to justify actions in the context of their interpretive frames, which may be seen as a way of *reinforcing* existing accepted social reality through enactment such as the production of stories. *Actions based on intended outcomes* suggest that action itself may drive the need for outlining or *enforcing* new interpretation (Gartner et al, 2003) with the potential of creating social change. It is this form of enactment that Gartner et al (1992) refer to when they suggest that entrepreneurs *act as if* in order to present their developing new venture as *real*. Anderson (2005) argues this form of enactive sensemaking allows the entrepreneur to make progress with their intentions, while others might hesitate in the face of equivocality. As Rae and Carswell (2001) note, the actions of the entrepreneur and translation of this action to others as part of enactment, ultimately serve to reinforce the entrepreneur's belief in their potential for success as they interact with others. In turn others may support this interpretation, causing the social *emergence* of the venture (Anderson, 2005; Fletcher, 2006), though as Stones (2005) notes, this may be intentional or accidental. In this sense, entrepreneurship can be seen as a form of social change (Spinosa, Flores and Dreyfus, 1997), though as Czarniawska-Joerges and Wolff (1992) point out, this can only be achieved through interaction and the subsequent confirmation of change through the actions of others. The alternative is to be marginalised and seen as a maverick;

'...in social constructionist terms, one can say that entrepreneurs are people who are the first to see a crack or a flaw in the social construction of economic reality, and to interpret it as an opportunity to actualize their ideas of what the world should look like. As long as this vision is not shared by others, they have to live with an individually constructed reality, which is a heavy burden to bear. What seem to be anecdotal stories of mad inventors and innovators might be actually true, in the sense that the unsuccessful inventors are people whose reality did not become socially confirmed. Those who succeeded, though, are the makers of our worlds' (Czarniawska-Joerges and Wolff, 1992, p. 534)

It is important to emphasise the difference here between entrepreneurship as enactment and the entrepreneur as a role. Czarniawska-Joerges and Wolff (1992) draw on Hales' (1986) concept of roles in arguing that while one may identify oneself as an entrepreneur, it does not follow that others necessarily will. Equally Hales (1986) argues that a management role may be assumed or given. This is similar to Gartner's (1988) focus on what entrepreneurs do, rather than who they are. Where the act of venture creation is one of social enactment in developing a venture one may act entrepreneurially in a social context, yet not be identified as an entrepreneur. As an entrepreneur may be defined as someone involved with the development of a venture, one may argue that there is a difference here between entrepreneurial acts and being identified as an entrepreneur. In this sense even the use of the term *entrepreneur* may be used as a discursive device to support the development of a venture as *real* (if X is an entrepreneur, there must also, therefore, be a venture). In this sense, the development of an internal corporate venture may be argued to be a process of *social emergence* through which the entrepreneurial acts of individuals attempt to support the social acceptance of a project as a internal venture within a corporate context.

5.8 Summary

By attempting to integrate the concepts of sensemaking and enactment with Stones' (2005) structurationist model of the duality of structure and agency, it is possible to develop a conceptual analytical framework which outlines how individual interpretive frames are developed from experience and interaction, as well as how action plays a part in enacting organisations. In addition to these core social constructionist processes of experience, interaction and enactment, Stones' (2005) framework allows that shared

conceptions of institutional structure may exist, as well as that pre-dispositions may exist in the mind of individuals, evidenced in emotions and habits. Stones' (2005) approach to structuration allows that research questions may *bracket out* elements of the quadripartite process, in that some elements may not be necessary to include in the analysis of a research question beyond the acknowledgement that they exist. In Section 5.3.1 it was noted that Stones' (2005) concepts of *conjunctually-specific knowledge* (or *interpretive frames*) and *agent's practices* were particularly relevant to the focus of the research questions and these are subsequently emphasised (in white and bold) while other aspects of the structuration process are bracketed out (in grey). As a result Figure 5.4 illustrates a conceptual framework which outlines social processes in the emergence of internal corporate ventures, while acknowledging wider structuration processes:

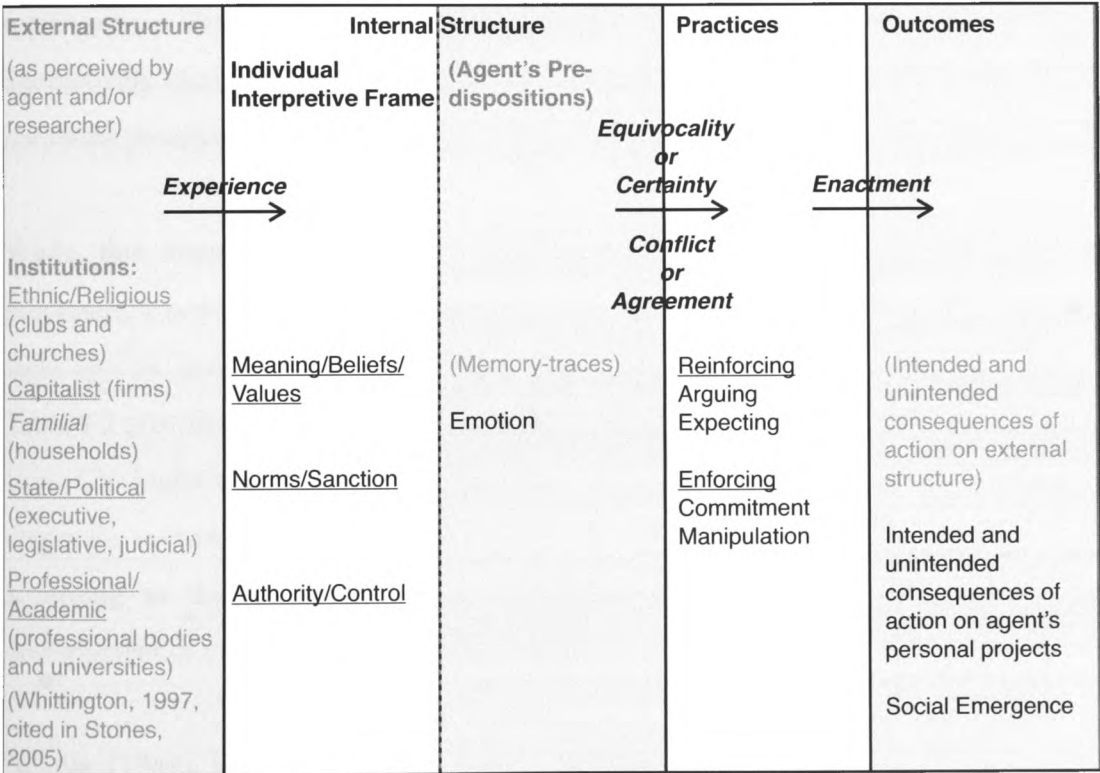


Figure 5.4 - Conceptual Framework - Basic Template

This framework builds on Table 4.5, which presented a basic thematic template of social processes in the development of internal corporate ventures, conceptualised as *experiences* of venturing, corporation and external relationships, *perceptions* of support,

rewards and relationships and *championing* of ventures to the market and the corporation. The developed conceptual framework seeks to explain how these processes may interact in the development of internal corporate ventures through a range of processes. This may include the development of individual venture managers and CV division managers personal *interpretive frameworks* from their *experience* of the social contexts in which internal corporate ventures develop, including not only corporate but also professional and personal position-practice contexts, which inform their *perception* of new experiences through different forms of meaning, norms and authority. New experiences, such as the receipt of corporate support and rewards, and subsequent conflict, agreement, equivocality or certainty as they are perceived through interpretive frameworks, are argued to act as the basis for *practices*. These practices may include forms of action by venture managers or CV unit managers, such as choosing to enforce new venture development by *championing* to the market or corporate firm, or alternatively choosing not to champion and instead attempting to reinforce traditional corporate processes.

While this framework assists in developing conceptual understanding of social processes, it is developed from both general social theory and organisational theory and lacks specific application to the development of internal corporate ventures. In addition, Table 4.2 provided a basic framework for the roles and relationships that were developed from CV literature. While this framework is specific to the development of internal corporate ventures, it is limited to explaining the perceived behaviour of individuals according to their roles and does not explain how social processes inform the development of ventures through interaction.

Blumer (1969) argues that in order to understand specific social phenomena, it is important to investigate the experience of informed practitioners. The next chapter explains how corporate venturing practitioners' experiences were investigated in order to develop the basic thematic template of roles and relationships and developed conceptual framework of social processes in the emergence of internal corporate ventures.

CHAPTER 6 - ANALYSING ROLES AND RELATIONSHIPS IN CORPORATE VENTURING

This chapter explains how the research questions are addressed through interrogating the developed thematic templates and conceptual framework in light of the experiences of corporate venturing practitioners. In considering the perspectives of individuals on their experience, it is important to avoid categorising individual's experiences slavishly in relation to the extent to which they do or do not match the conceptualisations presented in previous work (Blumer, 1969). While the thematic templates and conceptual framework are argued to act as a way of entering into analysis, it is acknowledged that an individual's experience is unique to them and may not easily fall into a set of conceptually developed expectations. As a result this chapter explores practitioners lived experiences of the development of corporate ventures, while acknowledging that these are unique to the individuals concerned. This approach acts as the basis for an interpretive analysis of roles and relationships in corporate venturing as an initial investigation in supporting the next stage of the research.

6.1 Methodology - Encountering corporate venturing practitioners

In order to develop the conceptual framework and thematic templates derived from the review of the literature on corporate venturing, these were compared with practitioner's reflections on their lived experience of corporate venturing. Empirical research in corporate venturing has drawn on a range of contexts in explaining who appropriate participants may be. This has included surveys of senior managers in randomly selected firms (Burgers et al, 2009) and identified through investment directories (Hill and Birkinshaw, 2008), as well as managers undertaking graduate-level study in management disciplines (Hornsby et al, 2009). In all of these contexts, the tendency is to assume that corporate venturing is a known phenomenon, with specific dimensions that any individual involved in a management role may experience. In contrast, case-based qualitative research has tended to explore specific activities and moments that have been acknowledged by participants as being corporate venturing (Burgelman, 1986; Dougherty, 1995; Keil, 2004). These examples have tended to focus on the experience of

managers developing new ventures in the context of multinational corporations, though similar activity in smaller firms has also been acknowledged (Carrier, 1996).

In identifying and selecting participants I followed the advice of Blumer (1969) to focus on '*participants in the sphere of life who are acute observers and well informed*' (p.41). In order to investigate the practice of corporate venturing, I purposively set out to meet individuals working at multinational corporations who acknowledged their personal involvement in an activity that they conceived of as *corporate venturing*. As a researcher based in the UK, with limited time and funding, I purposively decided to focus my attention on multinational firms engaging in corporate venturing activities in the UK. Although much of the literature on corporate venturing is focused on activity in the USA, researchers considering corporate venturing forms (Miles and Covin, 2002; Campbell et al, 2005) include cases of activity in both the USA and UK in their studies and suggest that activity in both countries is largely comparable amongst multinational firms.

Venkataraman et al (1992) indicated that one of the key challenges of corporate venturing research is obtaining access to information from large corporations. In order to make contact with firms, I utilised internet search engines and identified a series of public conferences which I attended as a delegate annually from 2003 until these ended in 2006. Each of these events specifically included the term *corporate venturing* in their title and agendas and were attended by representatives of organisations which sought to support firms engaging in corporate venturing, as well as senior managers of multinational firms who were themselves engaged directly with supporting corporate venturing initiatives within their firms. From my engagement as a conference delegate, I was able to begin to develop a personal concept of the activities that were referred to as corporate venturing and some of the challenges that were important to participants.

At the conferences, delegates were presented with a pack of documents including lists of delegates and their institutions. Using these lists I was able to target individual delegates,

who I made contact with during each conference to explain the focus of the research project. Over the course of 4 years, I was able to make contact with representatives of 29 organisations, including multinational organisations, external small businesses and support organisations. As the initial purpose of the research was to understand the general experiences of individuals engaged in corporate venturing, I requested the opportunity to interview each of my contacts. As I understood that these individuals were likely to have senior roles with significant responsibilities and time restrictions, I set out to conduct interviews by telephone with them for a maximum of half an hour.

6.1.1 Sampling

As a result of this approach, I was able to successfully conduct interviews between October 2006 and August 2007. The timing of interviews was largely dependent on the availability of participants, who often had heavy work commitments which frequently involved international travel as part of their roles, particularly where they worked in multinational firms. In order to increase the number of interview participants, and to attempt to speak to more than one person engaged in the same activity, I undertook in a form of *snowball sampling* (Heckathorn, 1997). In following this process, at the end of each interview I made an informal enquiry as to who else might be doing something interesting in relation to corporate venturing and subsequent contact was sought with these individuals to enable additional interviews. Gibson and Brown (2009) similarly argue that initial analysis of data may provide opportunities to consider who else may share similar or different perspectives that could broaden an understanding of individual experiences. In this sense, initial data analysis acted as a sampling method, providing opportunities to consider which new participants were relevant to include within the study. Initial contacts were involved in both external and internal forms of corporate venturing. Where participants were identified who particularly mentioned internal corporate venturing activity, enquiries were made about who else might be doing something interesting of this nature within the corporation (Gibson and Brown, 2009). As a result in some cases the interview sample expanded to include individuals who shared the same organisational context. This was dependent on the willingness of initial

participants to assist in identifying and contacting new participants.

By the end of the interview period, a total of 46 interviews had been conducted. Respondents included 28 senior and middle managers involved with CV activity (hereafter referred to as *CV managers*) at 21 large organisations, including 16 multinational firms and 5 national firms. In addition 13 *venture managers* were interviewed from 7 internal corporate ventures, 1 corporate spin-out and 1 corporate-invested independent venture. One participant had experience both as a CV manager and as an internal venture manager. Respondents were mainly located in the UK but also included European countries, the USA and the Far East, with many respondents working internationally in multiple global locations. Further respondents included 6 individuals who represented external organisations that supported CV activity. Table 6.1 details corporate organisations and associated ventures and participants. Table 6.2 details external advisor participants.

Subsequently, a longitudinal case study was developed from additional interactions with selected interview participants to support further development of the conceptual framework. This process is explained in more detail in *Section 8.2: Developing the Sigma Case Study - Methodology*.

Corporation	CV Managers	Venture Managers
Multinational A	1 (UK)	
Multinational B	1 (UK) 1 (US)	
Multinational C	2 (UK)	
Multinational D	2 (UK)	1 (Internal <i>i</i> , UK)
Multinational E	2 (UK) 1 (US)	3 (External <i>i</i> , UK)
Multinational F	1 (US)	
Multinational G	1 (Europe)	
Multinational H	1 (US)	
Multinational I	1 (UK)	
Multinational J	1 (Europe)	
Multinational K	1 (Far East)	
Multinational L	1 (Europe)	
Multinational M	1 (UK)	
Multinational N	1 (UK)	
Multinational O	3 (UK) 1 (Europe)	2 (Internal <i>ii</i> , <i>iii</i> , UK)
Multinational P	4 (UK)	3 (Internal <i>iv</i> , UK)
Large National A	1 (UK)	
Large National B		1 (Internal <i>v</i> , UK)
Large National C		1 (Internal <i>vi</i> , UK)
Large National D		1 (Internal <i>vii</i> , UK)
Large National E		1 (Spin-out <i>i</i> , UK)

Table 6.1 - CV manager and venture manager participants

Organisation Type	Participants
Venture Capitalist	3
Legal	1
Interim Management	1
Consultancy	1

Table 6.2 - External advisor interview participants

6.1.2 Research ethics

In conducting field research, I followed research ethics protocols appropriate to my role as a PhD student at the University of Glamorgan. As part of this process, each research participant was provided with a participant information sheet outlining the project working title, the purpose of the study, proposed sample, research methods to be

employed and the process which participants would be involved with. The participant information sheet further outlined that participants were free to withdraw at any time and that all responses would be anonymised and stored securely.

In addition to my adoption of the institutional ethical protocols of the university, Denzin, (2001) and Macfarlane (2009) note that a researcher should be aware of their own personal ethical stance. In this sense, I adopted an ethical position to focus on protecting participants throughout the research process. This included a decision not to pursue participants if they indicated that they did not wish to support the study further.

Anonymity of responses was offered to all participants both formally through consent forms and informally during interviews. While most interviewees did not directly request anonymity, this did occur amongst a small number of participants where they suggested they were making comments that could be detrimental to their position within their organisation. I further took care to ensure that anonymity applied to individuals as much as it did their organisations, by being careful not to divulge to other research participants who else had taken part in the study or what their responses were.

In order to further protect participants, when writing up transcripts and research notes I anonymised references to names of individuals, companies and products by replacing these with generalised terms. These are subsequently used in this thesis when referring to participants, organisations and products.

6.1.3 Development of interview questions

It was intended that interviews be as open as possible in order to allow participants to speak freely with minimal interference. At the same time, it was felt necessary to guide the direction of interviews to ensure that these related to the main focus of the research project. As a result, semi-structured interview questions were derived from the *social processes* thematic template (Table 4.4):

Behaviour and Learning - Social Processes Themes
Experiences - of venturing, corporation and external relationships
Perceptions according to roles - of support, rewards and relationships
Championing - of ventures to the market and ventures to the corporation

Table 4.4 - Thematic Template of Social Processes in CV activity

A total of eight interview questions were developed in relation to the personal *experience* of respondents regarding CV activity, their and others' *perceptions* of their personal role and activity, and the importance of *championing* activity as follows;

Experience

1) *Why did you get involved?* This question was asked to seek contextual information about the participants' prior experiences and expectations of corporate venturing. Many participants answered this by explaining their own personal motivations and explaining the history of corporate venturing at their corporate organisation or the history of the development of their venture.

2) *Do you prefer this work to any other work in the organisation?* This question was asked to encourage participants to compare their current role with prior experiences. Participants tended to explain their current roles in the context of previous roles both within the corporate firm and in external organisations, emphasising similarities and differences.

3) *What are the benefits of your role?* This question was asked to determine both the current personal expectations of participants from their work and to understand their current experience. Participants tended to explain financial rewards and personal reflections of their experience.

Perceptions

4) *How does this work make you feel?* This question followed on from question 3 to further probe participants' personal feelings about their role and work expectations.

Participants tended to explain the personal demands of their role and how this affected them emotionally.

5) *Do others value the work you do?* This question was asked to explore how participants felt others perceived their role and work. Participants explained their thoughts about the perceptions of others, particularly in relation to corporate staff and venture managers.

Championing

6) *Who acts as the champion?* This question was asked to explore whether championing activity occurred in the context of participants' experience. The term ***champion*** was deliberately not explained as its relevance to participants' experience was being explored, rather than presumed. No participant questioned the use of the term. Participants explained how championing activity occurred in the context of their work by themselves or others. Some participants, while not questioning the term, rejected it and provided alternative role terms to explain related activity.

7) *What qualities does a champion need?* This question was asked to explore what activities related to championing and the roles individuals would need to fulfill to undertake this. Participants provided a range of explanations for the types of person or behaviour that may be required.

8) *Do you have these qualities?* This question was asked to explore whether participants felt they undertook championing activity themselves. Participants either explained how they undertook championing activity themselves, or explained how their roles related to championing activity undertaken by others.

Telephone interviews were conducted for between thirty minutes and one hour depending on how much the interviewee wished to say. Interviewees were encouraged to elaborate on their answers. In some cases, participants contextualised the questions in

relation to their experience, which led me to alter the wording of questions to suit this context while avoiding deviating from the eight areas of investigation. Some participants spoke at length in response to early questions in ways that satisfied subsequent questions. In these cases, latter questions were mentioned briefly to confirm that these had been addressed.

As investigative interviews, it was not felt to be appropriate to request permission to audio-record interviews. As a short number of open questions were asked, participants were encouraged to elaborate answers which allowed me to focus on listening and supported me in taking detailed typed notes, almost verbatim. Clarification of participants' use of technical terms and the explanation of inconsistencies in answers were sought where necessary. Notes were immediately transcribed after the completion of interviews. Where words appeared to be missing within transcripts, these were completed and marked within the transcript using square brackets.

6.1.4 Limitations of interviews

The use of telephone interviews to explore the experiences of individuals engaged in corporate venturing provided the advantage that interviews were possible with participants despite their wide geographic locations, their tendency to travel as part of work commitments, their professional time limitations and my own financial and time restrictions as a researcher. At the same time, conducting telephone interviews to explore experiences of corporate venturing roles, relationships and social processes has a number of limitations;

- 1) ***Limitations to data collection.*** Conducting interviews through a telephone meant that while it was possible to analyse and record verbal responses from participants, it was not possible to see facial responses which may have provided further clues to meaning.
- 2) ***Limitations to transcription.*** Transcriptions were hand-typed during the interviews and no audio-recording devices were used. Although open questions allowed for

detailed transcription at touch-typing speed, this process meant that it is possible that some responses were omitted. This has been accounted for by the use of square brackets where sentences are incomplete in interview transcripts.

3) ***Limitations to scope of analysis.*** While conducting telephone interviews allowed access to a wide range of individuals with direct experience of corporate venturing, there were limitations to the extent to which this method could support the exploration of roles, relationships and social processes. While questions explored experiences, perceptions and championing, interviewee responses could only relate to their personal reflections on corporate venturing activity which had or was about to take place. In this sense, telephone interviews were ***out of context*** of the lived experiences of participants as they happened, other than the explanations of participants regarding the context in which activities took place. In order to overcome this limitation, analysis is confined to interpretations of participants ***explanations*** of corporate venturing processes, their interpretations of this experience and the terms through which individuals justified their perspectives. A full social constructionist analysis was subsequently employed through the longitudinal case study detailed in Chapter 8.

6.1.5 Analysing interview transcripts

Denzin (1989) argues that rather than testing hypothesis, interpretivist research should aim to build interpretations. Similar to Blumer's (1969) argument for iterative research, this includes a blending of theory and method, as well as the use of multiple methods, empirical materials and theories in order to build a '*a fully grounded interpretive research approach*' (Denzin, 1989, P.244) which Denzin (2001) argues is conducive with interpretive research approaches, including where structuration theory is adopted.

As previously explained, my engagement with the field involved multiple encounters with practitioners, from attendance at conferences to telephone interviews and leading ultimately to a longitudinal case study, in order to draw increasingly closer to the lived-experience of corporate venturing practitioners. Similarly the analysis of collected data

involves a variety of approaches working towards a developed conceptual framework which illustrates ‘*interpretations...grounded in the worlds of lived experience*’ (Denzin, 2001, P. 42).

To this end, two stages of analysis were conducted on interview transcripts. In this chapter, the first stage is presented which focuses on *roles* and *relationships* in relation to Research Questions A) and B). This basic interpretive analysis seeks to explore the roles and relationships identified through interviews with participants and compares these to those identified in the thematic templates derived from the literature review.

The second stage of analysis, presented in *Chapter 7*, focuses on Research Question C) in relation to *social processes*. This forms a sensemaking analysis which explores not only participants direct explanations of corporate venturing experiences in relation to the social processes thematic template, but further focuses on elements of the initial conceptual framework to appraise how participants make sense of their experiences.

Following the two-stage analysis of telephone interviews, and in line with the iterative research design, the conceptual framework is reappraised in the light of analysis results. This leads to the analysis of a longitudinal case study, in *Chapter 8*, in which a social constructionist analysis is performed, in relation to the developed conceptual framework.

In this sense, while initial analysis takes a basic interpretive form, each layer of analysis seeks to appraise different elements of the research questions, from initial thematic explanations based on the literature review to the final developed conceptual framework. At the same time, while analysis begins with content and thematic analysis of roles and relationships identified through interviews, this leads to a sensemaking analysis of interviews, which ultimately leads to a longitudinal in-depth case study analysis. In this sense the elements of the framework are explored and developed in greater and greater depth through an iterative research design.

6.1.6 Developing the research questions through interpretive thematic analysis

In order to investigate the appropriateness of the initial thematic templates and conceptual framework, *thematic analysis* was conducted on the interview transcripts. Thematic analysis is a data analysis technique whereby a set of data, such as a number of interviews, may be analysed for commonalities, relationships and differences. As an analysis technique, this has been used for grounded theory, positivist and interpretivist approaches. Thematic analysis is argued to be particularly useful for interpretivist approaches due to the flexibility of the technique and opportunities to illustrate different perspectives (King, 2006; Gibson and Brown, 2009). King (2006) argues that thematic analysis is useful in providing a systematic approach to interpretivist research, in that it involves analysis in a series of discrete stages and provides opportunities to analyse data in a consistent manner, particularly where qualitative computer software, such as *NVivo* (Seale, 2010) is utilised.

In order to investigate the relevance of roles and relationships to practitioners, I followed the advice of King (2006) and Gibson and Brown (2009) by systematically analysing the transcripts I had developed from the telephone interviews, in a manner consistent with my interpretivist position. Similar to the arguments of Blumer (1969) and Denzin (1989, 2001), King (2006) argues that interpretive thematic analysis is an iterative process, drawing on the knowledge and experience of the researcher in conjunction with data sources, themselves developed from an interaction between the research and research participants.

Analysis process

King (2006) suggests that the interpretive thematic analysis process begins with the research topic and its associated issues. This forms a *thematic template* developed from selected literature. These are then interrogated through engagement with data, ultimately leading to a refined and redefined thematic template. The analysis process continues as this new thematic template is explained to the intended research audience, presenting an empirically informed understanding of the research project.

In relation to *roles* and *relationships*, Table 4.1 represents the initial themes that acted as a starting point for the analysis. The intention of this activity was to understand whether the roles and relationships described in the literature had been specifically referred to by interview participants and to verify whether these were relevant to them. To undertake this, each of the terms in Table 4.1 were investigated through a keyword search across all 46 datasets, similar to *content analysis* (Gibson and Brown, 2009). Each of these terms was initially listed in the *roles* and *relationships* themes.

Roles and Relationships Themes (Initial Role Codes)		
Top Manager	Entrepreneur	Shareholder
Senior Manager	Intrapreneur	Government
Middle Manager	Venture Capitalist	Operational Staff
Venture Manager	Customer	Technical Staff
Champion	Supplier	Venture Staff

Table 4.1 – Thematic template of roles and relationships in CV activity

At the same time as keyword searches were conducted for the use of the terms listed in Table 4.1, each transcript was coded against the eight open interview questions. This then providing a basis for the analysis of *social processes* themes (Table 4.4).

As a result of these two separate forms of analysis on the same data sources, two sets of results emerged. The remainder of this chapter explores the initial *roles* and *relationships* analysis results and the development of the associated thematic template. Following discussion of the results, Chapter 7 explores the *social processes* analysis process and results. This leads to a discussion of the development of thematic templates and the conceptual framework.

6.2 Roles and Relationships Analysis

This section initially explores how roles have been suggested to relate to social processes. This leads to an explanation of the analysis process in which the roles and relationships thematic templates were interrogated in relation to the responses and use of terms by interview respondents. This leads to an explanation of results and a developed thematic template of roles and relationships.

6.2.1 Understanding roles and relationships

In considering the impact of roles and relationships on corporate venturing practice in Chapter 4, I outlined which roles have been identified within corporate venturing literature. In considering the relevance of these roles to practitioners' lived experiences, it is useful to consider how roles have been argued to relate to social processes. From a symbolic interactionist perspective, the social world is argued to be interpreted by individuals through their exposure to symbols, such as words and gestures and their interpretation of these symbols, as part of social interaction with others (Blumer, 1969; Denzin, 2001). This approach is similar to the interpretivist position of Dougherty and Heller (1994) and Whittle and Mueller (2008) in suggesting that the roles which individuals assume, as well as the concept of innovation and ventures themselves, are open to interpretation by different individuals engaged in corporate venturing activities. From this perspective, I argue that while the basic thematic templates illustrated in Tables 4.1 and 4.2 outline roles and relationships based on the CV literature, practitioners may not only have experiences which differ from those suggested, but may also interpret these differently based on their own informed understanding.

Gabriel (2008) argues that as a concept, roles are considered to signify the function of an element within a social system. The thematic template of roles identified in Table 4.2 based on the corporate venturing literature particularly highlights the perceived importance of management roles within the wider process of the development of ventures within firms. Hales (1986) similarly identifies that in considering what managers do, management occupations are largely defined by the organisational unit that their role is related to, such as the roles of *top*, *middle* and *venture management* summarised in Table 4.2.

Gabriel (2008) notes that the importance of roles as an element of a social system was a core concept in the work of the sociologist Talcott Parsons, who indicated that in order to be sustained, social functions must be fulfilled by certain social roles. This is similar to arguments in the corporate venturing literature which assume that certain types of

management role (such as *middle manager*) exist as relevant elements of the structure of organisations engaging in corporate venturing and are central in determining the success of venturing activity (e.g. Kuratko, 2004). In contrast, Hales (1986) indicates that the concept of a role consists of a number of aspects beyond a simple label, such as *role demands* and *role definitions*. Similarly Table 4.2 indicates not only what roles have been identified as labels within CV, but also how these roles have been defined within the literature. These explanations are similar to Hales' (1986) concept of role demands in terms of what individuals may be expected to do or how they may be expected to behave.

Corporate Roles
<i>Top Managers</i>
<p>Are strategic leaders with a major influence on venturing activities (Narayanan et al, 2009) as a whole they;</p> <ul style="list-style-type: none"> • develop corporate strategy (Burgelman, 1983a; Kuratko et al, 2004); • authorise the activities of lower-level managers (Burgelman, 1983a; Kuratko et al, 2004); • decide whether venture activity should be sanctioned (Burgelman, 1983a; Day, 1994); • may provide recognition/rewards (Pinchot, 1985; Kazanjian et al, 2002); • may be directly involved as champions (Day, 1992; Thornhill and Amit, 2000; Miles and Covin, 2002); • authority over corporate resources (Howell and Higgins, 1990; Venkataraman et al, 1992; Day, 1994), and; • may possess general market competence, but less likely to possess technical competence (Day, 1994).
<i>Middle managers</i>
<p>Manage interface between top management and operations (Burgelman, 1983a; Kuratko et al, 2004) they;</p> <ul style="list-style-type: none"> • may have discretion over venture support (Burgelman, 1983a; Venkataraman et al, 1992; Day, 1994); • may depend on top management sanction (Kuratko et al, 2004); • are most likely to act as venture champions (Burgelman, 1983a; Venkataraman, 1992; Kuratko et al, 2004); • champion ventures to top management (Burgelman, 1983a; Kuratko et al, 2004); • enforce corporate objectives and provide rewards (Pinchot, 1985; Venkataraman et al, 1992); • have access to resources within the corporation (Venkataraman et al, 1992; Burgelman, 1983a); • may possess general market and technical competence (Burgelman, 1983a; Day, 1994); • may adopt similar working practices to venture capitalists (Miles and Covin, 2002; Chesbrough, 2003).
<i>Operational managers</i>
<p>Are responsible for direction of core operational staff (Burgelman, 1983b; Venkataraman et al, 1992) they;</p> <ul style="list-style-type: none"> • Meet the demands of higher-level managers (Kuratko et al, 2004; Hornsby et al, 2009); • Are immersed in operational duties (Burgelman, 1983a); • Possess market and technical competence in product areas (Burgelman, 1983a; Angle and Van de Van, 1989).
Emergent Roles
<i>Venture manager</i>
<p>An emergent role which is linked to the existence of a venture they;</p> <ul style="list-style-type: none"> • are most likely to have come from operational management (Burgelman, 1983b; Pinchot 1985, Venkataraman et al, 1992; Abetti, 1997), or may be externally recruited (Chesbrough, 2006); • direct operational staff in the venture team (Burgelman, 1983b; Venkataraman et al, 1992); • meet the requirements of middle managers (Burgelman, 1983b; Venkataraman et al, 1992); • make independent strategic decisions for the venture (Burgelman, 1983a; Abetti, 1997); • may receive a promotion to mainstream middle management as venture is integrated into business division (Venkataraman et al, 1992); • may leave corporation if the venture spun-out or sold (Badguerahanian and Abetti, 1995), and; • may leave corporation if the venture is not supported by the corporation (Chesbrough, 2006). <p>Identification as venture manager may be dependent on personal relevance and whether venture is legitimate within the corporate (Pinchot, 1985; Starr and MacMillan, 1990; Abetti, 1997; Kuratko, 2004).</p>
<i>Champions</i>
<p>An emergent role related specifically to ventures, they;</p> <ul style="list-style-type: none"> • may be a manager at any level of the organisation (Venkataraman et al, 1992; Day, 1994); • may support single products as individual ventures (Burgelman, 1983a; Day, 1994); • may support all ventures within the organisation (Burgelman, 1983a; Venkataraman et al, 1992; Day, 1994); • may support venture managers in initiating ideas, sanctioning actions, acquiring resources and incorporating venture into the firm through institutional championing (Burgelman, 1983a; Howell and Higgins, 1990; Venkataraman et al, 1992; Day, 1994; Greene et al, 1999); • may champion a venture in accessing the market or developing technology through product championing (Venkataraman et al, 1992; Day, 1994), and; • may operate alone or as part of a team (Mintzberg et al, 1976; Day, 1994).
<i>Intrapreneurs / corporate entrepreneurs / entrepreneurs</i>
<p>An emergent role, tends to be the equivalent of the venture manger, they;</p> <ul style="list-style-type: none"> • act as product champion (Pinchot, 1985; Luschinger and Bagby, 1987); • take on responsibility for venture development (Pinchot, 1985; Luschinger and Bagby, 1987); • champion the venture's legitimacy in the context of the firm and resources (Pinchot, 1985; Morse, 1986); • emphasise the needs of the venture over those of the corporation (Pinchot, 1985), and; • May work underground until the venture is supported (Pinchot, 1985).

Table 4.2 - Roles in the development of ICVs: Key themes

Table 4.2 does not, however, indicate how the individuals who take part in CV activities actually define their own roles. Hales (1986) terms this *role conception* through which individuals perceive their position and assign demands to it. Additionally, Hales (1986) indicates that one may also consider the significance of *role performance*, or how individuals behave either as a response to their perceptions of their roles or in the pursuit of an individual project. Here Hales (1986) draws on Goffman's (1959) concept of *role distance* in arguing that individuals may choose to act differently to the expectations they perceive within their role. Gabriel (2008) argues that Goffman's (1959) concept of roles moves away from Talcott Parsons' idea of roles as fixed elements within a social system, to instead suggesting that individuals are free to behave either in accordance with, or improvise upon, their perceptions of their social roles. Goffman's (1959) emphasis on individuals as making choices relating to their given roles also extends to the idea that individuals may occupy, or be expected to occupy, multiple social roles. This may lead to *role conflict* where individuals feel they are expected to meet multiple roles simultaneously which may or may not conflict with their expectations. Finally, Table 4.1 includes roles that were suggested to be taken on by participants, as well as the roles of others with whom participants interacted in social relationships. Stones (2005) notes that while individuals may assume multiple roles in the range of relationships they take part in with their own set of expectations, roles can be understood by their relationship with other associated roles, or *role-sets*. For example, Blumer (1969) notes that the significance of the role *robber* can be understood by its relatedness to the existence of the role *victim*. Similarly, Table 4.2 indicates a number of manager roles, such as *top manager* and *middle manager* which taken together suggest not only a set of roles involving management, but also a hierarchy in which some roles are superior to others, which acts as the basis for differentiating between each of these roles.

Table 4.2 lists a number of roles that have been argued to exist in relation to CV. By considering roles as social expectations which may be imposed on individuals, but which these individuals may choose to either carry out or deny (Goffman, 1959; Giddens, 1984; Hales, 1986), it is possible to see these roles as explaining forms of

expectations on individuals who take part in CV activity, rather than defining the individuals themselves. This follows the suggestions implicit in CV literature that while individuals may be contractually employed as managers at different levels, they may also engage in other roles simultaneously, such as that of champion (Burgelman, 1983b; Day, 1994). Goffman (1959) and Hales (1986) propose that individuals choose to act based on their perceptions of their given or assumed roles in a way which suits their own personal projects. This is supported in the context of CV by Dougherty and Heller's (1994) empirical work which suggested that individuals who labelled their projects as ventures and by inference themselves as venture managers, utilised this either as a way of achieving formal acceptance of their projects or as a way of transforming the behaviour of their teams.

In understanding the impact of roles and relationships on CV practice, it is further worth considering how the roles described in Table 4.2 came about. CV researchers have tended to assume that the roles summarised in Table 4.2 exist, and attempt to measure their impact, without explaining how these terms have come to be accepted. The term *manager* tends to be assumed to be a contractual occupational label that individuals assume within organisations (Hales, 1986), but the categories given to this role have varied amongst CV researchers. In contrast, the term *venture* has been argued to be utilised as a mechanism to achieve social acceptance (Dougherty and Heller, 1994). Similarly, *champion* roles have emerged in the literature from the concept of *championing* as an activity, but acceptance of this as an actual role amongst practitioners is unclear. Finally the term *intrapreneur* was openly declared an invented conceptual term by Pinchot (1985) in trying to define the activities of individuals who develop ventures within organisations. As a result, it is useful to consider what actual roles are assumed by individuals who engage in CV practice, whether these are similar to those discussed in CV literature, what individuals' perceptions of these roles are and whether single or multiple roles are assumed.

6.3 Determining roles and relationships amongst interview participants

Initial analysis was conducted to understand whether the roles and relationships described in the literature (Table 4.2) had been specifically referred to by interview participants and to determine whether these were relevant to them. No specific questions were asked to participants regarding roles or relationships. Instead the general answers given by participants were analysed to determine which roles and relationships were raised as part of their responses. The benefit of this approach is that, other than the champion role, one may presume that the roles and relationships mentioned were seen by the respondents as important to mention without researcher influence or encouragement. It may also be presumed however that had participants been directly asked about roles and relationships, they may have indicated a range of alternative roles and relations, placed different emphasis on them and potentially have mentioned additional suggestions. From this perspective, the analysis is not intended to be comprehensive but simply acts as an indicator to support the development of the conceptual framework and overall research focus.

Using a basic form of content analysis, each of the terms in Table 4.1 was investigated as an initial list of potential role types through a keyword search across all 46 interview transcripts using *NVivo 8* qualitative data analysis software. During searches, additional role types that had not been included in the initial thematic template were identified and subsequent key word searches were conducted for these terms. Through this iterative process a number of references to *role* and *relationship* terms were identified. A complete list of identified terms is provided in appendices 1 and 2, including an indication of the number of respondents who mentioned each term and the number of times the term was mentioned across all responses. References to roles and relationships varied from a single reference by one participant (*geek, intrapreneur, technical advisory board, schizophrenic, advisor, recruitment agency* and *wife*) to 111 references by 44 participants (*team*). While the number of references made to terms by each participant may have been influenced by the questions asked during telephone interviews, analysis of the context in which participants referred to terms suggested

some similarities between participants in the use and explanation of terms. A summary of terms identified is provided in Table 6.3.

Identified Roles		
Corporate Roles		
<i>Top Management</i> CEO CFO COO Board-level	Senior Management	<i>Middle Management</i> Managing Director
<i>Operational Management</i> Operational level		Divisional venture board
<i>CV Division Champion Roles</i>	<i>Functional Roles</i>	
Corporate champion	Commercial	Marketing
Evangelist	Developer	Operations
Intrapreneur	Engineer	Product
	Finance	R&D
	Legal	Research
	Sales	Strategy
	Technical	Technologist
Venture Management Roles		
Project Manager	Managing Director	CEO
CFO	Team-member	Venture Champion
Venture Intermediary		
Gate-keeper	Advisor	Scout
Ambassador	Angel	
	Coach	
Venture board		
Venture Staff Roles		
Account Manager	Developer	Engineer
Marketing	Sales	Finance
Legal	Staff	Team-member
Venture Capitalist Roles		
Venture Capitalist		
Scientific Roles		
Scientist	Technical Advisory Board	
Academic Roles		
Academic	Professor	
Student	PhD	
Attitude and Value-related roles		
Entrepreneur	Business person	Geek
Bureaucrat		
Professional	Maverick	Trouble-maker
Amateur		
Identified External Relationships		
Customers, Clients	Venture Capitalists	Shareholders
Suppliers	Business Angels	
Governments	Universities	Lawyers
Interim Managers	Consultants	Family

Table 6.3 – Roles and Relationships Analysis Results Summary

The following section explores the contexts in which participants used these terms during interviews. In discussing forms of roles and relationships explained by participants, transcript quotations are provided to illustrate the context in which terms were used.

6.3.1 Corporate Roles

A number of participants referred to roles and associated relationships that existed in the context of the large organisations for which they either worked or with which their ventures were associated. Similar to explanations of corporate roles by Kuratko et al (2004) and Venkataraman et al (1992), a range of roles were described relating to top, senior, middle and operational management roles. Some roles were mentioned in relation to the governance structures of the corporations, including references to the Chief Executive Officer (*CEO*) and other top management roles (*CFO*, *COO*) on the corporate board of directors. Additionally, *managing director* and vice president (*VP*) was used to refer to middle managers who acted as heads of departments in some corporations.

These concepts of top, senior, middle and operational manager were interpreted as relating to a hierarchy within the organisation and suggested this was the way in which responsibilities within the organisations had been structured due to the large size of the corporate firms in which the specific examples of venturing activity was taking place. As an example, one participant referred both to the broad range of reporting lines possible for CV activity within different divisions in his multinational firm and different hierarchical levels of the corporate;

‘...what [*the corporate*] has already done is [they] have extremely senior members of [*the corporate firm*] involved: included [*one individual*] who is one of ten corporate officers of [*the corporate*] who used to be the treasurer of [*the corporate*] - high-powered individuals who report directly to [the] CEO. [These are] different to groups out there who report to CFO’s, VP’s or business development or some other guy.’

In explanations of corporate hierarchical roles, top management roles were particularly emphasised, *senior management* was mentioned 12 times by 10 participants, *board-level* was mentioned 12 times by 9 participants and *CEO* was particularly common being mentioned 21 times by 11 participants. In the context of the comments made by participants, and similar to suggestions of Narayanan et al (2009), Kuratko et al, (2004) and Day (1994), this emphasis appeared to be related to the position-authority of top management, their influence over corporate politics and resources and the effect this had, both positive and negative, on individual ventures, CV divisions/units and associated individuals;

'Most corporate venturing units couldn't exist without air-cover from the <u>CEO</u> . [They] can try to make it not too painful.'
'My [corporate venturing] group wouldn't exist without support from <u>senior management</u> .'
'...with ventures [you] need access to <u>senior managers</u> , access to <u>middle managers</u> isn't enough.'
'Might be on a production line somewhere, suddenly up against <u>senior management</u> which can be [a] harrowing experience like being on trial.'

In addition to hierarchical management roles identified from the literature, a range of roles were discovered and interpreted from the analysis procedure that had not been mentioned in the literature. These roles included specific functional roles, such as *commercial*, *research* and *sales* staff. In these contexts individuals were described, or described themselves, according to the specific type of work they were or had previously been employed to undertake within the corporate firm;

'[My] career history [is] a marketing one, in many different roles, but [a] <u>marketer</u> essentially. [I] shifted into roles where [I] took on large group of <u>technologists</u> who had been working for [<i>the corporate firm</i>] for [a] long time.'
'It's an easier more connected way of working with project groups out of [<i>the corporate headquarters</i>]. I am from a product group and an... <u>engineer</u> ...'

In some cases these roles were used to describe entire corporate departments or divisions in some instances. This either suggested that individuals within the same departments

had shared ways of thinking, similar to Dougherty's (1992) concept of *thoughtworlds* or more simply that individuals activities and ways of behaving could be summed up according to their functional role;

'A lot of companies when they look at business development [they] look at functional skills: e.g. [they] need someone from <u>research</u> or <u>IT</u> etcetera...'
'Also if you don't communicate with <u>engineers</u> [you] won't get anywhere...People who join <u>R&D</u> ...don't do it to start a business, so [it's] good to have them involved.'

Amongst the wide range of functional roles mentioned, participants particularly mentioned those relating to research and science. *Research* was mentioned in relation to roles by 9 participants 26 times, while references to *R&D* (21 times by 11 participants) and *technical* (12 times by 9 participants) roles were similarly common. This may have been due to the types of ventures being developed that interview participants were involved with, which tended to be software, internet or engineering based within corporate firms from a range of industries.

Additional corporate roles were discovered which related to the development of CV activity within corporations. This included *CV division venture boards*, comprising middle or senior level managers, some of whom were themselves interview participants. While these were not suggested to exist in all of the organisations which participants worked with, where they were mentioned these roles were interpreted to relate to the existence of a formal administrative group within the firm that had both financial resources and autonomy in decision-making for the development of individual ventures;

'As soon as you needed money [you] had to go to [the corporate] <u>venture board</u> ; [you] had to decide who from [the] new business would go to [the corporate] <u>venture board</u> and do [the] flanking work to make sure everyone had seen it before [the corporate] <u>venture board</u> .'
'[We] knew [that we] had to set up mechanisms, [the] project was brought to [the] strategic department, which decided to set up a <u>decision board</u> and a pool of money to fund such ventures, and it was expectation that more of these ventures would come into being.'

Informal corporate roles included references to *corporate champions*, *evangelists*, *scouts* and *intrapreneurs*. These informal roles tended to be associated with middle or senior managers who were supporting overall CV activity within or outside the corporate firm, similar to Burgelman's (1983a) *overlaying* processes and Venkataraman et al's (1992) *context managing* processes through a formal strategic CV unit (Miles and Covin, 2002; Campbell et al, 2003). The term *champion* was used in a corporate context 26 times by 18 participants, although this may have been due to my use of the term in the final set of questions. Where *champion* was referred to as a role in a corporate context, or alternative terms used, this tended to be to describe an individual involved with persuading others of the value of overall CV activity within the corporate firm, to internal staff or external organisations;

Some <u>evangelists</u> go out and find what [they] need and justify [the] reason that [they] need it.'
'[Their] role is to <u>scout</u> for ideas and see where opportunities are, package these into business proposals which fit into our proposals and our objectives and if approved make sure [they are] executed in one way or another.'
'[A] <u>champion</u> needs to have credibility and respect and vision that goes with them talking about something. They need to get buy in and continued support from on high.'

Overall, participants references to roles were similar to the CV literature, in that corporate roles appeared to be important to participants in the conduct of CV activity. This seemed to particularly be the case through existing formal hierarchical and divisional structures within the corporate firm where venturing activity was taking place, including references to formal CV division roles. The diverse range of corporate roles referred to further suggested that similar to Burgelman's (1983a) and Venkataraman et al's (1992) models, CV activity involved the participation of individuals across the entire organisation, from operational to top management and a range of divisions. Corporate roles did not, however, appear to be entirely satisfactory in describing the activities of those involved with CV activity. Participants used alternative emergent terms to explain roles which described activities individuals may engage in to support CV activity, but which could not be explained or related to formally assigned corporate roles.

6.3.2 Venture Roles

The terms *venture* and *venture manager* were not specifically referred to by participants. Ventures tended to be referred to instead as either *businesses*, *start-ups* or *projects* which appeared to relate to either their status in relation to the corporate firm or the aspirations of individuals for these ventures. Within these terms, managers of internal ventures were referred to as *manager of a business* or *project manager*. Two further participants referred to the role of *managing director* or *MD* that was interpreted as a term used particularly for a leading role within a venture at the project stage. A common term was *CEO* (16 participants, 23 times) which, along with *CFO*, were suggested to be professional strategic leadership roles within ventures which had spun-out or intended to do so;

‘A critical first recruitment made is [the] CEO [of a venture]. Someone with knowledge about [the] business and market area.’

‘Together with myself and the CEO we are the core team and have brought in other developers and marketing people to grow the team.’

While some ventures had a single venture manager, the term *team* was used for ventures with multiple managers. Some venture managers and CV managers informally referred to venture managers as *champions* where they were seen to be actively involved in accessing support from within the corporate firm, although again the use of this term may have been influenced through the questions asked in interviews.

Similar to the CV literature (Burgelman, 1983a; Venkataraman et al, 1992; Dougherty, 1992; Abetti, 1997) some venture staff were referred to in relation to their specific activities in the venture. *Technical* staff were mentioned who may be recruited from inside the corporation. In addition a range of other roles were mentioned relating to venture activity including *legal*, *sales*, *commercial*, *marketing*, *technology*, *finance* and *account management*. These references related to an individual’s specific responsibilities within the venture, either as a job description or as one of many roles an individual may take on. It was noted that similar to suggestions of Dougherty (1992) and

Chesbrough and Socolof (2000) both venture managers and venture staff could be recruited from outside the corporate firm as well as from within.

In summary, while similar to the CV literature and corporate roles, venture staff were referred to in relation to their functional roles within the venture, different terms were used for venture managers. The use of a diverse range of terms for ventures and venture managers suggested that these were perceived in relation to both their stage of development and their status in relation to the corporate firm. Terms such as *project manager* suggested ventures which were seen as early-stage activities directly associated with existing corporate activities. Terms such as *managing director*, *CEO* and *start-up* were interpreted as aspirational in that these terms suggested that these existed in relation to independent ventures, even though in these cases these ventures had no independent legal status outside of the corporate firm and the individuals concerned were employed directly by the corporate firm. Together, these references seemed to suggest that roles were being used as *sense-giving* devices to encourage others to either see ventures as normal activities within the corporate firm, or as almost-independent. This is similar to Dougherty and Heller (1994) and Whittle and Mueller's (2008) suggestions that role terms used by those involved in CV activity to describe themselves may be intended to enhance an individual's legitimacy within the corporate context.

6.3.3 Venture Intermediaries

Similar to the concept of *champion* for ventures and overall CV divisions, a number of intermediary roles were mentioned in relation to corporate staff. These were informal roles that were either used as metaphors by participants during the interview or were suggested to be used informally as part of CV activity. These roles appeared to refer to the relationships between the venture and the corporate firm. *Advisor*, *angel* and *coach* were roles assumed by CV managers in advising and directing ventures;

'I'm a coach for like a soccer team. They understand they are looking for success, but [it] could also be a failure and it's my task to shut it down.'

'Sometimes angel of something good, sometimes angel of death.'

Similarly, *gate-keeper* and *ambassador* were roles assumed by CV managers in negotiating support between the corporate firm and ventures;

'There's a person allocated to our relationship who is our gate-keeper who sets up meetings with people in [the corporate firm].'

'Ambassador; [you] need to believe in what [you are] talking about. [I am] not used to thinking about everything I do I just do it.'

While Burgelman (1983a), Pinchot (1985) and Venkataraman et al (1992) suggest that middle manager champions may need to both support the venture in the context of the corporate firm and direct the venture in relation to corporate goals, the different terms mentioned by participants suggested that roles related to the support or direction of the venture were seen as distinct from each other. One participant noted that there was the potential for role conflict in acting as a venture champion while also carrying out a formal corporate management role in assessing the viability of the venture;

'...while [you] need to be passionate about [a] project, it's also a schizophrenic role as [you] need to be dispassionate and say "Do [the] financials stack up? How much has due diligence been done?".'

A further venture intermediary role not mentioned in the literature, was suggested to be that of *venture board*. Members of venture boards were representatives of investing organisations and where, in most of the examples mentioned by participants, the venture was still part of the corporate firm this may be made up of CV division managers and corporate division managers from the parent corporate firm. This term was mentioned 41 times by 18 participants, including both participants who were venture board members themselves and venture managers who reported to venture board members, suggesting that this was an important role in venture development processes. This role was particularly mentioned where reference was made to internal corporate ventures which

had either spun-out or intended to do so. A venture board member's role was suggested to include directing the venture, supporting strategic decision-making by venture managers and improving access to support where necessary;

'[They are] looking at progress; sometimes very challenging and that is the job of a board to keep you in check.'

'[CV division managers] typically have a watching seat on the board of start-ups and are a continual point of contact and it is very much in their reward structure to make sure they succeed.'

Overall, venture intermediary roles assumed by middle managers were similar to the informal corporate roles previously identified in supporting CV divisions, in that they appeared to be used descriptively to explain activities in supporting and managing ventures which could not be explained through formal corporate roles or activities. Where formal structure had been established in the form of venture boards, these appeared to be explained as similar to the governance arrangements of small independent companies, even where ventures were formally a project within the corporate firm. In this sense, while referring to a formal governance arrangement, the term *board* also appeared to be a sense-giving device to convey the impression that a venture should be perceived as an independent business.

6.3.4 Emergent CV roles

While corporate, venture and venture intermediary roles appeared to be broadly similar to explanations of corporate, venture and champion roles within the CV literature, a number of additional roles were mentioned by interview participants.

Venture Capitalist

Some CV managers either equated or referred to themselves as *venture capitalists*, or *VC*. This term was frequently used with 20 participants mentioning the term 41 times. Similar to the suggestions of Chesbrough (2006) and Hill and Birkinshaw (2008) that venture capitalist approaches may be expected or encouraged in CV activity, the role of *VC* was suggested to be due to an expectation either within the corporate firm or

amongst venture managers that CV managers should follow similar processes to the external venture capital community. This did not tend to be a formal role, but instead something which participants either hoped to emulate, or wished to avoid being associated with.

‘[It’s] almost like [*company name*] [is] acting as a VC, but [they are] clearly not interested in just being a VC, [they are also] interested in people they strategically see as having benefit from.’

‘[I] don’t like to be called a VC, as traditionally [they] have a reputation for screwing everyone in sight to maximise their concern. I like to think of myself of someone who gets a kick out of creating companies and that turns me on.’

Scientific and Academic roles

Most of the participants interviewed were involved in CV activity related to the development of technical products. While this is similar to the suggestions made by Burgelman (1983a) and Venkataraman et al (1992) about technical activities for venture managers, these terms may have been particularly emphasised by interview participants due to the focus of ventures mentioned on software, internet or engineering products. Some venture managers referred to themselves as *scientists* or *engineers* either as a form of esteem or as a way of explaining their technical competence and personal approach to venture development. As mentioned in relation to corporate roles, *scientists* were also referred to in the context of research and development divisions as individuals either with the potential of developing ventures, or as advisors to support the development of ventures, including through *scientific advisory boards*.

While scientific roles were referred to as forms of esteem by those who associated themselves with this, the *academic* role was used as an informal term for someone with technical competence but who lacked a market outlook;

‘[I] Started off as an academic researcher and came in as a technical specialist.’

‘[I] went from being [the] only US non-PhD to becoming [a] successful senior manager.’

Conversely, where *academic*, *PhD*, and *Professor* were referred to as formal roles, these were suggested to be signs of knowledge and esteem, such as where participants had been involved in activities at universities or awarded formal titles;

‘...and [we] run [our] own summer school for research students [we] sponsor. [The] modern student needs to know how to get research out there into market’
‘But [I] also worked in R&D and [I am] also [an] honorary <u>professor</u> in [a local research] university, so [I] lecture and work there.’

Attitude/value-related roles

Similar to the references to informal venture intermediary roles of CV managers, a number of informal roles were referred to in the context of the personal outlook and values of venture managers and corporate operational staff. *Entrepreneurial* roles were particularly emphasised with 11 participants mentioning this role 13 times. Similar to Pinchot’s (1985) concept of the *intrapreneur*, this was suggested to be a positive role for participants involved in supporting ventures. Those in an *entrepreneurial* role were suggested to have a more market-focused view and vision for the venture than traditional *bureaucratic* corporate staff who may focus on corporate processes;

‘ <u>Bureaucratic</u> people [who] won’t be so comfortable picking up [the] pieces... <u>entrepreneurs</u> would want a different path.’
When I look at people I am bringing into my team I’m looking for <u>entrepreneurial</u> drive, people who want to break down corporate barriers, who don’t just follow advice but challenge it and are looking to see how to do things differently.’
[Corporate ventures] still give us outlets to people with [an] <u>entrepreneurial</u> spirit, still [an] option to join [the] business spinning out of [<i>the corporate</i>]: still opportunity for people who want to go down that route.’

Additional roles mentioned, similar to Pinchot’s (1985) and Morse’s (1986) explanation of the activities of intrapreneurs, were *maverick* and *trouble-maker* roles which were suggested to relate to individuals who broke corporate norms, though participants indicated that these might only be beneficial in the early stages of a venture before achieving customer acceptance. Some participants mentioned value-related roles which

were not mentioned in the CV literature. This included *business-person* and *professional* roles which were related to individuals who have developed rounded venture-related skills, as against enthusiastic *amateurs* who might not be aware of the consequences of their actions. Finally, one participant referred to himself and colleagues as technical *geeks* whose enthusiasm for technology provided opportunities for innovation;

‘[The] <u>mavericks</u> who [you] need to get it up and running are not [the] people [you] want to handle customer transactions, then business as usual.’
‘I’ve introduced myself as a <u>troublemaker</u> for several years actually, as my job description.’
‘[You] have got to be <u>professional</u> , but also have drive to say “I can really see this”.’
‘Pay-back time for the <u>geek</u> at high school.’

Overall the emergent roles mentioned by participants appeared to describe a range of alternative explanations for individual behaviour outside of corporate and venture roles, which do not receive significant attention in the CV literature. *Venture capitalist* roles appeared to suggest an association with the external investment community while *research* roles appeared to emphasise both scientific and academic communities. This was at odds with the CV literature which tends to emphasise corporate contexts for individual roles in CV. The potential for roles which conflicted with corporate roles was emphasised in the concepts of *entrepreneur* which similar to Pinchot’s (1985) concept of *intrapreneur* suggested that CV behaviour may require an emphasis on market contexts rather than corporate ones. Terms such as *trouble-maker* and *geek* were used in a similar context, but tended to refer to an emphasis on scientific contexts over the corporate context.

6.4 External Relationships

While CV activity was suggested to involve roles within corporate firms, a number of participants referred to the importance of external relationships.

6.4.1 Customer, Client and Supplier Relationships

Burgelman, 1983a, Venkataraman et al (1992) and Dougherty (1992) emphasise the importance for venture managers of developing relationships with customers. Similarly, participants frequently referred to *customer* relationships (28 times by 16 participants) and mentioned that these were important in the development of the venture. It was suggested that a venture's prospects may be associated both with the ability to attract its first customers and positive feedback from these initial relationships. Some participants argued that ventures might gain access to corporate customers or benefit from their association with the corporate firm. Equally it was noted that some ventures developed customers in unrelated industries to the corporation's key focus, placing greater emphasis on the skills of the venture manager in understanding customer needs. The importance for ventures of developing relationships with customers was emphasised in the term *client* (12 times by 8 participants) that was used in reference to close customer relationships where products were developed in partnership. Finally, some spin-out ventures mentioned that they acted as *suppliers* to the corporate firm, while in other cases relationships with key suppliers were argued to be supported by the ventures association with the corporation. This is similar to Campbell et al's (2003) and Chesbrough's (2006) explanations of the strategic use of ventures to support corporate firms in a variety of ways.

6.4.2 Investor Relationships

A number of participants mentioned the importance of relationships with external institutional investors, similar to Miles and Covin's (2002) and Campbell et al's (2003) suggestion that CV activity may involve the strategic use of external institutional investors. The importance of relationships with external *venture capitalists* was raised 47 times by 20 participants where a key goal for potential spin-out ventures was securing external investment, even where it was intended that the corporate firm retain a stake. Three participants mentioned similar attempts to access external funding through private individuals referred to as *business angels*. In some cases, participants explained that the corporate firm had developed agreements with external venture capitalist firms

to support the corporation's CV activity through a variety of partnership agreements. It was noted that this could only be done with the approval of *shareholders* who were the traditional investors in corporate firms. Participants also noted personal involvement in relationships with venture capitalists. Some CV managers were involved in venture capitalist networks, while some CV manager and venture manager participants noted that they had either worked as external venture capitalists previously in their careers or intended to do so.

6.4.3 Advisor Relationships

A variety of external relationships were suggested to support venture activity through advice and guidance which were not mentioned in the CV literature. In addition to institutional investors, participants noted relationships with *universities* and *academics* particularly amongst corporate researchers involved in the initial development of a venture's technical products. In later phases of a venture's development, it was suggested that relationships might develop with *lawyers* and *consultants* for short-term support with issues that ventures or CV units faced. In addition, where a venture had been developed but did not have a venture manager, external *interim managers* may be contracted to support the venture for a short period of time.

6.4.4 Family Relationships

While the majority of relationships mentioned by participants were related to corporate, customer, investment or scientific contexts in the development of ventures, a small number of CV manager and venture manager participants mentioned personal *family* relationships; an issue not raised in the CV literature. Participants mentioned their own families in relation to the time sacrifices they perceived they had made in dedicating themselves to the venture, though some suggested this was mitigated by the opportunity to provide their family with financial security. Other participants mentioned how family relationships affected decisions such as taking sabbaticals or taking up opportunities to work abroad. Finally, one CV manager noted the importance of avoiding personal relationships with the families of venture managers, to limit the CV manager's

experience of personal stress when some ventures failed.

6.5 Chapter Summary and Next Steps

In summary, the analysis of 46 interview transcripts with CV unit managers and venture managers revealed a diverse range of roles and relationships. Similar to the initial thematic template of roles and relationships, participants mentioned the importance of both formal corporate and emergent venture-related roles in the development of internal corporate ventures. The range of formal corporate and venture roles identified suggested however, that a more diverse range of approaches were taken in developing venture activity within corporate processes than the CV literature suggested. The thematic template outlined in Table 4.2 suggests that those who hold formal corporate roles behave in ways that deliver corporate strategic intent through top-down *induced strategic behaviour*. While content analysis did not provide specific details on behaviour, it did suggest that corporate roles were perceived to be important to participants and were formally arranged around a hierarchy which may be *top-down* to some extent in that those in senior positions, such as the corporate *CEO* had both formal and informal position-authority in their relationships. Similarly, where venture roles were formalised, such as the *venture board*, these were suggested to have formal authority over venture managers as part of a *top-down* overall hierarchy.

The *venture manager* role is suggested to be an emergent formal role within the thematic template outlined in Table 4.2. The term *venture manager* was not mentioned by participants, instead similar roles were suggested to emerge as part of involvement in venture activity, but were likely to relate to the stage of development of the venture. The specific terms used such as *project manager*, *CEO*, *startup* and *venture board* to refer to internal corporate venture activities further indicated that related roles were used as a *sense-giving* device to support the legitimacy of the ventures by giving the impression that these were either corporate projects (in the early stage of the venture) or startups (in the late stage of ventures which were intended to spin out). The use of these terms and lack of reference to the term *venture manager* may be related to the relative illegitimacy

of these activities in the corporate contexts in which the ventures are developed. In relation to this research project, while the term *venture manager* was not used by participants, this term remains useful as a way of describing individuals seeking to create or develop an internal corporate venture (Burgelman, 1983a; Gartner, 1988; Venkataraman et al, 1992) and is retained as a summative term.

The terms *champion* and *intrapreneur* are suggested to be emergent informal roles within the thematic template in Table 4.2, related to behaviour that supports the development of ventures in the context of the corporation as a whole. Similar informal roles such as *champion*, *intrapreneur*, *scout*, *coach* and *ambassador* were referred to in the context of venture development activity by both CV managers and venture managers. In particular, these roles were suggested to relate to actions on behalf of individuals to promote the venture, provide support to it or negotiate processes within the corporate firm. While Venkataraman et al (1992) and Burgelman (1983a) suggest that individuals take part in dual-roles by pursuing championing or intrapreneur roles at the same time as holding formal corporate roles. Interview participants similarly suggested that individuals may hold multiple roles, but that through this may experience *role conflict* as they tried to meet the expectations of occasionally conflicting role expectations.

In addition to roles related to corporate structure and processes and venture development processes, a range of informal value-related roles were mentioned by participants. Similar to Dougherty and Heller's (1994) and Whittle and Mueller's (2008) explanations of the use of the term *venture* and *champion*, it appeared that participants assumed roles in relation to how they wished to be perceived by others. This suggested that while some participants wished to be perceived in relation to their formal *corporate* roles, others were associated with *scientific* or *market-values* in developing internal ventures. It was further noted that some participants associated themselves with corporate rule-breaking, which suggested that not all participants necessarily wished to acknowledge corporate role authority, suggesting the potential for *bottom-up autonomous behaviour* through

corporate venturing activity. Despite the potential for both *top-down induced* and *bottom-up autonomous* corporate behaviour, the range of roles identified suggests that roles and behaviour in corporate venturing is not as clear-cut or strategic as suggested in the CV literature. Instead, findings suggest a picture of role-sets including, but not restricted to, corporate roles in which activities are legitimate or illegitimate dependent on the values and associated interpretive frames upon which they are judged.

While a variety of roles and role-sets were suggested to exist within the corporate firm, a range of external relationships were also suggested to be important in the development of internal ventures. Similar to the initial thematic template in Table 4.1, relationships were suggested to exist between the corporate firm, shareholders and government. Where external relationships related directly to venture development, these were suggested to vary according to the perceived needs of the venture at the time, with customer and venture capitalist relationships suggested to have a particular impact on the success of the venture from the perspective of some participants. Finally, in addition to corporate and venture-market communities a range of personal relationships were noted with the investment and scientific communities and personal families, which were suggested to influence the personal decision-making of venture managers and CV managers.

Overall, the roles and relationships identified suggested that these related both to the corporate occupational positions of individuals engaged in CV activity, the activities involved in venture development and the perceptions of individuals regarding how venture development activities occur. While content analysis was able to provide insights into the diversity of roles and relationships, it provides limited information about how the social processes related to these roles and relationships impact on venture development activity. The next chapter seeks to address this limitation by exploring interview participants perceptions of corporate venturing activities and the influence of relationship contexts in which this activity takes place.

CHAPTER 7 - ANALYSING SOCIAL PROCESSES IN CORPORATE VENTURING

Through the roles and relationships thematic template analysis, a range of roles have been identified in relation to the development of corporate ventures. This chapter builds on this initial interpretive thematic analysis to explore social processes through which internal corporate ventures emerge.

Beginning from the initial thematic template of social processes identified within the literature (Table 4.4), initial interpretive thematic analysis is developed into a sensemaking analysis by relating results to the conceptual framework. As noted in Chapter 6, a limitation of conducting interviews with multiple participants is that it is not possible to capture social processes as they occur in-situ in the development of internal corporate ventures. However, by interviewing corporate venturing practitioners about their experiences in developing internal corporate ventures it is possible to explore their explanations of corporate venturing experiences, their perceptions of this experience and the relationship contexts they draw on to justify these explanations and perceptions (Heracleous, 2006). Similar to Heracleous (2006) tripartite approach to structuration analysis, this results in a multi-stage analysis which explores participants explanations of corporate venturing experience, their interpretations of this experience and the interpretive frames which inform this understanding.

As mentioned in Chapter 5, Heracleous' (2006) approach is limited to an emphasis on language and discourse. In this sense, while it is possible to explore individuals explanations of relationships and interactions, the impact of their experiences is only accessible through these explanations and participant's use of language. The only directly observable interaction taking place is that between interviewer and interviewee. Despite these limitations, participant's reflections on experience were directly sought through interviews. As a result the social processes analysis focuses on how participants make sense of their experiences of corporate venturing, congruent with the conceptual

framework. This approach is also commensurate with a structurationist position in that individuals are presumed to have reflexive awareness of their social actions, both consciously through explanation and unconsciously as they draw on social contexts through language and generate sense through the production or reproduction of stories (Heracleous, 2006; Stones, 2005; Giddens, 1984). Here, this is applied to individuals' active sensemaking of their experience in answering questions about experiences, perceptions and championing activities in relation to corporate venturing practice. This approach to the analysis of social processes therefore provides the opportunity to investigate the relevance of the conceptual framework as part of the iterative research design adopted in this thesis, forming the basis for the third and final strand of the empirical research in Chapter 8.

7.1 Conducting Social Processes Analysis

Initially, interpretive thematic analysis was conducted following the suggestions of King (2006) and Gibson and Brown (2009) and following this the eight pre-determined questions which had structured the telephone interviews were grouped back according to the initial social processes thematic template (Table 4.4) of *perceptions*, *experiences* and *championing* as a set of *apriori codes* (Gibson and Brown, 2009). These acted as discrete concepts that I brought to my analysis of the data. In order to ensure consistency in my analysis and to assist in the handling and interrogation of the data collected and the capturing and organisation of my interpretations, I utilised the qualitative software package NVivo (2008). In order to begin analysis, I coded interview transcripts according to the questions asked. This created eight files containing all responses related to that specific question. This process allowed me to analyse all responses to each question together, facilitating the exploration of similarities and differences in responses.

Following this process, each response to each question was read in depth and coded according to the issues that individuals raised related to the themes of experiences, perceptions and championing. This process generated emergent *empirical codes* (Gibson and Brown, 2009). Where codes appeared to relate to similar issues, these were grouped

together into categories. This process continued iteratively, by moving between analysis of transcripts and refinement of categories multiple times until 375 categories and sub-categories had been developed. By this stage, congruent with interpretive thematic analysis technique (King, 2006), five over-arching themes of *understanding*, *relationships*, *personal experiences*, *processes* and *change* had been identified across the eight initial question areas. Three minor themes of *corporate strategic development*, *organisational value* and *championing* were also identified.

Table 7.1 summarises the results of analysis according to *core* and *minor* emergent empirical themes, with major categories listed for each. The terms *core* and *minor* are not necessarily representative of their importance to participants, but rather the extent to which they represent a larger or smaller range of issues which were referred to directly or indirectly by participants during interviews;

Empirical Themes - Core Themes
Understanding - learning, values and information <i>Ambiguity, knowledge, learning, risk, understanding, uniqueness, learning, uncertainty, market-focus.</i>
Relationships - interactions with others <i>Support, notoriety, utility, authority, legitimacy, partnership, constraints, conflict, recognition, responsibility, trust, visibility, relevance.</i>
Personal Experiences - emotions and aspirations <i>Adversity, aspiration, autonomy, determination, rewards, career development, diversity, excitement, motivation, opportunity, pioneering, serendipity, enjoyment, frustration, responsibility, challenge, achievement.</i>
Processes - related to venture or corporate activities <i>Venture creation, investment, technology, strategic, business.</i>
Change <i>Organisational, industrial, venture, roles.</i>
Empirical Themes - Minor Themes
Corporate strategic development <i>Planning, restructuring, process, scouting, licensing</i>
Organisational value <i>Financial value, strategic value</i>
Championing <i>CEO, middle manager, participant, researcher, venture manager</i>

Table 7.1 - Emergent Empirical Themes

The emergent empirical themes summarised in Table 7.1 relate to personal experiences and perspectives, as well as to elements of the corporate venturing process itself. Similar to the initial thematic template (Table 4.4) table, *personal experiences* are highlighted which here include reference to challenges and rewards. Similarly *championing* is highlighted, emphasising the range of individuals involved within this activity. Although listed as more minor categories in the initial thematic template, the emergent empirical themes in Table 7.1 emphasise *relationships* in terms of how interactions with others are perceived and the extent of *understanding* and forms of *venture processes* are further emphasised. Novel elements which were not mentioned in Table 4.4 include participant's references to *change* within industries, corporate firms and ventures.

While Table 7.1 provides greater detail than the initial thematic template (Table 4.4) regarding the social phenomena occurring in relation to corporate venturing, these broad emergent empirical themes appear as isolated phenomena. In order to explore the range of social processes taking place in greater detail, the emergent empirical themes and codes summarised in Table 7.1 were compared with the conceptual framework of social processes (Figure 5.4). This produced a final thematic template outlined in Table 7.2, developed from the re-categorisation of empirical emergent codes in relation to the conceptual framework.

<p style="text-align: center;">Relationship Contexts</p> <p style="text-align: center;"><u>Authority/Facility</u> <i>Institutional authority, double-authority, corporate role authority, venture role authority, autonomy</i></p> <p style="text-align: center;"><u>Legitimacy/Norms/Sanction</u> <i>Organisational legitimacy, technical legitimacy, market legitimacy</i></p> <p style="text-align: center;"><u>Significance/Values/Meaning</u> <i>Organisational significance, venture significance, market significance, perception of time</i></p>
<p style="text-align: center;">Personal Feelings/Experiences</p> <p style="text-align: center;"><i>Autonomy/Freedom/Responsibility, Excitement, Solitude, Frustration, Emotional turbulence</i></p>
<p style="text-align: center;">Understanding</p> <p style="text-align: center;"><i>Challenges, Certainty/Ambition/Aspiration, Equivocality/Ambiguity/Uncertainty</i></p>
<p style="text-align: center;">Enactment</p> <p style="text-align: center;"><i>Support, Conflict, Arguing, Trust/Expecting/Commitment</i></p> <p style="text-align: center;"><u>Championing/Brokering</u> <i>Confidence/courage, determination/perseverance, conception, coping with change, convincing others, personal authority</i></p>
<p style="text-align: center;">Outcomes</p> <p style="text-align: center;"><i>Personal achievement, personal learning, organisational learning</i></p>

Table 7.2 - Thematic template of social processes in the development of internal corporate ventures

Table 7.2 presents social processes under a series of headings that relate directly to the conceptual framework. Through the analysis process codes which related to participants explanations of activities and intended or expected outcomes were re-categorised against *enactment* and *outcomes* themes. Codes which related to participants perceptions of their experiences were re-categorised against *personal feelings/experiences* and *understanding* themes. Finally, in relation to the *relationship contexts* theme, participants' direct and indirect references to social and institutional contexts were re-

categorised in relation to *authority/facility*, *legitimacy/norms/sanction* and *significance/values/meaning* themes, conducive with Stones' (2005) recommendation in using these as analytical terms. Table 7.2 illustrates that through this process it was possible to thematically code interview transcripts across the full range of the issues within the conceptual framework (Figure 5.4).

While Table 7.2 clarifies how activities relate to the core themes of the conceptual framework, a weakness of this approach is that it presents social phenomena as independent themes. In the initial development of the conceptual framework it was noted that the concepts within the model represent aspects of a simultaneous process, as individuals act on the basis of their interpretive frames through interactions with others in the pursuit of their goals. Similarly it should be noted that the themes identified within Table 7.2 are not discreet. Instead, themes relate to sections of interview transcripts which were coded multiple times in relation to participants' explanations of processes, interpretations of these experiences and references to the relationship contexts which frame their interpretations. In this way, re-categorisation of codes in relation to the conceptual framework supports a sensemaking analysis of interview transcripts similar to Heracleous' (2006) tripartite structurationist analysis approach. This is appropriate to the conceptual framework in that a participants' explanations are interpreted in relation to different conceptual levels of social processes. As an example, analysis results drawing on a single transcript excerpt may illustrate both an individual's explanation of an action they wish to pursue (*enactment* and *outcomes*) and their interpretation of the situation they faced (*personal feeling/experiences* and *understanding*), while further illustrating how the participant draws on certain frames of reference (*relationship contexts*) in providing these explanations and interpretations.

As discussed in Chapter 6, a limitation of telephone interview transcripts is that these only support the analysis of participants' responses, without access to the wider social contexts in which their corporate venturing activity takes place. As a result, while it is possible to explore the sensemaking aspects of the conceptual framework in relation to

participants' responses, it is not possible to relate this to the broader social contexts in which their corporate venturing activity takes place. Despite this, the analysis approach does allow for a detailed exploration of specific aspects of the conceptual framework, to explore its relevance to understanding corporate venturing activity from a sensemaking perspective and support the next stage of the research in *Chapter 8*.

The following sections discuss the results of the analysis according to the specific categories presented in Table 7.2. As the conceptual framework makes clear that each stage relates to different conceptual levels of social processes, these are explained as appropriate in each section.

7.2 Relationship Contexts

The first over-arching theme considered relationship contexts. This theme includes participants' references to the wider social and institutional contexts in which they operated. As these related to participants' reflections on relationship contexts, they were argued to be similar to the concept of conjunctually-specific knowledge or interpretive frames. Stones' (2005) advice was followed in analytically separating references to relationship contexts according to their perceived association with issues of *authority/facility*, *legitimacy/norms* and *significance/values/meaning*. In each case, participants' responses illustrated their explicit or implicit awareness of these structures within their relationship contexts. From this perspective, explanations of relationship contexts did not explain the nature of social structure itself but instead represented how individuals frame their experience through language, in relation to their reflection on CV activity in their personal position-practices and roles.

7.2.1 Authority and Facility

The initial thematic template of roles highlights that within the CV literature, authority was argued to relate to the hierarchical position and formal roles of individuals within the corporation with subsequent influence on social relations within the organisation. Interview participants similarly referred to sources of authority in the context of the corporate firm. In addition, sources of authority were mentioned in terms of how this

related to overall CV activity in the corporation and in relation to individual internal corporate ventures. Finally, the issue of autonomy from corporate authority was discussed by some participants. In this sense, references to authority in relationships were similar to Giddens' (1984) concept of *facility*; a dualistic form of social *power* which acknowledges that power may originate in social structures (such as through organisations as well as other influences) but that agents always have the power to act, with the capacity for creating social change. This is reflected both in the interview participants' references to different authority within organisations and the forms of autonomy available, which are discussed further below.

Corporate institutional sources of authority

In many cases, similar to the proposals of Burgelman (1983a) and Venkataraman et al (1992), the authority of individuals in CV relationships explained by participants often appeared to relate to individuals relative position within the corporate firm. Five CV managers noted that formal relationships based on the corporate hierarchy could be important in terms of decision-making. One CV manager noted how senior, operational and venture managers each had a role in the process for supporting ventures according to their position in the corporate hierarchy;

'At the top level [there] would be support from [the] CTO [*Chief Technology Officer*] in terms of overall support of why this is sensible, backed up by [a] commercial director as well in terms of developing [the] portfolio for growth prospects. For each new venture start, [we] appoint a project manager for that, who is [the] champion for that project.'

It was noted by another CV manager that when problems arose, individuals would work within the corporate hierarchy to seek resolutions;

'[There is a] need that for when [the] rollercoaster comes back down, when things are off-schedule. Sponsors will be picking up [the] phone. Someone needs a let out or somewhere to go when they think they need to work at a different level; a classic escalation.'

Some venture manager participants also noted the importance of corporate authority on their own ventures;

'When you are in a position like I'm in here driving [the] business from top to toe, reporting to pay masters, they are pretty happy from what I hear from them in terms of going forward, and yes there is learning every week.'

The analysis of roles and relationships in *Chapter 6* found that formal corporate roles were frequently mentioned by participants. Examining the detail of participants' responses illustrates the extent to which corporate authority impacted upon the development of internal ventures through formal corporate roles in CV relationships;

Corporate role authority

A number of participants explained circumstances where some individuals held more influence than others in relationships that related to CV activity. These positions of influence were suggested to relate to formal managerial roles related to formalised governance structures of corporations.

Top managers direct authority

Kuratko et al (2002) suggest that top managers are likely to dominate the corporate relationships that they engage in. Similarly, thirteen interview participants explained that their activities were directly influenced by top managers within the corporate firm. These were either the chief executive officer (CEO) of the overall corporate firm, or other members of the corporate executive board at the very top of the corporate firm hierarchy. Two CV managers mentioned that the financial resources available to a CV unit were directly controlled by top managers, meaning that in one case the ability to fund individual ventures had to be negotiated directly with these individuals. Another CV manager participant indicated that despite his personal reservations about becoming involved with CV activity his decision to take on his role leading the CV unit within the corporate firm had been influenced by his relationship with the CEO;

‘[I] didn’t apply for the job, deliberately didn’t do so, and was persuaded by the chief executive. [I] came in from being chief operations officer of the UK business. It was insane to come in from a business with an eight million turnover and four thousand employees to something this small. The motivation, having being persuaded, was to do something creative and new.’

Two internal venture manager participants also mentioned the impact of personal relationships with top management as they had been involved in ventures where they directly reported to the top managers of the corporate firm, rather than a CV unit. One indicated that it was through his successful attempt to gain the support of the top manager of his corporate firm that he was able to launch his venture project and gain the support of others across the corporate firm;

‘[It was] because of the fact [that I] went to [the] CEO and he approved it that everyone fell in line and did it, and because [of that] success [was] so quick. [The] goodwill [we] got from customers and newspapers also meant [there was] little resistance. If [we] had problems [the] reaction might have been different. A lot of spinouts aren’t always that lucky; that’s when [you] start to get resistance, [due to] limited resources etcetera.’

Similarly another internal venture manager indicated that a top manager had a direct impact on the management of an internal corporate venture;

‘[The] guy who came up with [the] idea and his team thought they would be running it, but [the] main board director decided [the] guy at strategy level wasn’t to be [the] MD, so [the] person left [and was] disappointed [he] wasn’t carrying it through...[I] was advised it was [my] next role to take charge.’

These responses emphasise the position-authority of top managers through their control over financial resources and ability to appoint staff, and seem to largely equate to Burgelman’s (1983b) concept of *induced strategic behaviour*, in that the examples given illustrate occasions when top managers directly influenced the development of CV or individual ventures through a personal intervention. However, other references to top management authority mentioned alternative ways in which top managers’ authority may have an impact on relationships;

Top managers' indirect authority

Kuratko et al (2002) and Hornsby et al (2009) have additionally suggested that the influence of top managers may be apparent within the organisation without the direct actions of top managers themselves, through impact of their indirect authority on others within the corporate firm, influencing them to act entrepreneurially (Hornsby et al, 2009). Similarly interview participants indicated that top management authority indirectly influenced others within the corporate firm, through their relationships with CV managers and others within the corporate firm;

'Fundamentally one of my biggest [areas of] learning has been [that] if [you] are going to embark on longer speculative stuff [you] have to do it with [the] CEO involved in what [you're] doing, if [you] don't [there's] absolutely no point.'

'[We] can only sustain work as [a] VC if [we] have [the] backing of top management or [we'll be] gone sooner or later.'

Burgelman (1983a) and Birkinshaw (2002) have suggested that while top managers may significantly influence CV activity, their decisions may not always be consistent. Campbell et al (2003) and Tunstall et al (2009) further identify that changes in corporate strategy could impact on approaches to CV activity. Two CV managers suggested that their success in launching their CV units was related to the top manager's perspectives on the wider external market environment at that time;

'I had to write a paper, put it to the board and they said "Great and off you go". [It was the] right point in time to look longer term.'

'Why [I] got involved [was a] mixture of VC being fashionable at [the] time and a few people driving [it] successfully in [the] organisation, [and being] close enough to [the] decision circle.'

Taken together, these comments from interviewees suggest that top managers' authority has a major impact on the relationships they engage in within the corporate firm in the pursuit of corporate venturing (Kuratko et al, 2002). Conversely, one venture manager participant suggested that in his own corporate context this was not necessarily the case,

as position-authority within the corporate firm was not enough in itself to influence the decisions of corporate staff;

'Champions need to be influential in their circles, but respected across [the] organisation in different disciplines. Also if [they are] senior and well thought of that is helpful. Often in big companies though, just because [the] CEO says something doesn't mean [that] people do that so [they] have to build internal channels with technical and sales people.'

This comment indicates that while top managers' indirect authority could have an important influence on venture development, this was only the case where the individuals concerned felt that top managers were able to influence the outcome of their personal projects.

Senior Manager Authority

While the literature on corporate venturing has indicated that corporate management roles related to either top, middle, operational or venture management (Hornsby et al, 2009; Kuratko et al, 2002), some participants mentioned that senior managers also held authority within CV relationships in the corporate firm, similar to Burgelman's framework (1983a) in their position between top and middle managers.

Two CV manager participants indicated that senior managers' authority had an impact through the support they gave to the CV unit which had a direct influence on their activity;

'Senior management absolutely, my group wouldn't exist without senior management.'

'I know it to be the case in both, I wouldn't get the traction with senior executives if they didn't value it, although I wouldn't say they have a complete understanding. Still, being here three years later without being kicked out must mean they see something.'

Participants did not describe senior manager roles in detail, though the existence of these roles could be related to the large size of the multinational corporate firms described by participants, in comparison to the relatively smaller size of national corporate firms sometimes described in the literature. Either way, the variety of management roles described by participants, as outlined in Chapter 6 (Table 6.3), suggested that there was limited consistency in the use of management role descriptions across the firms. More consistent was participants' reference to management roles in relation to corporate divisions and CV units.

Corporate Division Authority

The perspectives of Kuratko et al (2002) and Hornsby et al (2009) on managerial authority do not specify how this may relate to different sections of a corporate firm. Conversely, Venkataraman et al (1992) suggest that corporate divisions may compete with those engaged in CV units for resources.

Three CV manager participants specifically mentioned the authority of managers within corporate product divisions, indicating that they had the ability to influence CV activity inside the corporate firm through their relationships. In one instance, this was through specifying areas of development for the CV unit;

'We generally rely on natural processes for getting ideas, we don't have an active ideas development process, apart from specific areas such as new technologies... [*corporate product divisions*] have a strategic process each year where people look at where they may want to develop, and there are also bottom up ideas where people come to us. What [*another participant*] would call the natural flow of ideas. [We've] not gone for an ideas scheme which would create activity, but not progress.'

Another CV manager suggested that corporate product divisions might influence which projects could be adopted by the CV unit as potential ventures;

'Then [we] will hear [a] presentation from [*the CV unit*] who will ask for [the] opportunity to take [the idea] out of [the] lab, if [*the corporate division*] say no, as [they] have [a] new product coming out, then [we] will say no.'

Finally, one CV manager noted that the corporate research and development division had the authority to decide which technologies could be considered for CV activity, depending on their expectations as to whether these were required within core product divisions;

'[We] find twenty or thirty things, so one hundred to one hundred and fifty things across [the] labs. [We] ask labs to drill down on twenty things; [they] will say whether [these are] actively going into [*the corporate firm*] and “[We] don’t want you to work on them”, or “Yes, you can take them”.'

Overall, participants’ explanations suggested that the authority of divisions to make decisions about CV activity meant that relationships were more procedural as part of a formal governance process than Dougherty (1995) and Venkataraman et al’s (1992) description of conflict between divisions seemed to imply. Despite this, participant explanations did seem to suggest that where product or research and development divisions’ authority had an impact on CV activity, this was largely in the context of direct interaction with CV units. Participants explained the experience of CV unit relationships in much more detail;

CV Manager Authority

Burgelman (1983a), Siegel et al (1988) and Venkataraman et al (1992) have noted that managers responsible for supporting venture activity within the corporate firm may be likely to experience pressure to meet corporate expectations, while simultaneously attempting to support individual ventures, but that this was dependent on the form of CV approach adopted within the corporate firm.

A number of participants mentioned that they were involved in managing CV activity through CV divisions or units and for clarity these are labelled ***CV managers***. Many of these participants had previously worked in other senior roles within the corporate firm, including running departments and product portfolios, managing large financial budgets and working with large clients in previous business roles. Four CV managers further mentioned that they were involved the creation of the CV unit itself.

In addition to supervising venture managers, responsibilities included securing commitment for the corporate financing of a CV fund and authorising activity when it came to identifying and sanctioning new ventures. One CV manager noted that this involved putting himself in a position where others identified him amongst other individuals in the corporate firm as the person responsible for venture investment decisions;

'[There] was a sort of an internal visibility. [We] ran global competitions so [we] became known as people in the area. [It was a] double edged sword, people knew you but [you] also had [your] head way above [the] parapet so people could shoot at you.'

Similarly another CV manager mentioned that while his authority within the corporate firm allowed him to influence CV activity, he was also held to account directly by senior managers;

'[I] feel that [I am] sufficiently senior to make a decision, but junior enough to risk being given [the] chop.'

These comments from participants suggested that corporate authority was connected to hierarchical position within the corporate firm, similar to the arguments of Hornsby et al (2009), Kuratko et al (2002) and Burgelman (1983a). One CV manager participant suggested that formal hierarchy was not the only determinant of authority in CV relationships. He noted that where CV activities were successful in the CV unit his informal authority was increased through the notoriety of success in the firm;

'[There are] a lot of positive words around what [we're] doing, particularly venturing and that attracts young people and [*the corporate firm*] is hunting for two hundred and fifty more people, so [I am] increasingly asked to talk to international students and with passion and energy and get them to apply.'

These explanations of CV manager authority suggested that their authority in influencing relationships was to some extent informed by their position within the corporate hierarchy. In addition, a responsibility for venture activity and innovations conferred indirect authority through the perception of innovation as positive but also

carried the risk of being sidelined through the perception of ventures as illegitimate, similar to Dougherty and Heller's (1994) observations.

Influencing others within the corporate firm

Burgelman (1983a), Venkataraman et al (1992) and Day (1994) have suggested that CV managers may exert personal authority informally through their relationships, due to the strength of their internal relationships. Similarly, two venture managers noted that within the corporate firm, the personal network and respect which CV managers had within the corporate firm was important in supporting individual ventures. One internal venture manager indicated how a CV manager's connections could help develop internal opportunities;

'Proactively it is more [the CV unit] who will make introductions [such as] "This person will help" or "You should speak to this company." [The CV manager] is good at this and will help with recognising needs and will help from a champion perspective.'

Conversely, Burgelman (1983a) and Siegel et al (1988) have noted that different demands on CV unit managers could impact on their ability to support the development of internal ventures. One internal venture manager indicated that while his CV manager tried hard to utilise his informal authority to support the venture, his lack of formal authority to make some decisions within the corporate firm meant that his impact was sometimes limited;

'Within [the corporate firm] as an individual he's not the most influential. No, not empowered to make things happen in [the corporate firm], but what [he is] good at is influencing people who are in power to makes things happen. Perhaps not quite as influential as I would like but [he] does get [his] point across and has been instrumental in helping us improve and getting new resources applied to a couple of situations we are concerned about. Because he believes in [the venture] and is our champion he is able to facilitate some things in [the corporate firm], but [he's] not always as forceful as we might want. But people do things in different ways and [we] use [him] as appropriate and take other routes if that's appropriate.'

The importance of this indirect influence through internal corporate relationships suggests that while official corporate roles conferred authority on the individuals holding them, informal authority could develop through the relationships that individuals engaged in within the corporate firm, with subsequent impact on venture development.

CV manager authority in venture relationships - CV manager perspectives

Venkataraman et al (1992) argued that in addition to championing ventures, a key responsibility for CV managers is to ensure that ventures meet the expectations of the corporate firm. A number of participants explained how CV managers exercised their authority over ventures. One CV manager explained how while his role was to support ventures, in some circumstances it would be his duty to close an internal venture project he was supporting, if it was not meeting profit targets;

'I'm a coach for both manager of the business as well as for people. I'm a coach for like a soccer team; they understand they are looking for success, but [it] could also be a failure and it's my task to shut it down. [I] can be seen in roles as [an] angel of something good and also as angel of death. [I am] here not to generate new business but new profitable business.'

Two CV managers indicated that their relationships with internal venture managers could be complex in terms of striking a balance between supporting the venture and meeting the needs of the corporate firm, which was not always in balance with the expectations of venture managers;

'Yes without a doubt, I have had some fairly interesting debates with them when they try to organise their own things without [*the corporate firm*], so [they] say 'Let's just do it and say sorry to her later'. [These current] ones work well with me because I know what they are doing. Yes I believe they do [value me].'

These comments suggested that CV managers felt their authority over venture managers could be associated with their relative positions within the corporate hierarchy.

CV manager authority in venture relationships - venture manager perspectives

A number of venture managers mentioned the impact of CV manager authority in their relationships. One internal venture manager indicated that while CV managers on the venture board respected the venture manager's role, their relative position of authority allowed them to criticise the venture when necessary;

'We have regular board meetings which have representatives of [*the corporate firm*] and [*the venture*]. They are hard meetings when [they] do a check on you to see that [you are] doing [the] right thing and going in the right direction. [They are] looking at progress, sometimes [they can be] very challenging and that is the job of a board, to keep you in check. [It's a] bit of a stick and carrot, they will give you a stick and the carrot is 'Well done guys we don't need to be difficult with you'. Sometimes [we] need people to re-emphasise certain points [so] that [we] understand with [a] clarity that may have [been] missed. They know it's difficult and that not everyone is set up to do it; it's a limited skill, and only one in ten who start up make it.'

One venture manager of a corporate spin-out, indicated that while CV managers did have legal authority as investors, other external investors who had become involved in the newly independent venture held equal authority;

'We have a [corporate] director on [our] board. And our major supplier is our major shareholder, [they] have [a] seat on [the] board, and [are our] most significant supplier, [we] have a number of relationships in different ways as different people [are] involved. [That has] not changed from my perspective.'

These responses seem to particularly resonate with the perspectives of some CV managers who suggest their role authority needed to be negotiated with venture managers. Overall, these comments suggest that relationships with corporate firms, with associated formal lines of authority, are required due to the nature of internal corporate venture. At the same time, CV managers equally need the support of venture managers to ensure the success of ventures, giving venture managers themselves an element of authority in their relationships.

Venture Manager Authority

Venkataraman et al (1992) and Dougherty (1992) argue that venture managers engage in relationships with external customers to support the venture development. Burgelman (1983a) additionally suggests that venture managers are likely to engage with internal corporate staff and to have direct authority over staff within the venture team. Two internal venture managers referred to their own personal sense of authority within the corporate firm, including responsibility for the management of venture staff. One participant indicated that his position within the venture, which included control of a financial budget, meant that he had authority to make decisions;

'[I] had to change the shape of things from time to time. If [you] can see there is [a] need to change direction [you] have to be brave enough to do it and justify that.'

Overall, it appeared that each individual in a management role involved with CV activity had some level of authority within the organisation, for different aspects of activity. This suggested that relationships were similar to those proposed by Venkataraman et al (1992) and Burgelman (1983a), in that individuals had areas of responsibility which were related to the corporate hierarchy, however unlike the suggestions of Kuratko et al (2002), corporate hierarchy did not appear to be the sole source of authority within CV relationships.

Diversity in authority

Some participants noted that sources of authority between venture managers and the corporate firm could be complicated, with both CV managers and managers from corporate divisions having some form of authority over ventures. One CV manager indicated that it was important that both the CV manager and a research division manager had a role in deciding venture investment;

'[The venture] is still [the corporate firm]. [The] champion is [a senior manager] in [the] research area in [the corporate firm], then [the CV manager] who is [the CV unit] champion. Double-header thing, one doesn't succeed without the other.'

One CV manager mentioned that informal social authority was often important in CV activity, but that this informal support for ventures could cause friction between corporate managers where different levels of informal and formal authority existed in relation to venture development;

'Sometimes formal coaches don't like that there are informal coaches about on a personal level. Usually [it] works very well. But if [you] have [a] mentor and don't have such an informal relationship, then [it] won't work. This can help a great deal, these guys have a powerful network and can persuade the network; the informal network which is generic across other companies too.'

These explanations of informal authority suggested that, similar to Pinchot's (1985) concept of a *sponsor* and Venkataraman et al (1992) and Day's (1994) concept of *champion*, some relationships may operate informally across corporate hierarchies, without necessarily involving formal corporate reporting lines. Whether formal or informal, these forms of authority appear to relate to the formal position of individuals, as employees within the corporate firm, though participants also referred to additional sources of authority from legal and financial perspectives;

Legal and financial authority

The literature on corporate venturing tends to discuss the internal development process of ventures in the context of the corporate firm. While Burgelman (1983a) and Venkataraman et al's (1992) process models suggest that the intention of CV activity is to develop a new product line within the corporation, they indicate that where this fails a venture may be spun-out as a separate legal entity. While this suggests that spin-out is an unintended consequence of failure to institutionalise the venture, interview participants suggested that spin-out was often the intention of venture development, similar to the strategic corporate venturing models of Miles and Covin (2002) and Campbell et al (2003) and Chesbrough's (2006) model of open innovation. Some participants specifically referred to the legal status of their venture, indicating that authority in relationships differed according to the legal entity that individuals worked for.

One venture manager mentioned that although he was legally an employee of the corporate firm, this would change if the venture left incubation;

'[The] status of [*the venture*] is that we are in incubation so we are still technically part of [the corporate firm].'

Similarly some CV managers indicated that their CV unit had been developed into a legally separate organisation to the corporate firm, although this did not always necessarily affect legal employment contracts. One CV manager specifically raised his employment status when explaining relationships in his legally independent CV unit;

'I am an employee of [*the corporate firm*] rather than [*the CV unit*].'

In the case of external ventures, three participants mentioned that authority in relationships was related to the legal agreements that had emerged from corporate financial investment decisions made by CV managers. Two participants mentioned that the extent to which an organisation and an external venture had financial or legal dependence on each other would dictate the importance placed on relationships;

'[The] difference with [*our venture*] is that [we] are a joint development partner, which is a much stronger place to be, [it's] much more than just selling. [The] fact that [they] own a percentage of us, [means it] is a very good relationship [to be] with. [It's] like a strategic scale, [the] strongest one is where companies are participating with each other [and] own a part of each other, share IP or co-develop, and at other end of [the] scale [you've] got someone who just resells.'

Overall, while participants acknowledged the influence of corporate authority, some individuals interpreted the extent of an individual's authority in CV relationships differently, due to the variety of financial and legal arrangements which might be in existence, or which could develop in the future and the potential impact this had on the authority of different individuals in making decisions.

Autonomy

Although participants indicated that relationships were significantly influenced by the authority that individuals gained from their position within the corporate firm, there were a number of occasions when participants indicated that individuals could act autonomously in pursuing CV activity. One venture manager, who had previously been a CV manager, noted that in comparison to the constraints in the corporate firm, he felt able to act more freely and quickly within a venture than he was able to in his CV manager role;

'Actually this was hugely because the organisation was hidebound by a lot of internal controls. In [*the venture*] we are much more in charge of our own destiny and we're able to move a lot smarter and quicker and what we think we need to do to develop business. Very different to an organisation which is bureaucratic and had a lot of baggage.'

Two internal venture management managers noted their autonomy in decision-making. One participant noted that he was able to act independently of the corporate, which extended to his ability to recruit staff directly into the venture as an independent team within the corporate firm;

'I have no other involvement with other parts of [*the corporate*] business in terms of general day-to-day. All of my team are recruited from within the project and not from within [*the corporate firm*].'

One participant indicated that his sense of autonomy stemmed from his physical location and the ability to bring in and recruit staff that were entirely dedicated to the venture project;

'Currently our contracts are signed as [*the corporate firm*], but the team that's in place have an office and a team which is independent, and into that team and incubation environment are the original inventor of the technology and core developer. Together with myself and the CEO we are the core team and have brought in other developers and marketing people to grow the team. As far as [*the corporate*] people are concerned the good thing is that they can participate in a venture without having to leave the team. Once we've secured funding individuals have the choice to move over to [*the CV unit*] as a separate company.'

This need to balance responsibility and autonomy has been highlighted by Burgelman (1988) who noted that a venture manager's complete autonomy, led to problems with venture staff and the corporate firm. Conversely, a venture manager participant mentioned that autonomy from corporate authority was only ever partial and that with the limited autonomy and associated decision-making authority available came responsibilities to customers and the venture team;

'[You] need in mind to be sure that [you] can treat people fairly, [and] what happens if [you] spin out or if [you] fail. Also some [issues] relate to [the] corporate environment, some politics, some processes that are frustrating and not insurmountable, I have been through them before. Then [you] have [the] raw things of big successes when [you] have customers and when [you] don't get on and funding doesn't come to plan; those are all emotions and exist whether [you are] in a corporate incubator, start-up your own or an established business.'

These perspectives suggested that a sense of autonomy in decision-making was possible through venture manager's authority within venture projects, but that this was limited by the impact of other forms of authority within corporate venture relationships.

In summary, a diversity of *authoritative* relationships were suggested to influence corporate venturing activity. Similar to Burgelman (1983a), Venkataraman et al (1992) and Kuratko et al's (2004) hierarchical models, relationships appeared to be particularly influenced by the position-authority of individuals in relation to their corporate roles within the governance structure of the corporation, which influenced interactions across the corporate firm as well as within CV units. Despite this, there were indications that the strength of an individual's authority was dependent on the extent to which others within the corporate firm were willing to accept this in relation to their own personal goals.

Furthermore, sources of *allocative* authority appeared to significantly relate to organisational structures, which could have consequences for relatively novel CV units and individual corporate ventures which sought to compete for these resources, similar to Dougherty (1995) and Venkataraman et al's (1992) suggestions regarding divisional

conflict. Similar to Russell (1999), this seemed to be partly resolved by attempts to appear relevant to corporate needs, which reduced conflict, but this in turn had the potential to increase the influence of corporate authority on these units or ventures.

Despite the dominance of corporate authority, some participants noted that this could change as ventures developed external market relationships, giving those involved in venture development a sense of autonomy from corporate authority. This appeared to also be the case where venture development led to potential access to new legal or financial structures separate to the corporation.

The potential for alternative forms of authority to develop in relation to CV activity though venture development and participation suggested that there were a range of potential *norms* which may emerge as internal corporate ventures developed.

7.2.2 Legitimacy and Norms

Participants' comments about the source and forms of authority in their relationships suggested that these were not clear cut, but depended on expectations within the corporate firm. Similarly participants responses indicated that relationships were influenced by corporate norms, linked to both the structure and activities of corporate divisions and the existence of corporate innovation programme initiatives and CV units.

Meeting corporate norms

Two CV managers noted that while CV activity was often novel, it was dependent on fitting with corporate norms in regards to salary and core corporate products;

'What I do now, which is different [to] what I discovered about corporate venturing, is that there were some limitations. [You can] put [it] into three camps; If [you] do CV in a way in which it keep things internal it will fail, as generally because either [you] can't create [the] right culture and environment and because corporate beasts like HR and finance will restructure you in things you want to do. People you might want to recruit and pay [the] right amount of money and reward across [the] corporate barrier, even if [you] isolate yourself as [an] incubator, [you're] not really isolated; [there is a] restriction on [the] culture and [the] right kind of culture and reward.'

'[The venture] wouldn't exist without work we do, [it was] born out of the [idea development] programme. It's a fact that we had taken on additional investors to mitigate risks and competency gaps we saw. But if [we] hadn't had [a] culture that was very promoting of innovation, [the venture] wouldn't exist. If [you] learnt or gleaned information to the contrary that wouldn't be correct as [we] wouldn't exist without [the] innovation process. In terms of [the] corporate [it] varies on [the] nature of innovation; those close to [the] core are highly valued. Those which are adjacent are lesser-valued and [there are] mixed views about those which are remote to the business. [The] creation of [the venture] created [a] split in legacy of [the corporate firm] and [we] wouldn't have had [the] approval to proceed without [a] link back to core.'

One CV manager noted the impact of corporate norms on ventures, indicating that similar to Greene et al's (1999) and Burgers et al's (2009) suggestions of the benefits of venture and corporate strategic fit, it was important that ventures were seen to fit with governance arrangements;

'[The] interface person with [the corporate] is more administrative, and it exists to try to make [the venture] sit more comfortably with [the corporate] in terms of corporate governance. That is [it] isn't driving [the] venture forward, trying to help but not driving forward.'

Conversely, one venture manager indicated that where corporate norms seemed to be at odds with a venture project, similar to Burgelman's (1983a) concept of *overlying processes*, corporate processes were altered to support the venture's development;

'The analysts were on [*the corporate firm's*] back saying 'Why are you doing this? [You] don't need to be going anywhere with this business'. [*The corporate*] recognised that it wasn't the general direction of their business, but [they have] done something about that through structure internally.'

Relevance of ventures to divisions

A number of participants emphasised the importance of corporate divisions or *lines of business*, similar to what Dougherty (1992) refers to as *corporate departments*. Where these were referred to, these tended to be sections of the corporate firm responsible for core products or markets for the corporate firm (*corporate product divisions*), as well as support sections, such as the *research division*.

One CV manager noted that there was a limit to the extent to which their CV unit could receive funding, due to a perception that this was less important than core divisions;

'[*The corporate firm*] say the right things, [the] CEO often refers to it in conferences, but there's a scalability issue, [*the corporate firm*] have continued to invest in the past five years. Investing a hundred million a year in ventures is okay, but investing more, to help scale outside companies, would make it look overbalanced against existing business units inside the company.'

One CV manager mentioned that the financial value attached to the CV unit within the corporate firm could cause rivalry within other divisions;

'Some people in [*the corporate firm*] value the work I do and those people are the critical people like the chief executive and CFO. Whether the company in general values it I don't know as we are so independent of them, a lot of them are jealous.'

A number of participants suggested that the CV units were seen as separate from other divisions and departments within the corporate organisation. One CV manager noted that their activity was reliant on support from divisions, who were treated as internal clients;

'Yes we have a client mindset; [we] work on behalf of clients; our internal businesses [and] work at [a] global president level, so what we are doing is completely locked in with what business we want to do and how they use open innovation. Each business is at [a] different point of its journey in [*the corporate firm*].'

Similar to Venkataraman et al's (1992) suggestions of the problems of corporate coalitions of power, two other CV managers noted that attempts to develop CV activity could be difficult where corporate divisions felt they were in competition for resources;

'A third [of our time was] spent trying to get business unit support, and two-thirds trying to get backing for programme. [It was] mixed between business unit and CV unit championing and business units pushing for getting [the] deal done. [The] internal process [was] difficult, [there] has to be a lot of involvement of lower level people to get it moved through.'

'[It] puts [the] onus on [*another CV manager*] and myself to arrange these deals and show positive outcomes of business. There are people who wonder why [we] do research. [There] will always be people who want [your] budget and headcount.'

Gaining divisional support

Three participants suggested that a venture was likely to receive support where it fitted with the needs of individuals working within corporate product divisions. One venture manager commented;

'Oh, that's an interesting one, well, [*the venture*] is totally focused on it but (...) on being a champion for its own thing (...) but the nature of [*the corporate firm*] is such that there are lots of people who if they can see something in it for themselves in it, they will champion it. For instance last week I was contacted by someone in [*a corporate product division*] who's the account manager for a major retailer and online retailer, so physical and online retailer in the UK, and they've basically come to [*the corporate firm*] for ideas about what the future of their online business is gonna to be, and so she, because of what she'd heard about [*the venture*], came to me and said would I be interested in presenting for that.'

Similar to Greene et al's (1999) and Burgers et al's (2009) suggestions about the importance of corporate fit for ventures in gaining corporate resources, four participants noted that the perceived relevance of CV activity to core product divisions needs could impact on the support which ventures received. One CV manager indicated that it was where ventures were not seen to fit with a corporate product division that they would end up being adopted by his unit;

'In [*the corporate firm*] all shades of grey are possible, some business development opportunities, some ventures hosted by business units (lines of business), some jointly sponsored by lines of business and the corporate centre, and some directly by my team as non-core or as too big or too far from core to be managed by the P&L [profit and loss account] of [divisions]. Not many but that's the reason.'

Overall, the perspective that core activities were the most important focus for the corporate firm and that ICV activity was *non-core* seemed to create a situation where CV activity was either dependent on alignment with core activities for support through divisions, or engaged in a struggle with divisions as an independent activity. These

issues are similar to Dougherty's (1992) observation that to be seen as *innovative*, or as a *venture*, within a corporate firm, provides more opportunity for independence, but perpetuates a perception of *illegitimacy* within corporate relationships.

Making ventures legitimate

Five CV manager participants mentioned different ways in which a venture was required to meet the expectations of the corporate firm. One CV manager mentioned that a key activity for those supporting ventures was to ensure that it met corporate expectations and that this was communicated to the appropriate individuals within the corporate firm;

'Champions must be able to see clearly the value the venture would have to the corporate and be able to articulate it and know who to articulate it to; one of influence is [the] job of a champion ultimately. Having the clarity of thought around what the venture can bring to the corporate and being able to then work the network internally.'

Dougherty and Heller (1994) suggest that venture managers may try to shape appearances in order to legitimise venture activities in the corporate context. Similarly, CV managers suggested that while meeting corporate requirements was not their specific intention, it was important to find ways in which the venture could appear to meet corporate expectations. One CV manager noted that meeting the funding requirements of ventures might mean going back to corporate decision-makers frequently in order to negotiate further support. This was suggested to involve illustrating how further investment would meet corporate requirements, such as entering different markets;

'[The] way it worked [is that] one would only get so much money. [We] went to a venture board to get interim funding then [we] monitored [it]. If [you] look at [*one venture*], basically [we] got enough money, but [were] paid peanuts, from [the] venture board. [We] stretched [it] for [as] long as possible then [we] went back and went for second round funding in VC terms, making sure [that] people understood why it was good for both [the] venture board and [the] company. For [*the corporate firm*] [the] key thing was "Can it be replicated in different countries and different markets?" [They] wanted to maximise [the] number of iterations [it] could go through as [they] had so many outlets; one of [the] key elements in [our] lobbying.'

Another CV manager mentioned that someone supporting a venture needed to be aware of needs within the corporate firm and be able to illustrate how the venture fulfilled these needs. In addition, the participant noted that specific corporate financial and safety requirements had to be met;

'My mind works in our own defined competencies. One is "organisational awareness"; they'd score highly on it, [they] really have to know how to play the system in order to be able to help provide and be an effective champion for this area of business. Most of the company is trying to reject you, so it takes a high level of organisational awareness to make this work. [I] don't mean this in a Machiavellian politicking sense. [They] need to understand what it is the company wants; what [the] company needs to be successful to dress them up in these clothes. In a company like ours [you] need strong general management and financial skills and to apply this to the area or [you] come unstuck and [you] don't meet requirements of the financial side of the company. If [you] have safety issues [they] would shut it down tomorrow; [with] anything we are doing.'

Finally, similar to Greene et al's (1999) suggestions about the problems in developing a venture while achieving corporate fit, another CV manager indicated that the need to gain product division approval for CV activity meant that gaining additional investment from outside organisations became complicated;

'[The] incubations team [role] is to take technology that's [more] theoretical than [the] product is supposed to be; taking something and making it easier for product groups and turn it into products. But [you] can go back to same incubation team and say "Okay [we] can tweak this thing from the outsides", but [they are] already funded by product groups. [There] have been times when groups have had to hire more people, but get funding from the equity, [so they] offer [a] portion of equity in cash to fund, so [they] use that to fund incubation. [We] just have to make sure [we have] spoken to all [the] product groups and they're okay with what [we're] doing.'

In summary, it appeared that individuals involved with CV activity, through CV units or ventures, were often expected to conform to norms of corporate processes and structures such as those of corporate divisions which similar to Greene et al's (1999) observations, could make other ways of supporting the venture more difficult. Where CV activity did not meet these expectations, either the activity or corporate structures themselves could be altered to ensure that a fit existed, similar to Burgelman's (1988) model of iterative

corporate strategic development, within the context of corporate norms.

Alternative forms of legitimacy

While participants suggested that corporate legitimacy was an important issue, a range of other forms of legitimacy were also raised in relation to technical and market competence, similar to the findings on the importance of technical and market roles in Chapter 6. Developing ventures were also argued to be a source of legitimacy in themselves in some contexts. These issues are explored below;

Importance of technical competence to the venture

Results from the roles and relationships analysis in Chapter 6 illustrated that scientific roles were mentioned by participants as a sign of esteem or competence. Similarly, two participants noted that an individual might be accepted on the basis of their technical competence. One venture manager noted that technical norms related to the way in which technology was regulated in the industry were the most important in deciding how the venture developed;

'When [you're] in [a] highly regulated area [you] can't move forward without relevant managers. [We] took on a [technical] person who was handed from [the corporate firm], then jumped over completely.'

This perspective seemed to be similar to Venkataraman et al's (1992) argument that venture managers would need to focus on market and technical standards in developing the venture. While meeting technological requirements may be important to venture managers, this was not necessarily the case for CV managers. One CV manager suggested that his background as a scientist meant he was an unusual type of CV manager, in an industry that might normally seek individuals with venture capital experience;

'I managed to convince them that I was worth a punt. I don't have a background in venture capital. I'm not from private equity or VC or structured finance, [I am] more from the technical route. Externally as much as anything, I didn't come into it from;

you could imagine being [an] engineer in [*in the corporate firm*] then through this line. [Instead it] has been through science and technology and [the] management of science and technology and this was the next step.'

Another venture manager argued that although his main concern was related to scientific development, he felt corporate values were more concerned with sourcing funding than the integrity of a scientific project;

'One of the things [the corporate firm] does all the time is that it changes the name of technologies it's working on, this is often a means of continuing to get funding for something [laughs] when it's actually the same thing underneath. But if you keep changing the name (...) so it changed from [*one technical description*] to [*another technical description*] and at this stage it was known as [*an additional technical description*].

These perspectives seemed to suggest that while technical and scientific norms were important in the development of CV activity, this was subservient to the dominance of meeting corporate norms. From this perspective, Venkataraman et al's (1992) model of the CV process appears most applicable, in that while venture managers may be required to focus on market and technical standards, this is perceived as only an element within the dominant over-arching goal of achieving corporate legitimacy.

Market Legitimacy

Venkataraman et al (1992) note that developing a market fit for ventures is a key activity in the CV process. Similarly it was identified in Chapter 6 that market roles were important to participants. Two CV manager participants noted that innovative projects might be interpreted in other ways in the external market than from within corporate firms and that innovations may mean different things in other geographic contexts, meaning that understanding market legitimacy was complicated;

'Some ideas came out which are only now being talked about [*in the public domain*]. Those kind of things are on people's agenda now, [were] part of ours in 2002/2003. Unfortunately some [were] perhaps ahead of general acceptance. Some of [the] challenges corporates have is [a] robust means of that evaluation in terms of where it deviates from [market needs]

'What is [an] innovation in India or China might not be regarded as innovative here and vice versa.'

Sorrentino and Williams (1995) and Greene et al (1999) note that ventures benefit from the reputation of the corporate firm when accessing external investment. Similarly, two venture manager participants noted that a venture's association with the corporate firm could assist the venture's perception in the market, due to the reputation of the corporate firm. One venture manager noted how a corporate top manager promoted the venture to the media;

'[We] also had [the corporate firm] definitely help us. [*A top manager*] was singing [the] praises of us in [the] US yesterday;[it]is [*the corporate firm's top manager*] CTO, [and we] gained a lot of press through him.'

Conversely, another venture manager indicated that while the venture's relationship with the corporate firm attracted the support of external suppliers, this might not necessarily encourage them to work directly with the venture itself;

'People say [they are] quite happy to trade with your shareholders but [you] say 'You can't you have to trade with us'. [We] got out of it at [the] end but [we were] in a difficult position.'

Being attractive to the investment market

Some participants indicated that ventures were expected to become independent as spin-out organisations. Two CV manager participants indicated that as a result there were limits to which corporate firms would support ventures, which instead would be expected to conform to market norms as independent businesses, including ensuring attractiveness to external investors;

'If there are problems we attempt to try to sort it out, but it's up to the business to stand on their own two feet. [They] have to derive the business results as [they] are a standalone business, and we are effectively merely shareholders, and not majority ones. [We are] always a minority, below fifty percent.'

'[We're] not putting money into them, [we] get money from outside. If [we] need any incubation of stuff [we] go back to [the] research lab [and] will ask for more work done. [We ask] can [the] researcher do more work and we'll direct that; no direct fund to do that. Also [we] have two software developers on [the] team. [We are] using as many resources in [the] research lab as can fund this, all money to grow comes from outside VC.'

In summary, market norms appeared to be a key concern for some participants, but was not necessarily compatible with corporate or technical legitimacy.

Venture Legitimacy

Venkataraman et al (1992) argue that a key priority for internal venture managers is their venture, while Kuratko et al (2004) and Maula et al (2009) suggest that venture managers' priorities relate to their reward expectations. Similar to Venkataraman et al (1992) one CV manager noted that venture managers' key motivation was the venture's development;

'We don't believe in handovers from [the] idea generator to someone else to execute, [as you] lose [their] energy and excitement. [We] insist that if someone has an idea they should be involved in bringing it to life; that's what [we] partner with.'

Two internal venture manager participants suggested that there were different ways in which relationships could be relevant for internal ventures. One venture manager of a spun-out venture mentioned that there was a difference between the personal importance he placed on the relationship with the corporate firm from an operational perspective and the importance of the relationship to the governance of the venture, as the corporate was still a shareholder;

'From a personal standpoint [the] relationship is only important as [we] need them as a supplier. From a company standpoint [we] need to have relationships as they are on the board.'

Finally, one CV manager suggested that venture managers often did not understand corporate perspectives;

'[*The venture*] certainly do [value what the CV manager does], It is interesting, they clearly have simplistic views about what corporates can and cannot do. Senior people have to be careful about what [they] do. [They] will speak positively and champion [*the venture*]. If [an] account manager asks to speak to a customer, [they] will say they are new and can't offer the same standards as [the corporate firm] do, which [*the venture manager*] probably doesn't like to hear, but a great company.'

In summary, corporate legitimacy appeared to be of particular importance in developing CV activity as a whole and within individual ventures. While the existence of CV units appeared to provide opportunities to support venture projects which did not fit with corporate product division activities, it was still important to illustrate how ventures may be able to meet, or successfully negotiate, corporate financial and process norms.

While being part of a corporate firm may support ventures in accessing new markets, it appeared that as a consequence of meeting corporate norms it may be difficult to be relevant to alternative expectations, leading to the need to alter venture or corporate processes where necessary and possible. This need was further complicated by situations where ventures had developed their own cultures, which drew on alternative sources of legitimacy from the corporate relationship context.

Overall, alternative market and technical norms were considered to be distinctive from corporate norms and did not always appear to be compatible. Where these overlapped in the context of venture development activity, it appeared that individuals had to make a choice as to which sources of legitimacy they should draw from, against different pressures to conform. These choices appeared to be related to the values and meaning which activities held for participants.

7.2.3 Significance, values and meaning

Participants made reference to different perspectives on the significance and meaning of CV activity. Some of these related to the perceived strategic value of CV activity to the corporation, which had the potential to vary across managerial levels and corporate divisions. Further references were made to alternative forms of meaning which may be

drawn on in the context of CV activity, such as technical and market values. Additionally, different perspectives were given regarding the significance of financial and time-related values in conducting CV activity.

Valuing CV activity

The purpose of CV activity has been said to be the creation of new businesses within the corporate firm (Sharma and Chrisman, 1999; Narayanan et al, 2009) in an organisational context where there is a shared perspective on the relevance of CV to the firm (Kuratko et al, 2004). Conversely, interview participants explained that there were different perspectives within the corporate firm when considering the strategic value of CV activity. Two participants explained that there might be conflict between corporate top and senior management, who may see CV as a way of improving the working environment for staff, and CV managers who focused on new business development opportunities;

'[I] remember a chief executive said [it] was good for morale raising; but wasn't about that [it] was about new business development.'

'Frankly I think that jury is out on whether [*the corporate firm*] values [it]. IP venture activity is being watched to see what [it] does and [the] value calibrated. Questions are does it make life easier for researchers? [I] disagree with that, and say that due diligence does exist to make sure that [the IP] doesn't fit with internal firms.'

Similar to Dougherty's (1992) suggestion of departmental thoughtworlds within corporate firms, one CV manager suggested that from his experience within divisions such as research and product groups in different corporate firms, there could be different perspectives on the innovation and research development process;

'[I] go round [the] world seeing lots of R&D labs. Most don't know what to do with R&D labs in event [that they have] done more than company can productise. Often R&D think [they] have done enough, whereas product people never think [they] have done enough.'

A number of participants suggested that CV activity could also be affected by different perspectives on how the corporate firm should develop its innovation strategy;

'They will stay involved in [some new industry] stuff, but they call it innovation management rather than venturing. [It's] part of a wider trend in the businesses in investing in innovation which is seen as closer to core to many businesses than venturing; more innovation than venturing and less equity investments. But [it] may be more [part] of taking practices in one part of company and rolling it out to others and venturing may be a model for doing it in a quick and effective way.'

Two other CV managers noted that the approach a corporate firm may take to innovation strategy could be affected by accepted norms within that organisation and by the impact of wider corporate mergers and acquisitions;

'[You] have to appreciate that [our] industry is a traditional business and while [*the corporate firm*] markets itself for new ideas and [is] very innovative, actually when [it] comes down to it, [it is] so cautious in [its] own thinking that its innovation gets lost.'

'I feel confident corporate venturing won't continue same way in the future organisation. The new group paid eight billion for [*the corporate firm*] and so [they] have a lot of debt and the configuration of the group is different, so the need for growth projects outside [the] core is less than [it] was in past. [That] doesn't mean no venturing, but [it] may be required to be different in future.'

Valuing Individual Ventures

Three venture managers mentioned how the corporate firm was influenced in the value it placed on individual ventures, each noting different perspectives in their own contexts. One participant mentioned that the corporate supported the venture as it built on existing resources within the corporate firm and helped the corporate firm appear to be innovative;

'So, [*the venture*] is totally sold on it, [*the corporate firm*] is pretty sold on it, because it's got [*corporate staff*], and [it's] a [*corporate firm*] venture, and so on. Then you're helping the company and it's showing that we are good at this sort of thing and can produce spin-outs and ventures and what have you.'

A different venture manager within the same venture argued that the focus of corporate interest was towards the success of the venture, rather than valuing individual employees within the venture team, particularly those who had been externally recruited;

'Within [*the corporate firm*] I don't know, maybe just seen as fuel for the venture and they are looking at the venture as a measure of success rather than the individuals within it, more tie in to people who are seconded from [*the corporate firm*] and people brought in externally may be seen more as [*the venture*] team and [they are interested] in venture performing well rather than looking too much at individuals.'

Conversely, a venture manager in a different corporate firm suggested that his venture was not always highly valued as it operated in an unrelated industry that the corporate firm did not understand;

'[I] don't think it [*the corporate firm*] always has and the reason I think is through ignorance instead of anything else, in terms of not understanding the [industry] position of businesses, and that is a hard sell through to people.'

Overall, these comments by participants suggested that innovation, venturing and the importance of individuals who participated in CV activity was perceived differently by individuals in relation to their perspectives on what was in the best interests of the corporate firm. This difference in opinion appeared to relate to an individual's managerial or divisional roles and their emphasis on corporate or alternative values in judging CV activity.

Corporate staff perspectives

While many participants' consideration of corporate perspectives focused on the values of corporate senior managers, some participants also discussed the perspectives of corporate operational staff and venture managers. Similar to Thornberry's (2003) suggestion about the importance of rewards to venture managers, one venture manager mentioned that the success of his own internal venture was welcomed by corporate staff who were able to personally benefit by selling share options they had been offered in the venture, and bought homes, luxury cars and set up businesses of their own. Similarly,

two CV manager participants in other organisations noted that technical staff within research divisions might value CV activity according to their own personal priorities. One CV manager noted that while some staff may be interested in joining ventures due to their own career dissatisfaction, this only applied to a limited number of staff;

'People do come forwards with ideas for spinning out, more in the early days than now. [We] effectively exhausted people who were frustrated and wanted out, [it's] not great hammering at the door. [It's] harder work now. [We have] been round the boys a few times. [It] sometimes gets wearing going round [the] same people, [you] have to look at where market booms are and see technologies in a different light. Markets and technologies move on and [you] have to constantly reassess things.'

Monsen et al (2010) note that individuals' willingness to take part in ventures is negatively affected by pay and job risk. Similarly, a CV manager noted that technical staff within the corporate firm were becoming increasingly unlikely to be willing to join a spin-out venture project, as they didn't expect to receive the same financial advantages which they might have presumed before the 2000 dotcom boom;

'In [the] early days most people who were in it were the technologists. That has become less so and in a couple of incidents recently [we have] just done technology transfer into those businesses. [We] give people [the] option about whether they want to get into the business. People now thinking more about, since 2001 and [the] dotcom era came and went [and they] can't make loads, people think more about pensions and are risk-averse. [We] don't force them to go but they can choose. [There] has been a sea-change since before 2001 and post-2001.'

Similar to participant comments regarding senior corporate managers' values in assessing CV activity, participants' responses suggested that corporate staff were likely to focus on traditional corporate expectations when assessing their own personal work motivation, although some may welcome the option to become a venture manager as they had different expectations of the personal effect this would have.

Venture Significance

While CV manager participants indicated that some staff may welcome the option to become a venture manager, two internal venture manager participants noted that they felt

that other members of staff within the corporate firm might view them as misfits and difficult to work with;

'I think they would probably view me personally as a pain in the butt most of the time but that is my job. [I am] charged with building a business and everything that doesn't contribute to that or gets in the way, I will jump up and down about. [The] work they do for us is a small part of [the] overall business and won't be [the] place [we] get gains from.'

'Certainly from the [*corporate*] point of view I've acquired a reputation as a maverick, as someone who questions things, doesn't take no as an answer...
...So, I was seen as a troublemaker, I've introduced myself as a troublemaker for several years actually, as my job description. So I'm the guy who-who comes up with the ideas and encourages others to have ideas that are outside the box.'

These participants suggested that their values, although in conflict with others, were illustrative of the approach that was required to support the development of ventures and innovations. In this sense, different to the findings of Dougherty and Heller (1994) and Whittle and Mueller (2008) participants emphasised that their corporate illegitimacy was less important than the legitimacy of their actions in the context of the developing venture. This could be justified by their value-set that differed to the corporate values of their colleagues.

Financial Perspectives

A number of participants suggested that financial value was considered to be particularly important in CV activity, to the extent that other technical and strategic benefits may seem less important. One CV manager commented;

'[We're] here not to generate new business, but new profitable business.'

The financial value of CV activity

Russell (1999) has suggested that within corporate firms financial support may depend on perceptions of venturing success. During interviews, CV manager participants noted that the amount of money spent on and gained from CV activity could itself be used as a

way of determining the importance of CV. A number of participants noted that there were different ways in which corporate staff may interpret financial information. Two CV managers suggested that corporate senior staff determined the value of CV activity based on the cost to the corporate firm, which encouraged CV managers to focus on reducing these costs with potentially negative consequences for ventures;

'...[you] need to have access to capital, and need to be able to deploy when its right for company to use it. Generally what happens is if [the] corporate [is] having a hard time [they] tend to do things in line with [the] corporate budget and [they forget] what [the] venture needs and [the] pace [it] needs to move out. It's these things that kill internal CV's.'

'At [*my previous corporate firm*] they pulled a lot of people in and became expensive quickly. In [*my current corporate firm*] we have a small team and pull people in on temporary contracts if needed, so [we] don't have a large team attracting attention of people who want to cut costs when [the] market turns down.'

Two CV managers noted that corporate senior staff were likely to judge the importance of CV activity in relation to the financial results expected in traditional core corporate activities;

'Internally here performance [is] very much judged on hitting targets in [the] sales area. [They] like to hear about making contacts and exploring new areas, but very much [the] target is; "this is the new business target, what have you achieved?" If [we] have achieved [that] via bog standard sales, or via ten corporate ventures, [they] would [like to] see growth potential in ventures, but if [we] don't hit sales targets (...) you know what I mean?'

'[The] absolute financial return numbers [are] not big enough to cause wailing if [we] went away.'

Where senior managers were unable to determine the financial potential of CV activity, CV manager participants noted that senior managers were unlikely to be able to understand what CV activity entailed;

'[The] company didn't really value it now. Three people understood the value or potential but because of [the] politics and [the] way [the] rest of [the] business was run; huge and lucrative; [they] couldn't see [the] end of [the] old business and creation of new. [It] made it very difficult. Their view was it could potentially create value but [there was] so much risk involved and uncertainty people got scared and couldn't see how long it would take for value or whether value would ever arrive.'

Another CV manager indicated that a lack of understanding about how CV activity generated future opportunities was likely to mean that senior managers would see CV activity purely as an unnecessary cost;

'From [*the corporate firm's*] perspective, there is a compound answer to that. In the sense (...) to the extent that [the] company wants to engage itself in this kind of activity, I think they think we are doing a good job and adding value. But that's a minor point of the story and most of company (...) in fact it's like an organ transplant; most of the company thinks it has a foreign body and are trying to reject it. [We] have a different sort of DNA. People in [the] core business think we are wasting their money [and say things like] 'Where does it go, half [the] things we do go wrong' Of course, it does that is the nature of the business. In their game one out of ten go wrong and they get on with it, but for us most things go wrong and we find ways to compensate. The company is quite schizophrenic about it. They realise the benefit and contribution to the long term, but most of the company would rather we didn't exist and [think things like] "How can we cut them, how do we improve next quarters results? Get rid of that lot'. I don't think that is unique to this company, when I go to [*an external CV network*] I hear a very similar story.'

Two participants suggested that other staff did not understand that the uncertainty in CV activity was part of the process, and that the combination of misunderstanding and belief that money could be better spent elsewhere created a difficult relationship with other staff, who took time to convince;

'[The] downside is that the rest of the company can, and do, tell you [that] if they had your money [they] would be making revenue tomorrow. What you are doing is hit and miss, and it is, [it] has to be. If [you] don't have failures and success then [you're] not doing [your] job very well. [The] politics behind it are pretty horrible. If we incubate, making sure people actually do something with it is pretty tricky. [There are] lots of egos who confirm [their] own ideas to anyone else. [To] take what we do and do something well with it is tricky. From their perspective, [it's] tricky as we give something that needs more investment and they are supposed to make money tomorrow. People get bored with it. It's highly exposed and leveraged. We have

projects that are very interesting but difficult to do well, but [you] have to run [with it] until [you] can persuade others and yourself that [you] understand these things.'

'[It is a] vulnerable activity at the moment. People will say 'Do [the] benefits outweigh [the] risks?', but they are reacting to the concept and haven't seen [the] details. When shown the details, they come into their comfort zone.'

Overall, these comments suggested that there was a tendency to attempt to relate CV activity to the financial expectations and associated values of core corporate activities, despite the perception of CV managers that this was very different. This appeared to lead to a perceived belief amongst CV managers that CV activity was interpreted as *illegitimate* in the context of corporate expectations. This is similar to Dougherty and Heller's (1994) argument that to term activity as *innovation* or *ventures* allows it to be run more independently, but also perpetuates the activity as illegitimate in the context of wider organisational activity. Similarly, CV managers suggested that they saw CV activity and ventures as different to core corporate activity based on a different set of values, meaning that alternative perspectives were required to manage it effectively.

Determining the financial value of individual internal ventures

Similar to overall CV activity within the corporate firm, internal venture managers suggested that individual ventures tended to be valued according to the cost or profit they generated. Two venture managers, noted that while technology success and market acceptance were seen as indicators of potential, acceptance within the corporate firm was based on values related to corporate financial results expectations;

'Once [we] launched as [a] success in [a] short space of time and people could see value to them [it] didn't cause [a] problem at all.'

'If at this moment of time even if [we are not] on [a] financial upside [there is] no downside at all. If [we] ring in huge profits [it's a] no-brainer to anyone about where [to] put it and what do with it. [That's] not [a] reality at [the] moment but [the] potential of that is still there. Both with [the] internal interest in [the] product technology we have got, and [the] launch of [industry] products [we] originally intended to launch. Now [we] have [the] biggest accolade going as [a large customer] have come in as a major player in this.'

Three venture managers argued that corporate senior managers' focus on accepted corporate financial results, derived from financial spreadsheets, was at the detriment of important venture needs, though CV unit managers may be more aware of these needs;

'[You] can see a corporate like [*the corporate firm*] as dinosaur-like, and [*another corporate firm*] is like that, hugely bottom line driven; but how [they] get there senior management can't tell you apart from management of money.'

'Unless there is this bottom line number they can't see the benefit.'

'It's different with [*the CV unit*] as [we] share [the] same offices and I think they recognise [the] challenges we have in achieving success as a venture. For [the corporate firm] success and failure is tied into [the] balance sheet, and there's lots more going on.'

Similarly, one CV manager mentioned that while corporate staff may particularly value corporate governance needs and fit with existing corporate products, the CV and venture manager may focus on different objectives, such as on future potential value and long-term development;

'[*The CV unit*] definitely want to see value creation of future successful spinout. For [*corporate*] champions [they] want to see that but [they] also have to marry corporate governance and other things for [*the corporate*] which may run at slightly different tangent. [They] may want to know; "how does your position fit with other things at [*the corporate*] and how do we ensure [we are] not exposing to other forms of risk through [the] venture?" [They have] got a series of objectives, requirements etcetera which [they] need to represent on the board for [*the corporate*], whereas for [*the CV unit*] the goal is minimum expenditure to achieve maximum valuation and [the] long term success of [the] business; [the] same as for [the venture].'

Taken together, these participant perspectives suggested that while corporate senior managers focused on corporate value-sets which emphasised core corporate processes and norms within the corporate firm, CV managers and venture managers appeared to relate their understanding of CV activity to the value-sets related to the market processes and norms of customer development, venture creation and the investment community, similar to Hill et al's (2009) suggestion that middle managers responsible for ventures may emulate external venture capitalists.

Market Significance

While the behaviour of venture managers may not be accepted within traditional corporate norms, two CV managers argued that, similar to Venkataraman et al's (1992) suggestions, those supporting ventures needed to be enthusiastic about the venture technology and work with customers in an effective way;

'[They have got] great customer empathy, [and they] go out with MDs to meet either projects or customers; [they] have to sell what [they are] doing while trying to negotiate input; [a] commitment of some sort.'

'They aren't always easy to find. [It is] clear that ones which are a success are driven by someone who really believed in the technology. [They] need to be enthusiastic about technology and see a real benefit to [the] client. [They have] got to be professional but also have [the] drive to say "I can really see this". [If] [you] have [a] pure professional alone and not [the] drive to see this as your baby, [it is] likely you will be less successful.'

One CV manager summarised that it was important that venture managers were valued in relation to the norms of external venture capitalists;

'[You] should almost start with the team and work back the other way; you need to make sure you have the right blend of emotional as well as functional skills behaviours and things. In the VC world people prefer to have an excellent management team and an average idea rather than other way round. [There is] more weight in people taking things forward in [the] VC world, [it's the] kind of skillset which will survive into the new world.'

Conversely, one CV manager argued that different individual behaviours were required depending on the development stage of a venture;

'[You] go through [a] couple of phases when [you] put business together. When [you] launch [you] have customer investment and meet another sense of risk. [The] mavericks who [you] need to get it up and running are not [the] people [you] want to handle customer transactions, then business as usual.'

Although participants offered slightly different perspectives about venture manager behaviour, these comments suggested overall that CV managers were focusing on what

were perceived as appropriate venture creation, customer and venture capitalist values,. These may be summarised as *market-related perspectives* in that they focus on the expectations of external participants in the venture's intended market and industry, rather than internal corporate values and norms.

Attempting to utilise market-values in the corporate firm

Some participants noted occasions when market-value related approaches to CV were overtly debated and criticised by members of the corporate firm. One venture manager explained how attempts to develop links with an external investor ceased due to a perspective that this was not in the corporate firm's interests;

'So, we didn't wanna stall it, so we looked at turning this into a venture, and we wrote a business plan, we used the same people that we'd been working with in [*a UK region*]. Which was essentially an angel investor who also had ambitions of turning his angel stuff into a venture capital type company so he was sort of somewhere on the bridge between the two and we went and talked to various people in the [*industry*] about doing this and the reception [*was*] good, but again it stalled as it was too far away from [*the corporate firms*] sort of, core interests.'

A CV manager participant noted that developing CV activity meant attempting to convince corporate staff about adopting market-values, but that this was not always successful;

'[It's] hard going as working against the corporate, which is like, 'This is not what we do, what the hell are you trying to do?' [*Another CV manager*] who was senior manager with [*the*] chief exec of [*a corporate product division*] [*was*] charged with trying to formalise the process. [*He*] said 'Hey this is the 21st century, we're trying to make some money and make some real process around this. We will bring in VC and if everything goes well you'll be rich, everyone will be rich and happy.' That is the case in one or two examples, but a lot of people found themselves in [*a*] world which was alien. Many were [*corporate*] through and though, putting in [*their*] own time and working lots of hours was a problem.'

Finally, one CV manager explained how the development of external CV activity developed from an argument over corporate and venture capitalist expectations of investment returns;

'[I] had to show up and do [a] review of eight years and did that and showed that [I] spent [a] certain amount of money and [the] portfolio [I] had in hand in '99 was a fifth times more in value than the money spent. [I] presented to [the] person who is now chairman [and he] said "Wow you take risks, that's good, [you] have a fifty percent gain on money, though what [you] spent was in cash, and have [a] guesstimate and at least have [the] guts to say [you] made a multiple". At [the] time [one] person said "This is a miserable result as VC's make four times [this amount, you] should stop with [the] corporate" and "Too much wait and see" [I] said [I] also invested in [a] fund which made a lot of money, so lets look at [the] future and how VC funds make money in innovation and combine that with corporate and, and said "Okay but what will that cost me?" And [I] put [a] proposal [in] that said [we] will need to spend money, but that is investing not spending. [I] got [the] okay to spend in five years time triple of what [I] did spend eight years before; so a big mark up [or] multiplier. So [they] bought [the] story that we would be able to combine corporate new business development [with] those inventions and innovations [that] come from [our] own sources, that don't have [the] potential to parent in [the] company but which deserve follow up and combine with active strategy.'

Overall, these participant comments suggested that some venture managers and CV managers drew on market-values in their perceptions relating to the development of CV activity, but that this could be at odds with the expectations of staff who emphasised corporate-values, leading to different perspectives on the best ways to interpret CV activity.

Perceptions of Time

In addition to the different associations of individuals to financial, market and corporate values, participants also mentioned that individuals might interpret time differently in relation to CV and corporate activity. One CV manager further indicated that corporate decision processes were slow, while CV processes needed to be decided quickly, which created conflict;

'As a corporate is a big corporate animal and deals with its own processes and decision making inertia. Things have to happen at a fast timescale and as a consequence so much grate.'

Similar to Dougherty's (1995) suggestion of differences in departmental thoughtworlds, two CV managers suggested that a key difference between the perspectives of CV

divisions and product divisions was related to perceptions of time. One CV manager indicated that staff in product divisions did not tend to support ventures as they were focused on shorter time horizons than CV managers, which conversely corporate researchers were more likely to appreciate;

'External firms certainly do [value us] and internally it's mixed. The time horizon for what we do versus [the] time horizon of internal businesses people is different. What we do won't have an immediate impact. [We're] working on two to three years out, that's where the run occurs. [They] don't worry two to three years out, [we] can't help them now. Researchers time horizons [are] much more aligned. Business people should be worried about the horizons of delivering futures, but [they] tend to get bound up in [the] day to day and future [opportunities] get lost.'

'[There] probably would be co-workers in marketing etcetera [who] wouldn't see value. A lot of these are long term PR, both cash and technology PR. A lot of issues are 'What am I selling next quarter' So [they] say 'Yes, these are fine deals but [they] won't effect me tomorrow, [you] say it's two years out and I won't even be here, so what is the value?' Engineering folks value it and see that [we] need help or IP so engineers definitely value [it]. Higher levels value [it] a lot as [they are] encouraging such deals. It's mid-levels, day-to-day operational, who look and I say 'I don't care as it is two to three years out'. What they do today may have been done though venturing two to three years ago and [they] don't care about what you do today for next year.'

Similar to perspectives about financial values, these comments suggested that CV managers and corporate product division managers viewed the CV process differently. Some CV managers appeared to presume that venture projects would naturally take a number of years to develop, due to the unknown nature of venturing activity, while corporate product division staff seemed to expect to see immediate impact of projects in line with their own personal goals, again suggesting a mismatch between core corporate values and those of CV managers. Similarly, venture managers expected to be able to act quickly in relation to venture development activities when solutions had been identified, at odds with their perception of corporate processes as slow and bureaucratic.

In summary, participants' explanations suggested that individuals interpreted their involvement in CV activity on the basis of corporate, technical and market-related values. These forms of meaning were often referred to in reference to experiences of

disagreement with others or in explaining processes, suggesting that they acted as ways of explaining individuals' views on the appropriateness of alternative norms and the relevance of forms of authority in the development of ventures. Differences in meaning were particularly apparent in how individuals interpreted the purpose of CV activity as a whole and personal involvement in individual ventures, as well as how these were evaluated by financial and time measurements.

7.2.4 Summary - Understanding Interpretive Frames in CV Activity

Through the analysis of participants' explanations, it has been possible to determine the ways in which individuals draw on *relationship-contexts* through *facility* (through forms of *authority*), *norms* and *meaning* in experiencing CV activity. While analysis allowed for these different aspects of relationship-contexts to be isolated and explained, Stones (2005) notes that these are purely analytical concepts. Similarly participants drew on these three aspects of relationship-contexts simultaneously in their explanations of their experiences through interviews. Participants comments illustrated how they drew on relationship-contexts in their relationships with others and how they aligned themselves in the explanation of roles, favouring some relationship-contexts over others as part of their personal frames of reference. These *interpretive frames* supported individuals in making sense of their experiences in pursuing their goals in the development of corporate ventures.

The relationship-contexts which individuals drew on through interpretive frames were more complex than Dougherty's (1995) concept of departmental thoughtworlds in corporate venturing, in that differences in perspective existed not only between departments and divisions, but also across management hierarchies and venture staff. Furthermore, the range of perspectives illustrated were broader than those suggested by Corbett and Hmieleski (2007) regarding individuals who create ventures, in that these were not simply limited to differences between corporate internal and entrepreneurial external ways of thinking, but instead varied between individuals across the corporate firm.

As a sensemaking analysis, it was not possible to fully identify relationship contexts at a societal level. Instead, analysis is limited to how participants interpretive frames drew on broader relationship-contexts through their explanations in the context of their personal experiences within specific corporate firms. Across participants' explanations, three references to relationship-contexts were identified. In particular, most participants referred to the *corporate* relationship-context as having a key influence on individual interpretations of CV activity. This did not dominate individual perspectives to the extent indicated by Corbett and Hmieleski (2007) in their explanation of *corporate role schema*. Instead, individuals involved with CV activity were seen to draw simultaneously on *technical* and *market* relationship-contexts due to their perceived influence, relevance and importance to the development of internal corporate ventures.

While the importance of corporate relationship-contexts were particularly emphasised in relation to explanations of the perceptions of employees within corporate firm, the recognition of alternative technical and market-relationship contexts appeared to be related to the extent of an individual's experience of developing internal corporate ventures and CV units. Through their own experience of corporate venture development activities, interview participants particularly drew on the importance of technical and market relationship-contexts which influenced how they made sense of their experience. This emphasis appeared to subsequently influence their interpretation of corporate venturing experiences and their interactions with other corporate staff. The next section explores individuals' reflections on these CV development experiences.

7.3 Experiences and personal emotions

During telephone interviews, participants had been directly asked about their feelings in regard to CV activity to encourage them to explain their personal experiences of CV. While the use of individual interviews with participants working in different organisational contexts does not provide a basis for analysing changes and consistency over time in contexts and interpretive frameworks, individuals' explanations of their personal experiences did provide the opportunity to investigate how individuals

perceived the personal impact of their experience of CV activity.

As participants tended to focus on corporate processes when explaining their involvement with CV in their initial responses, I was concerned that participants may be reticent in explaining their personal feelings about their experience of CV activity. Instead, participants appeared to be unfazed by the question and discussed their feelings in detail. One participant specifically referred to this as “a very good question”. Responses to this question tended to take the form of personal reflections on the emotional experience of venturing activity.

Experiencing independence

A number of participants noted that their experience of CV activity included involvement in activities that were autonomous from the corporate firm to some extent. The ability to assume authority over a project and act independently, in an environment that might not normally facilitate this, was suggested by one CV manager participant to encourage others to take part in CV activity within the corporate firm, as it appeared to be an opportunity to do something unconventional. In this particular example, the CV manager explained the creation of his CV unit attracted operational staff who sought to either support the CV unit’s development or submit venture plans to the unit’s global competitions;

'It was a bit like being a bit of a pirate, slightly swashbuckling, everyone could see you were rocking the system. [We were] not rocking [from the] start but [there was] something very attractive about what [we were] doing. Everyone loved it because of its subversions. [They] could be subversive for [a] day for those who ducked in and out.'

Internal venture managers also explained how their sense of independence affected them. One venture manager indicated that his experience was unusual in comparison to previous roles as he was able to perceive the immediate impact of his actions;

‘It is liberating to be out of [the] big corporate world with all of its constraints, and there being so much immediacy to what we do. You make [a] decision and next thing you know it's being passed down, [it's] much more tangible than working for a corporate entity.’

A number of participants indicated that the ability to make decisions autonomously was important in their activities. Two venture managers noted that the ability to be flexible in decision-making within a venture was important and was rewarding, despite the personal effort required;

‘[I] had to change [the] shape of things from time to time. If [you] can see there is need to change direction [you] have to be brave enough to do it and justify that.’

‘Decision-making in [the venture] is fundamental and making decisions is a rewarding thing to do.’

One venture manager explained that when his internal venture was sold to another corporate firm, the potential loss of autonomy coupled with the opportunities now available to him, convinced him and his colleagues to resign;

‘When we sold [the] business to [*the corporate acquiring firm*] [we] could see that [we] would become part of [a] large corporate business, while in [*our own corporate firm*] [we] had a lot of autonomy. [We] could see [the] opportunity to cash in and take [the] money and do [the] things [we] wanted to do; [the] contacts made also allowed [us] to do that, rather than stay [and] become part of a corporate machine. Having financial security allows you to do that.’

While most participants suggested that involvement in ventures provided an unusual sense of independence, two internal venture managers were less aware of this in their own experience. One participant noted that his previous role as a senior researcher within the corporate firm had allowed him significant independence, but that in his new role working as an internal venture manager within a venture team, he felt his sense of control over his work was reduced;

‘So, changing from that to something where you’re part of a very small tight-knit team and you’re no longer in charge of [your own] destiny in quite the same way that you were, is quite a change.’

Another venture manager who had been externally recruited into his position, noted that dealing with flexibility was not as unusual to him as it might be to other corporate staff, due to his previous experience in leading external independent ventures;

‘From [a] personal point of view I’ve always been fortunate in [my] career to have been in a lead role with not much interference but putting shape around things and moving it forward. A lot of other people find it a breath of fresh air, but it is where my forte had been for quite some years.’

Overall, these perspectives suggested that most participants felt that they were more able to decide how to act and see the consequences of actions than they were in a traditional corporate role. In this sense, participants appeared to relate to their experiences on the basis of prior experiences within the corporate firm. Where two participants’ previous roles in scientific and external venture environments appeared to have similar or higher levels of independence, this was also reflected in the way in which they appeared to interpret their venture development experience.

Solitude

While many participants suggested that a sense of independence was valued, three venture managers noted that as a consequence of the uniqueness and autonomy of their role, they often felt isolated;

‘Lows are about solitude and the way that [a] project can lurch from looking really healthy to complete waste of time overnight.’

One CV manager explained this issue in detail. In addition to isolation from corporate peers, he noted that he had to remain emotionally detached from venture managers, leading to an additional sense of loneliness;

‘A very good question. At times it can be incredibly lonely because there is no one in the company who understands what I do, except for the people who work for me and one’s relationship with one’s staff is much more one of negotiation than it is in a normal job; therefore [I’m] much more stand-offish from them...

...Also you know that a large number of investments are going to fail and you don’t want to get very close to their wives and children.’

The perspective that solitude was a potential outcome of CV experience, suggests that while independence may provide opportunities normally unavailable in the confines of traditional corporate relationships, this carried with it the emotional risk of becoming isolated from acceptance or support. This is similar to Czarniawska-Joerges and Wolff’s (1992) suggestion that where the views of an individual involved in venture creation is not accepted, they run the risk of becoming socially marginalised “...*which is a heavy burden to bear.*” (p.534).

The CV manager who referred to the issue of isolation from colleagues and venture managers argued that his experience was not unusual and that some CV managers in different corporate firms sought out relationships with others who shared similar experiences;

‘...[It’s] interesting talking to colleagues who do this in other companies; they find it lonely and one of the reasons for the [*external business network*] is to have other colleagues you could talk to. [It] does feel very lonely and independent.’

Excitement

A number of participants noted that individuals involved in CV activity could be excited by their work and that this affected their actions and the potential outcomes of venture development. Two CV manager participants suggested that a shared sense of excitement, ambition and commitment to face challenges was a key element of personal enthusiasm for CV;

‘[I] get excited and a buzz from working from people. [There’s a] glint in [the] eyes of people getting profits and [a] buzz of those involved with running business. [It’s] interesting pulling off a deal as everyone wants to pull off risks, and finding answers

is an intellectual challenge. Getting broad agreements and seeing how the game will play out strategically is motivating, and [I'm] working with smart people so [it's a] good social experience.'

'I go round researchers, and if I see someone who wants to stay in [a] darkened room, [I] don't get excited about them. When I see people who want to get out to conferences, [I] do like people like that, and also those who want to get to product gurus, [that] also excites me. [We're] lucky to have people like that here.'

Three other CV manager participants suggested that personal enthusiasm amongst venture managers for projects was a key element of successful CV activity. It was suggested that this could be more important than professional competence, financial motivations and selection processes, particularly in the initial phases of venture development;

'If you put someone [in] who initially doesn't come across as enthusiastic but competent, [you] can get it stalling.'

'That's important because at [the] point where [you're] creating businesses, if that [money] is your driver [you] will be quite limited at where [you] make decisions at [the] creation stage. At [the] early forming and storming [there] needs to be something other than just 'I want to make money'. If people ask me what is the most important ingredient in [a] start-up I say 'passion and the people'. But [we] wouldn't even be looking at IPR and other bits if [we] didn't have [the] passion and people to succeed.

'[You] always have to, in a business sense, be cynical and ask [the] right questions and that analysis needs to be done. [You've] got to be open to opportunities and get people fired up so people can see it's worth doing this. Then comes [the] phase of rational judgement when [you] know [you] have got more info. If [you focus on] rational judgement all [the] time [you] won't get [the] sparks to take it forward.'

Taken together, these responses suggest that individuals' enthusiasm for venture activity had an impact both on their relationships with others involved with CV activity and on venture projects themselves, as this supported both commitment to venture projects in their initial phases and commitment to others similarly involved in venture development activity.

Dealing with frustration and anxiety

While participants suggested that involvement in ventures could be a cause for enthusiasm and excitement, fourteen participants mentioned periods of frustration through relationships with other people. One CV manager involved with external ventures indicated that frustrations were due to a lack of understanding from both within the corporate firm and from potential external partners due to their expectations;

‘[It’s] frustrating that they take so long as [you’re] building from scratch. When [you’re] starting [a] group as [a] corporate, financiers get sceptical, entrepreneurs who we are getting to join are sceptical. If [we] were [a] small VC with technology assets, people wouldn’t second-guess what [we’re] doing. People tend to say ‘Why are you really doing this? What are you up to?’ [It] takes longer to educate people.’

Another CV manager suggested that the experience of supporting ventures was frustrating due to the uncertainty of venture projects;

‘[The] frustrating part is [that for] every hundred ideas maybe two to three will become reality. That is the frustrating part; if [you] sell TVs [you] know [you] will sell x amount, but [it’s a] totally different ballgame.’

Both of these participant’s comments suggested that CV activity caused frustration as participant’s expectations were unmet. Three venture managers also suggested that there were frustrations in the experience of developing the venture, though one venture manager noted that through experience emotional feelings could be managed;

‘We have weekly frustrations we book them in and they roll up one after the other. I am getting better at dealing with them, both from a stress-management and resolution point of view. I am learning. Tremendous fun most of the time, if [it] wasn’t [you] wouldn’t do it, and [you] can be frustrated to near breaking point at times.’

Two venture managers mentioned that the pressures of supporting venture development could create anxiety. Similar to discussions of frustration, one venture manager indicated how different crises during venture development could cause anxiety, but that this could be overcome through experience;

‘Crashing fourteen minutes after launch and being pilloried in [the] press wasn’t fun. [There were] times in [the] business when I wondered if I would ever carry on, but you and [the] team create something that works.’

Finally, three venture managers mentioned how the pressures of venture activity could cause personal anxiety in relation to their expectations of personal family life. One venture manager mentioned that the pressure of travelling to support venture development had a negative impact, but that he felt he had to accept these consequences in order to achieve his personal objectives;

‘Emotionally [I] wish I didn’t have to travel as much and had more time to spend with my kids but [the] key is it is like a job in hand and an assignment. I have been doing it for three years and that is what I want to achieve.’

Taken together, participants’ reflections on the emotional experiences of CV activity appeared to suggest that participants were enthused by the opportunity to develop new projects in an environment which was relatively autonomous in comparison to the corporate firm. This independence also brought with it anxiety and frustrations however, in facing activities which were more uncertain and peripheral than traditional corporate experiences. Some participant responses suggested that some individuals found ways to deal with this experience by focusing on their personal goals or through developing a better understanding of the situations they were dealing with.

Experiencing emotional turbulence

While participants’ reflections on experiences tended to refer to specific emotions in certain situations, other participants suggested that these were not consistent over time and that there could be mixed emotions. Two internal venture managers indicated that successful technical and commercial achievements were exciting but project setbacks and a lack of support from others were frustrating or disheartening;

‘Highs are when it works and it’s successful and the premises and so on that we’ve put show that they’re correct, the lows are when it’s the slog of producing [*the technology*] and it gets changed at [the] last minute and you’re making lots of

revisions of stuff which have long repercussions in terms of what [you] have to then have to do, to publish it. And lows are the way that people don't get it.'

'[I] felt excited but also frustrated. If I think about [the] venture I ended up running for a while...[there was] constant frustration that [the] company saw [the traded commodity], not [the process focus of the venture]. [My] frustration [was] mostly with senior management who paid lip service but didn't buy in completely. [There was] exhilaration as [we] got customers and saw products developing into fantastic things. [There was] frustration when people in [the] organisation saw through any idea, [which] was fine. But most of [the] frustration [was] from management paying lip service. No strategic imperative, just [the] thing people thought [we] should go on.'

These comments suggested not only that individuals experienced a range of emotions, but also that these were felt in response to the dynamic nature of venture development. A number of participants referred to their experiences of CV through the metaphor of the *rollercoaster*. Two CV managers explained that they experienced CV activity a continuous cycle of excitement and despair due to the uncertainty of CV activity and the impact of changing relationships with key individuals;

'Feelings; good and bad. [It's] a great opportunity as such a diverse sort of job. But it is quite an emotional job, more so than any other I've done; rollercoaster things. But if you work in a start up company it's either going to go bust, go stellar or somewhere in-between. But which of those things can happen can turn on very small unforeseen circumstances. If you are the chief executive of that company [it] must be such an emotional ride. One day everything is going fine. The next your key customer goes bankrupt.'

'[It's] very up and down; really extreme. [There are] moments of complete euphoria as [you] get [the] 2000th [customer] on [the] service or have [a] venture board that goes really well, especially from [a] career perspective. Lows are about solitude and way that [a] project can lurch from looking really healthy from [a] complete waste of time overnight. Something changes and [you] realise all [your] key assumptions in [the] business plan are just nonsense.'

While not referring to emotional experiences directly, Venkataraman et al (1992) similarly describe part of the internal venture development process as *rollercoasting* in that venture managers were suggested to experience uncertainty through frequent

changes in activity in the venture development process. Participants similarly noted uncertainty in the venture development process but that with the addition of the impact of changing relationships this was felt emotionally by venture managers and CV managers alike.

7.3.1 Summary - Experiencing corporate venturing

In summary, corporate venturing activity was suggested to allow participants an element of independence from decision-making processes in corporations, which could be unusual for individuals who had previously worked in traditional corporate roles. This experience of independence was suggested to be exciting for some individuals, but could provide a sense of isolation where CV activity was conducted autonomously from others.

It was further found that the experience of developing internal ventures was usually novel and unique in comparison to previous corporate experiences, similar to Honig (2001) and Corbett and Hmieleski's (2007) view that individuals' learning in developing ventures is based on past corporate experience. As a result, it was noted that individuals involved with CV activity faced situations that were equivocal, which caused a sense of anxiety as individuals either faced uncertainty or found themselves in conflict with the expectations of others. In dealing with these situations, the enthusiasm that individuals felt for CV activity through their sense of independence and the opportunity to pursue personal goals was seen to be important in directing ventures. As a venture developed, it was suggested that individuals experienced a range of emotions as situations changed in ways that either caused equivocality or appeared to meet intended outcomes. This experience of emotional rollercoasting was suggested to relate to the novelty of the venture and the experience itself for some individuals. It was noted that as individuals became used to this experience and learnt more about the situations they faced, the emotional effects of this experience were reduced, similar to Garud and Van de Van's (1992) reference to *trial-and-error learning* in venture development.

These descriptions of emotions experienced by participants appeared to be related to the uniqueness of venture development experiences. In encountering new experiences, the conceptual framework illustrates that participants' emotional responses may be based on their *general-dispositions*, which are based on interpretive frames. Stones (2005) argues that general-dispositions exist in the mind of individuals and relate to the interests of psychoanalysis. It was previously noted that this research project brackets out the issue of general-dispositions as these are outside the terms of investigation for the research aim and questions. In this sense, individuals' reference to personal emotions emphasises how CV experiences were perceived, rather than what emotions existed. In particular, these references to emotions emphasise the dissonance experienced by participants between their expectations based on previous experiences, in comparison with their new experiences through CV activity. Similarly it should be noted that this analysis of personal experiences is developed from the reflections of participants discussing their involvement in CV activity. In this sense, references to personal emotions may be seen as part of a justification of personal interpretive frames, rather than revealing emotions themselves.

The explanation of experience through reflections on emotions suggests that individuals' encounters with CV activity could provide different experiences from those which formed individuals' previous frames of reference. These different forms of understanding are considered in the next section.

7.4 Understanding

Participants explained a range of encounters in relation to their experience of CV activity. In addition, participants explained how others perceived their activities and the effect of these different perceptions on the development of ventures.

Being Challenged

Participants' explanations of the personal emotional experience of CV activity suggested that they found their involvement challenging in different ways. One CV manager noted

that despite appearing to be fortunate in his role, he found the decision-making process particularly challenging when determining venture potential;

‘[If you’re] talking [to] people about what [you’re] doing, they say you have the best job, but sometimes [there are] tough selections [you] have to make in [the] front end of [the] funnel knowing you can’t pull them all in, but [you] have to prioritise and [that] can be difficult.’

One CV manager noted that the various shared processes and individual corporate responsibilities in CV activity meant that he felt his ability to deal with some challenges was restricted;

‘*[The corporate CV unit]* effectively control the financial gate, external finance, and that is one of the frustrations. [You] don’t have control over some of the processes, I have [a] part in [the] process but do not control the whole. [The] final raising of capital is done by [the CV unit] and if they don’t do that well it negates all done before, but I am effectively in my objectives held to account for something I cannot control. I have to do things as best I can through incubation and exit is as soon as possible but [I] have no control over that.’

Finally, one internal venture manager noted that the sense of responsibility and personal challenge that came with developing a venture was much higher than in the relative security he felt as a senior researcher in the corporate firm;

‘There’s more pressure to deliver and you know that the (...) whilst I’ve been in a position for a long while that if I didn’t do it no one else did it and so I was the, the buck stopped with me. Here the stakes are higher, ‘cause with [the corporate firm] if you don’t do it it doesn’t happen and there’s no particular repercussions...
...So, I could have sat there and done very little for the last seven years and I’d probably still be sat there, they wouldn’t have sacked me, and so on, so I could have gone through the motions and etcetera. It’s very different here, you have a much more tangible feel for the link between what you’re doing and what gets delivered, what customers get etcetera etcetera...
....And you don’t have that, so, I quite like having the connection though it is rather daunting.’

Certainty

Some venture manager participants who had described negative emotional experiences in their CV activity had suggested that they were able to overcome this because of their certainty that they were able to cope. One internal venture manager mentioned that his sense of certainty in what he wanted to achieve had been a vehicle for becoming the successful entrepreneur he aspired to be;

'[I] always knew from an early age I wanted to be an entrepreneur and start a business and it was a question of having the right idea. While everyone else was reading the Sun, I was reading broadsheets and Fortune about famous people...
...As [I] read about how successful people got going I got inspired and less worried. People get worried about how to go about it; mortgage, family etcetera. I was determined to do something about it.'

Another venture manager mentioned that he was driven by his ambition to see one of his research projects successfully launch on the market and certainty that the venture would be a vehicle to achieve this, where his previous role as a researcher had never allowed this to happen;

'Because [*the corporate firm's*] research is very very good, but turning that research into finished launched products and etcetera, is very hard and there aren't that many things that get to that point, which is par for the course for a research organisation, and so, yep, It's ambitious of me to want to get something through, but I really do feel that it's a good return on investment if I do something like that, of my time and [*the corporate firm's*] time.'

Equivocality

While some venture managers mentioned their own confidence in venture projects to meet their aspirations, one venture manager mentioned that the ambiguity of the market environment meant that top managers could not agree on the potential of his venture;

'[The] main board director and [the] chief executive were champions, but [there] were different views on it in terms of [the] attention [it was] getting and [the] resources [it was] consuming. [It was] like betting on two horses, no one was sure if [the] online world would return.'

Two venture managers noted that they experienced equivocal situations themselves in the development of ventures. One venture manager seemed comfortable with this and mentioned that there could be unexpected events in CV activity, but that this uncertainty was normal in venture activity;

'Then [you] have raw things of big successes when have customers and when [you] don't get on and funding doesn't come to plan, those are all emotions and exist whether in a corporate incubator starting up your own or an established business.'

Conversely, one venture manager noted that he felt uncertainty himself, but that this was due to the corporate firm's changing approaches to CV activity, rather than the activity itself;

'In terms of what we do in [the] business [it] hasn't changed anything. But reporting lines have changed. But in terms of where we sit and will continue to sit in [the] business that is an open question. We need to think about how we deal with this [as it] gives slight uncertainty.'

These responses were similar to Venkataraman et al (1992) and Garud and Van de Van's (1992) suggestions that the development of new ventures involves ambiguity, which venture managers may overcome by acting in the way they see as most appropriate. Similar to Garud and Van de Van (1992), the extent of access to resources and the amount of involvement from senior staff appeared to have an affect on participants' ability to act, however this was further complicated by uncertainty in the development of the venture itself.

Conflict

A number of participants explained situations where they found themselves in conflict with others. One venture manager participant mentioned that while the venture was reliant on support from the corporate firm, problems existed in the relationship due to different views on appropriate processes;

'There are frustrations; the way we have chosen to implement our business is that we are a small team and outsource a lot of our business needs, [such as] technical development back to [*the corporate firm*]. One of things we are struggling with is getting [a] relationship with them and delivery and performance to [the] standard and timescales and level of interaction that we expect.'

Another internal venture manager noted that when he initially came up with the venture project idea, differences in opinion and priorities between himself and the head of his corporate division turned into direct conflict;

'[The] MD of [*a corporate product division*] just didn't get it when [I] told him, [he] didn't really understand it. [He] was more interested in the [*new regional product launch*]. He said he would find out about it. He said he was looking into it and would come up with something even better, [so I] fobbed him off.'

The experience of conflict with corporate managers was also shared by CV managers. One CV manager participant indicated that while he felt fortunate to have access to support from external individuals, there were difficulties in gaining understanding from top managers about the work he was doing;

'[There are] a lot of people with a lot of energy with chances to go out of [the] company and to guru's like [*names a business academic*] but sometimes when [I] have to explain OI [*open innovation*] to high-brass people to [the] board, not to the level above me, but [a] level higher, [I] have [the] idea that [I] have to use very simplistic twelve-year-old language to make sure he understands me. [I] don't like that [I] have to do that.'

Two venture managers also noted the potential for conflict between CV managers and internal corporate staff, due to expectations between corporate divisions, which could impact on how CV managers were perceived;

'[It's] no good if you don't have a champion with technology. If [you're] with [a] sales champion, technical people are suspicious, if technical, sales are suspicious, if just corporate then [they] don't connect with others on [the] street so [you need] to have a network.'

'The qualities [you] need in a corporate champion; [They] need to be connected, people [who are] respected internally on both sides; it is no good having a champion everyone thinks is a dickhead. [You] need someone viewed as being influential in the area; [it's] no good having a technical person who can't articulate to sales. [They] need to influence [the] different circles [they] operate in. Champions need to be influential in their circles, but respected across [the] organisation in different disciplines. Also if [they are] senior and well-thought of that is helpful.'

In each of these explanations of conflict between different perspectives on CV activity, participants suggested that they sought to overcome this by explaining their perspectives in different terms, similar to Dougherty and Heller's (1992) and Whittle and Mueller's (2008) findings about how ideas are legitimised through language, or bypassing those they disagreed with. In each case, these attempts to avoid conflict appeared to be part of an attempt to gain better support for development of the venture or CV unit.

Support

A number of participants explained that they received support from the corporate firm in pursuing CV activities. Some participants indicated that, similar to Narayanan et al's (2009) and Kuratko et al's (2004) perspectives on structural support and Thornhill and Amit (2000) and Day's (1994) emphasis on the importance of senior manager support, a range of staff at different levels of seniority and from different departments were involved in providing different forms of support for the venture. Other participants suggested that they mainly received support from the CV unit, a CV manager or the venture board, similar to the approaches described by Miles and Covin (2002) and Kazanjian et al (2002) rather than the corporate firm.

Two participants mentioned that support from senior or top corporate managers could have an impact on venture activity. One venture manager suggested that support from his CEO meant that other corporate staff were willing to provide support to the venture, while a CV manager participant indicated that a senior manager's involvement in a venture deal led to its success;

'To be fair, the person in charge of [*a corporate division*] is [a] sponsor of [the] deal, who said with me [you] will get more if we license out. [He was the] most senior person to buy-in and put together [the] deal. [He's] not involved now, but did sponsor.'

Conversely, one CV manager indicated that support from top managers did not always assist individuals in achieving their goals. He mentioned that his corporate CEO had become involved in supporting individual ventures, but that this was not always helpful due to different interpretations about what support the venture required;

'Funnily enough our current CEO is keen on this stuff, and sometimes he takes a personal interest in some which can be awkward, sometimes good, sometimes not so good.'

Support from the corporation

A number of participants explained a range of ways in which they received support from individuals within the corporate firm. Two venture manager participants noted that they received support in initiating new internal ventures. One participant mentioned that the organisation had offered support for idea development through an ideas generation activity, which led to venture projects being created. Another participant noted that managers within the corporate firm actively supported the venture managers in developing their project;

'The way that [the] process works with [the CV unit] and [the corporate firm] is that [the corporate firm] will have interesting technology and maybe some activity underway with [the] technology, they will then approach [the CV unit] or will be approached by them, and [*the CV unit*] and [*the corporate firm*] have jointly funded [the venture] from middle of last year, with the mission of forming a team to establish a business to prove the technology and ideally spin [the] business out and go to [the] market to secure seed funding.'

Two CV managers explained ways in which a concern for venture needs might shape the support they received within the corporate firm. Two CV managers noted that reporting lines for venture managers through corporate divisions to the corporate CEO were designed to provide effective support by reducing the requirements made on the venture

by the corporate firm, either through venture boards or sponsors;

'All businesses have a sponsor, who works in the core business and reports to [the] CEO, that is a link which works to [*the venture's*] advantage to work [to] minimise [a] number of issues.'

Another CV manager noted that in the case of internal ventures, corporate staff that became venture managers also received support through the way in which their contractual roles were supported;

'Whilst in incubation [they are] effectively put onto special projects. [They] have [the] right to [their] old job back in [*the corporate*], but if [they] do choose to leave [*the corporate*] [they have] no automatic right to return, but [it's a] fairly caring employer, [*the corporate*] in general does retrain and recycle its people.'

Conversely, one venture manager noted that there were limitations to the support they could expect from the corporate firm;

'If we want to go to them on any issue such as [*a technical process*] [we] can go to them, but in general terms [we] handle that with [the] team inside.'

CV unit support to ventures

A number of CV manager participants mentioned ways in which they supported ventures as part of CV activity. One participant mentioned that while supporting corporate technology development was important, their focus went beyond this to the development of ventures themselves. Another CV manager mentioned that his support for individual internal ventures included travelling with venture managers from different national offices to support their proposals for funding from the corporate firm;

'[I] was in control of all three centres as [my] office ran from New York. Whenever there were big ideas sessions, [I] would travel to where they were. If a bunch of people [were] looking for funding [I] would travel there in conjunction with [the] local champion.'

In addition to the formal support provided through the CV unit, two CV manager participants indicated that the changing personal involvement of individual CV managers in providing support could have a major impact on individual ventures. One suggested that if a CV manager stepped away from their role, this could cause concern for the venture managers about the loss of this personal relationship;

'[The] challenge will be [that] if someone leaves, if they or I or someone in [the] technology incubation team finds something else to do, then [*the venture team*] may worry about what will happen with relationships, [we] can drop the ball, but we're happy [in our jobs] so no risk there.'

Another venture manager equally indicated that support from CV managers on the venture board was important to the venture, and noted that without it the venture managers would not continue their involvement;

'[Their] job is to keep us motivated, if [they] don't give us the praise we require we won't be here either, we are managing their money and as CEO [they want to know that I am] doing a good job and making [the] money that they want to see. For us it's important that the board appreciates us, gives us guidance and appreciates what we do. [We are] very fortunate that we get on with [the] board members on [a] personal stand.'

One internal venture manager mentioned that the structure of the CV unit supported the venture's existence, but that the appropriateness of their practical support could be mixed;

'In terms of the other work [*the corporate firm is*] doing for us [we] do value enormously [the] work they do, but do struggle sometimes in the way they do it and I guess some of the relationship isn't quite the way we would like it at the moment and [we are] trying to work to improve that. We couldn't do what [we're] trying to do as a business without them at the moment, so [we] have to value them pretty significantly really.'

One internal venture manager suggested that his CV manager's limited understanding of the venture's needs at first, meant that there were difficulties in the relationship, but that over time the usefulness of his support increased as his understanding developed;

'When I first met with [*the CV manager*] he was a thorn in my side. Since he has been associated with the business he realises how complex this business is and [that you] have to keep [your] finger on [the] pulse every day of the week.'

Overall, these comments suggested that similar to the literature, formal support from senior staff within the corporation or through venture units could be important. However participants' comments further suggested that the success of formal support was dependent on personal relationships and shared perceptions about the needs of the venture. Where this was not appropriate, problems appeared to ensue.

External support for ventures

Beyond the utility of internal corporate relationships, other participants suggested that support may come through external relationships. One internal venture manager noted that it was through valuable supportive meetings with research staff in other corporate firms and a particularly close relationship with a university researcher, that he was able to develop the technology that underpinned his venture;

'So we met there and it was one of these things where you meet someone who, you know, you might as well have been separated at birth; we had almost exactly the same ideas on the way that [*the technology*] was gonna go, and we spent a long while talking and basically looking in the mirror, metaphorically rather than physically, and he was very keen on pursuing this further so we started out with a simple project with [*his university*] where they looked at some of the social uses of [*the technology*]....So, we did that as the tester, that worked very very well and we got very good results because it was being driven by someone with whom I had a close affinity, we got the right people, the right information etcetera etcetera.'

Similar to Baguerahanian and Abetti's (1995) suggestions about the importance of market demand in securing corporate support, one venture manager suggested that external support from customers and the media could encourage support from within the corporate firm;

'[The] goodwill [we] got from customers and newspapers also meant [we had] little resistance.'

One CV manager participant suggested that support for CV activity might come from external individuals recruited to support a venture as a venture manager on a permanent or temporary basis. Similar to Dougherty's (1992) findings, external staff appeared to provide useful unique perspectives to sales, hiring staff and developing the venture;

'When have to get [an] outsider as CEO and CFO, and often [an] outsider to establish sales [or] marketing in a professional way, [you] usually don't find these in a research environment.'

'[We] have consultants who will provide interim managers which can be brought in to run the show for the first year; who are brought in to establish [the] company and hire [the] right people.'

Similar to Dougherty's (1992) note about the impact of external recruits on internal corporate ventures, these comments appeared to suggest that externally appointed staff could bring new perspectives.

The limitations of support

Two venture managers indicated that support for ventures mainly came from within the ventures themselves as despite the existence of some formal support structures, support for the day-to-day development of ventures was limited from other sources. One venture manager indicated that they were the only person who was dedicated to supporting the venture;

'I have to be my own champion in this I really do.'

Another venture manager similarly indicated that the venture management team provided the most support in day-to-day activities, and that corporate staff would only provide support if it was useful to them to do so;

'Oh, that's an interesting one, well, [*the venture*] is totally focused on it but - on being a champion for its own thing - but the nature of [*the corporate firm*] is such that there are lots of people who if they can see something for themselves in it, they will champion it.'

These comments suggested that despite the formal processes which may be in place to support ventures existence in the corporate context, a venture's autonomy meant that there was limited access to formal corporate support structures which may exist for core departments and divisions, forcing venture managers to rely on their own teams or ad hoc personal corporate relationships.

7.4.1 Summary - Understanding and perception in CV activity

In summary, CV activity was suggested to be challenging to CV managers and venture managers due to the novelty of the CV experience in comparison to traditional corporate roles and the uncertainty of individual venture development. This experience was suggested to be exacerbated for some venture managers due to unexpected events during venture development and lack of clarity about decision-making by corporate managers. Where this led to conflict with others, it was suggested that individuals had to find ways to translate their aims to others or seek ways to work around them.

Differences in perception between CV managers, venture managers and mainstream corporate managers in relation to the potential of ventures and the value of CV activity were seen to be an underlying reason for conflicts in the attempt to gain support for ventures. While formal corporate support was often provided to allow CV activity to take place, it was noted that this may not extend across the entire corporate firm. In this sense, the experience of support was more complex than suggested in the CV literature (Narayanan et al, 2009; Kuratko et al, 2004; Thornhill and Amit, 2000). Ongoing support appeared to be reliant instead on mutual understanding through personal relationships, both formally in CV units and informally within the corporate firm. In some cases perceptions of what support was required differed amongst the individuals involved due to a lack of shared understanding or acceptance of individual ventures within the corporate firm. It was noted that support may also be found externally, particularly where these individuals shared similar perspectives to venture staff. Finally, where there were gaps in the perceived appropriateness of support, it was suggested that venture managers made up for this through their own personal actions.

These explanations of understanding bore similarities to the culmination of the sensemaking process through individual *perceptions* as described by Weick (1995). In this sense, explanations of challenge, equivocality and certainty appeared to relate to the ways in which individuals' prior experiences and associated interpretive frames influenced their perception of new experiences. While these forms of perception related to individual interpretive frames, explanations of conflict and support appeared to explain situations in which individuals' perceptions were found to be similar or in conflict when planning for and encountering new events. Stones (2005) and Weick (1995) argue that it is through facing new experience in the light of interpretive frames that the basis is formed for individual action and the *enactment* of individual intent. The following section explores what forms of enactment were described by participants in the context of CV activity.

7.5 Enactment

The intent of individuals engaged in CV activity and the impact of actions on the development of ventures was explained by a number of participants. These processes were articulated by participants in the context of championing and brokering activity and the actions and interactions of individuals in developing ventures.

Championing

The CV literature suggests that championing activity is a key part of the CV process in developing support for ventures through relationships (Venkataraman et al, 1992; Burgelman, 1983a). As a result participants were asked a direct question regarding who played champion roles in their own organisational contexts. This term was deliberately not explained to participants, to give them an opportunity to question the relevance of this term. Despite this, participants did not question the use of the term *champion*, but made different suggestions as to who the champion or champions might be in their own particular context.

A number of participants indicated ways in which they championed ventures themselves within the corporate firm. Two CV managers indicated that they themselves were directly involved in brokering between internal ventures and the corporate firm in order to support venture managers, in a capacity similar to the types of venture activity described by Day (1994) through the *dual-role* champion and by Burgelman (1983a) of *organisational championing*. One CV manager explained that she carried out this activity in order to ensure that venture managers were not distracted from their main activities;

'That's me, sometimes people we call [the] project MD would also be that person, but [we] try to keep them focused on doing something new, not have them deal with all [the] to-ing and fro-ing. All businesses have a sponsor, who works in the core business and reports to [the] CEO; that is a link which works to [their] advantage to work to minimise a number of issues.'

One venture manager noted that it was the venture's board members who worked to support the venture by championing relationships for both the corporate firm and the venture;

'Board members are champions in terms of people who want to try to make the venture successful, and they are trying to oil the wheels within [*the corporate firm*] and within [*the venture*].'

These comments suggested that individuals acted to support the venture both through formal authority within the corporate firm to assist the venture projects needs, and to ensure that the venture met organisational objectives. A number of other participants explained specific ways in which they supported the needs of the venture as part of their involvement in CV through *brokering* activity.

Brokering

While championing was argued to focus on supporting the venture through corporate processes, brokering was suggested to involve negotiating the expectations and requirements of both the venture and the corporate firm. An internal venture manager,

who had previously worked within the corporate firm, explained from his perspective that while it was necessary to work with the corporate organisation, the corporate firm and the internal venture worked towards different time-frames. This difficulty was seen to be overcome through a CV manager who brokered between the organisations to provide support to the venture;

'[You] have to be able to respect corporate culture but also be able to move faster than corporates where [you] need to. Classically corporates will be nervous about signing contracts, whereas we want to move more quickly, and need to know how to work within the system in order to move the business along at an entrepreneurial pace rather than corporate pace which can be slower, but I think it works well at [*the corporate firm*] as there is an interface at [*the corporate firm*] whose job is to act as boundary between us and [the corporate] and lot of admin things tend to happen at [*the corporate*] with orders, H&S [*health and safety*] etcetera and her role is to talk [the] same language as we talk as a start-up and she knows how [*the corporate organisation's*] systems work and can bridge between [the] two and that is valuable in her approach.'

This CV manager was also interviewed, and she explained that she supported the venture by helping to resolve the differences in approach between ventures and corporate processes. In this sense, rather than entirely championing the interests of the venture, she brokered between the venture and the corporate firm to support both organisations, despite their different processes;

'[The] incuband will work inside [*the CV unit*] and [they] tend to have [the] same nature. 'We want to run really, really fast, you want us to use [corporate] processes'. But you can't run that fast as a big corporate, you end up knocking against each other. This is where my role comes in to say; 'We do things like this, let's see if we can change it'.'

This same participant rejected the term *champion*, preferring to refer to others in this context, instead describing her role as ambassadorial through conflict resolution and negotiation with the venture as well as the corporate firm;

'Ambassador; [you] need to believe in what [you are] talking about. [I am] not used to thinking about everything I do I just do it. [I] can go from mundane paperwork to do, to having someone saying "I need something done right away", to saying "[The corporate firm] doesn't do it this way", having them say "Well we will do it our own way." Then [you] have to go through channels in [the corporate firm] to get things changed. [A] very different skill set [is] required.'

Although this participant rejected the term *champion* to explain her role, her explanation of the associated activities was similar to Venkataraman et al's (1992) concept of *championing opportunistic behaviour*, whereby an individual authorises the venture to break organisational routines, while ensuring the venture remains within institutional *norms*. Similarly, these participants' activities were suggested to include decisions on whether to accept corporate norms or challenge them. It is notable that participants also suggested that there were venture norms and expectations in the form of *start-up language* and *entrepreneurial pace*. Conversely, Venkataraman et al (1992) and Burgelman (1983a) do not acknowledge an alternative set of norms and expectations within the developing internal venture and these are only indirectly identified by Pinchot's (1985) concept of *intrapreneurship* which acknowledges that venture managers may have different expectations to corporate norms, but emphasises the individual over the venture itself as an emerging social entity.

Lobbying and Arguing

Two participants suggested that championing involved understanding influential perspectives and engaging in relevant corporate relationships through lobbying and arguing;

CV manager: [The] main quality [you] want is [that they are] highly connected politically at all [the] right management levels and [that they] have [the] pulse on what people are thinking and what [they are] thinking about it.'

Venture manager: 'Yeah, I mean that's (...) that's probably [one of] the most succinct sentences of twenty-eight years in here and that's that it's knowing people that matters, and that erm, you know, if you don't know the right people to talk to you can't persuade them and they can't persuade other people. And so on'

One CV manager mentioned that influencing others involved understanding their views in advance of key decision-making points and that where one individual was not engaged in an appropriate relationship he used an unorthodox method to achieve this;

'Pre-work was a lobbying exercise. As soon as you needed money [you] had to go to [the] venture board. [You] had to decide who from [the] new business would go to [the] venture board and do flanking work to make sure everyone had seen it before [the] venture board. [You] had to know what everyone would say before [the] board took place. [It was] expensive to ship people around the world, so often [you] only sent those who were likely to be voted through. Lobbying was [the] main role; [it was] madness doing that, getting people on [their] way from work. One of [the] teams in London was so desperate; [they] knew [their] idea was good but [it] needed a lot of money. So one of [the] ones running it went very early to where [one] person lived and walked with him all [the] way to work and by [the] end [the] Chief Executive [was] convinced. [They] got a huge amount of money; [they did] better than most others did, about four million dollars, but [they] needed that dedication.'

These explanation of lobbying activities were similar to Venkataraman et al's (1992) description of *championing ideas* where individuals attempt to convince others about ideas, though there were also similarities to the concept of *championing resources* where individuals represented the venture to those with allocative power to assign required resources. In both cases, these descriptions were similar to Weick's (1995) concept of *arguing* where minority views are represented and scrutinised in the context of majority perspectives.

Arguing

A number of participants explained the importance of arguing and convincing others. One venture manager noted that it was difficult convincing customers and investors about the technology and product benefits, but that working on these challenges, and with venture staff, was enjoyable;

'When you have good days it's a great high, [it's as] good as anything you can imagine; not all of it is a good day, a lot of it is slogging and convincing people about new technology and new benefits. [I] enjoy trying to convince people; enthusiasm and passion and commitment have to come across in that role. [I] enjoyed leading people and [the] team is looked after doing something which is different.'

One CV manager participant suggested that dealing with disagreement was a part of the CV process, and that reaching agreement meant grappling with personal belief in the venture and personal commitment to corporate norms;

'[You] have to be incredibly evangelical and passionate about what [you] believe. Sometimes [the] combination of those can clash with corporate culture. Apart from positives of these, [you] have everyone applauding at the end, but many doubters on way. Success has many fathers, failure is a bastard. [You] sometimes feel a heretic when taking the organisation down a particular path; taking us away from core capability and core competency.'

Another venture manager noted that he had to engage in arguments with corporate staff about the time that it would take for the venture to achieve results, in order to convince them of the venture's strategic value;

'One of the biggest internal issues that I have had to convince people of is that when [*the corporate firm*] got involved in this they felt there would be jam today. But as they didn't understand regulation [I] had to say to them that is not how a regulated environment way, but [you] need to decide; do you want to continue with this the way I want to do it, or get out now? [They] said 'No we want to develop this' which [they] do as interest is materialising. [You have] got to fight through these things and just keep it moving forward.'

Finally, one CV manager indicated that arguments may also develop with corporate staff when negotiating their involvement with a venture project, due to different perspectives on work expectations;

'[We] started first incubation with a walkout, saying 'We don't want to do this we want to go back to our day job'. [I] had to turn it around and make sure they understood where their responsibilities lay. [I was] trying to say 'This is a good opportunity guys, [you] can spin out and get knowledge transfer'. I would be interested to see who said it wouldn't.'

These explanations suggested that arguments occurred due to differences in perspectives and expectation, which individuals tried to win over to support CV activity. In some cases arguing was suggested to be ineffective in achieving intended outcomes and in these situations some participants suggested that attempts needed to be made to enforce perceptions regarding the appropriate development of ventures.

Enforcing and Manipulating

Burgelman (1983a), Venkataraman et al (1992) and Day (1994) suggest that championing involves both negotiating expectations and enforcing corporate norms where necessary, which was echoed by a number of participants. Conversely, a number of participants suggested that championing required an attempt to force the venture's development within the corporate firm. One CV manager used a metaphor of the champion as a rebel warrior, armed with enthusiasm for CV activity, doing battle with the corporate firm as dragon;

'Champions; he needs to be excited about creating new business. If [he is] on [the corporate] side [he] would need to fight corporate rules, for reasons mentioned earlier, [we] had to hold back the corporate dragon waiting in [the] background to kill any new idea and venture. [He] needs to be strong willed, [a] bold rebel in inverted commas and fight [the] corporate very hard to give [the] venture chance to succeed. [I] can paint [a] picture of [the] sort of guy, [he] would need to be very excited about doing this stuff if people [are] not passionate [you] shouldn't be doing it.'

A venture manager and CV manager, who were both separately interviewed, each independently explained one particular event in a specific venture's development where they had worked together as champions to force the development of the venture within the corporate firm. This included making commitments, before guaranteeing that they could be met;

Venture manager: [*The CV manager*] as a director was taking an interest and saying 'Yes, I will stump up the money', even though he hasn't [got it], to find co-funders to go and fund this. Unless [you] have people to do that at some point then [you] won't go anywhere. [It's] also about having individuals who won't take no for an answer and going ahead anyway. Powers of persuasion is a good thing, as [you] have to exist without support or any money. Ultimate in blagging things I suppose.'

As well as negotiating investment proposals;

CV manager: [*The venture manager*] has been [a] key individual in the project, but in terms of getting [*the corporate firm*] to step up and make investment, [the] conduit for that was myself. I had to put investment cases together and present through to [the] investment committee and make [a] case for that. [A] lot of information I was presenting, [*the venture manager*] was integral too. Without [*the venture manager*] being as tenacious as [he] was [we] wouldn't have got to where we got to. Having a tenacious team isn't enough in itself, but certainly important. It wasn't his skills-set necessarily to navigate the organisation to access finance.'

And, ignoring requests to cease work on the venture project;

Venture manager: 'If [*the CV manager*] and I hadn't been so bloody-minded there wouldn't be a [venture]. If you accept [the] first time someone says no, [you] don't go anywhere with this kind of thing. [It's] not natural for [*the corporate firm*] or [a] company like [*the corporate firm*]. [It's] not a natural thing for them to do, [it's] so far off the normal course of their business, [it's] very difficult to get people convinced and interested. [It] comes down to having individuals involved in the project who ignore [the] fact people have told them to cease work on the project. I was told three times to cease work on [the] project and I didn't, [I] just keep flying under [the] radar enough for them to change their minds, and they do. Then they come back to you and say "Would it be hard for you to restart things?" [The] answer is "No, 'cos we haven't really stopped".'

These explanations suggested that participants were willing to use their position and knowledge of corporate processes to champion the venture through non-traditional methods, similar to Pinchot's (1985) argument that an intrapreneur is prepared to work against corporate norms to support venture development. This is also similar to Weick's (1995) concept of *manipulation*, whereby individuals attempt to generate new socially accepted meaning, and concepts of *acting as if* (Gartner et al, 1992; Fletcher, 2006)

whereby individuals involved in venture creation act as if their own concept of social reality were real, in order to convince others that this is the case.

Generating trust and commitment

While participants comments suggested that disagreement, argument and manipulation were part of the CV process, three participants suggested that similar to the arguments of Narayanan et al (2009), Chung and Gibbons (1997) and Prasad (1993) gaining trust between the venture and the corporate firm was important. This appeared to be due to the commitments made by participants to CV activity where outcomes were uncertain. One venture manager of a spin-out which was owned by three shareholders, including the original corporate parent firm, suggested that trust formed the basis of relationships;

'[The] whole success of this venture is relationships, [it] has to be founded on trust.'

Two participants suggested that there was a risk of suspicion between the corporate and venture managers. One venture manager participant suggested that in comparison to an external independent venture, the corporate ownership status of his internal venture meant that venture managers had to take it on trust that they could expect to be supported and rewarded in the ways they hoped;

'Because the corporate and [the CV unit] have put a significant amount of money [in] and [*the venture*] management team doesn't own any equity it is very unusual and relies entirely on trust as to what happens next.'

7.5.1 Summary - Enacting venture development

In summary, participants' explanations of CV activity suggested that championing and brokering were similar to the description of championing activity in the CV literature (Day, 1994; Venkataraman et al, 1992; Burgelman, 1983a). These forms of enactment influenced the development of ventures, affecting the extent to which the venture was shaped by corporate processes or influenced them. Findings provided insights into how the effectiveness of championing activity appeared to be related to the ability of champions to translate expectations between venture and corporate staff. The decision

regarding which approach to take, how this was conducted and how effective this was, appeared to be related to the different expectations and perceptions regarding how CV activity should be conducted by corporate staff and venture managers.

Where individuals sought to support the development of ventures through interaction with others, different forms of enactment were described. This included lobbying different individuals within the corporation by seeking to translate the benefits of venture support, or arguing with customers, corporate or venture staff to convince others about the potential beneficial outcomes of CV activity. Similar to Pinchot's (1985) arguments, where resistance in the corporate firm appeared insurmountable, manipulation of corporate processes and the expectations of corporate staff took place in order to enforce the perceptions of individuals involved with CV in terms of their preferred direction of venture development. Additionally, it was noted that due to the equivocal nature of ventures themselves, where outcomes relied on others actions it was important that trust and commitment were ensured between those engaged in CV activity, to reduce uncertainty about the outcomes of venture development activity.

These explanations of CV activity appeared to relate to both Weick's (1995) concept of *enactment* and Stones' (2005) concept of *agent's practices*. Weick (1995) notes that the result of enactment is the modification of interpretive frames that form the basis of future sensemaking. In the context of the interviews conducted, it was not possible to identify what the impact of individuals' enactment of CV activities were upon future sensemaking as each participant was only interviewed once and their reflections related to different periods of time. The conceptual framework follows the proposal of Stones (2005) that the result of an agent's practices is intended or unintended outcomes, on either external social structure or personal projects. As a result, the next section considers participants' explanations of outcomes as they were recognised in the context of their CV activities.

7.6 Outcomes

Intended and perceived outcomes of CV activity were explained by a number of participants. These explanations related to both personal outcomes in terms of achievement and learning and perceived organisational outcomes in terms of the appropriateness of CV processes.

Personal Achievement

Four CV managers and four venture managers mentioned the sense of achievement they had felt from their efforts in developing ventures and how this fulfilled their personal aspirations;

CV manager: 'If you're creative enough and get to understand [the] market and create [the] right product [you can] create something which turns into a business. [There are] very few things I find more rewarding than doing that.'

Venture manager: 'It's great to be in [a] position which few have in their lifetimes literally from [the] moment when [*the venture*] was first thought of to [the] plant being operational and a great success.'

A number of participants suggested that they felt a sense of achievement from their involvement in CV, which was different from traditional corporate roles. One CV manager indicated that this was related to the variety in his role, while another suggested this was due to the ability to see the direct results of his work;

'[The] second is it can feel, you can get, a sense of achievement. [You] can see things that you've been working on creating become real businesses. And that sense of achievement; it's more direct. In a big corporate is it you or you and fifty others who delivered x? Here it's a much smaller group and [it] feels much more personal.'

Personal Learning

Kuratko et al (2004) and Greene et al (1999) suggest that the experiences of venture development may improve the capabilities of those involved with venture development. Similarly, seven CV manager participants indicated that they felt they had learnt

significantly from their experience in CV activity. One CV manager mentioned that this was equivalent to studying for a professional management degree;

'[The] learning process [was] outstanding, [we] went through two hundred start-up processes in the two years. [A] good thirty to fifty went through full bootstrap and one learned how business worked and start-up, [you] couldn't get [it] anywhere else, [it was] like doing a second MBA.'

Three CV managers emphasised how the experience of CV involved learning about issues that would not normally be encountered in a corporate setting;

'Working at something completely new and completely different from the rest of [the corporate firm] is a huge learning experience and getting to understand a whole new way of doing things is extremely challenging and interesting and could lead to future employment.'

One CV manager indicated that roles on venture boards and working with venture teams had allowed him to learn about legal and investment issues;

'There are certainly benefits in doing it, and if you don't have [the] experience before the job it's certainly unique. If you come from a corporate route into this environment you start sitting on boards of companies, which you wouldn't do otherwise, learning about the legalities for companies and structuring deals. Working with management teams and early stage had many learning points too. Many benefits which are beneficial to personal learning.'

Four internal venture managers also indicated that their involvement in CV activity gave them an opportunity to learn through their experience, similar to Venkataraman's (1992) suggestion that venture managers *learn-by-doing*. Two venture managers stated they were constantly involved in learning something new through venture activities. One mentioned that he had learnt about raising finance for ventures, while another explained that he felt as if he were doing a practical professional management degree;

'There is [a] tremendous learning opportunity. We get to do a phenomenal range of things. [It's like] doing an MBA. A non-theoretical MBA as [you] get to do everything, that is fantastic, the learning. And [the] experience is tremendous.'

Another internal venture manager indicated that as a result of his learning from CV activity, he was better able to cope with challenges;

'When you're allowed to be in a role like that and know there is support there which is positive have clear motivation to deliver. [The] difficult bit is getting [the] team to deliver what [they] need in [the] time required. Learning and skills come in. [We] had to change [the] shape of things from time to time. If [you] can see there is need to change direction [you] have to be brave enough to do it and justify that'.

Learning new perspectives

Three CV managers suggested that CV activity gave them the opportunities to learn new perspectives that would not normally have been experienced within the corporate firm;

'When [you] work in [the corporate firm], [you] see [the] world through [corporate firm] spectacles with focus and blinkers. Looking at it from other perspectives, [you] get different views. Being plugged into governments etcetera helps too.'

Another CV manager mentioned that as a result of CV practice, she was able to engage with external people who took her views seriously;

'...I have learnt a lot in this role, [it] gives me confidence to go out and converse with people I didn't think I would be able to converse with. [I] get invited to a lot of panel discussions where my views are taken seriously, due to [the] facts and figures I have floating around my head.'

Organisational learning - dealing with equivocality

Two participants explained that situations that were initially equivocal for the corporation at the beginning of CV activity had been made sensible. One CV manager indicated that the experience of one failed venture within the corporate firm due to governance issues, led to support for more CV activity, similar to Burgelman's (1988) proposals regarding the influence of CV activity on corporate strategy. As this was

developed, the experience of employees using corporate support to create their own separate businesses led the organisation to create mechanisms that both encouraged venture development, but also tied ventures to the organisation through official venture decision-boards and financial investment;

'Then [we] found out that you can't set up a venture initiative without ventures, [you] have to run [the] process and learn with projects. So [we] chased projects, but people wanted to spin-out, so we helped them then they disappeared; [it] was helping people to spin-off.'

Five CV managers discussed the impact that CV activity had on perspectives within the corporate firm itself. Similar to Keil's (2004) note about the limitations of organisational learning from separated CV activity, one CV manager noted that it was difficult to know how the corporate firm could benefit from the new knowledge he was encountering;

'[I am] in [the corporate firm] one day a week, [the] rest of [the] time [I] find opportunities or [I am] working with investments. [The] key is, how does [the] corporation capture that organisational learning?'

Another CV manager mentioned that it was possible to support the development of individual staff members to alter their perspectives through learning from CV activities;

'Most certainly, [we] transfer a lot of thinking [we] get from corporate venturing into the core business. Concepts [are] utilised where [there is] no obvious connection but [you] can see something to, for instance, make core sales people into business people rather than traditional sales people.'

Another CV manager noted that due to the unique focus of the CV unit and the experience of the staff within it, it was one of the only parts of the company that was able to understand the challenges of venturing activity;

'Recently [we have been] getting involved in a business which is more of a traditional corporate venturing approach, looking at getting innovation into the business and extending the core business. [It is] probably the only part that has [the] capability to deal with small businesses which [we] may want to bring in. [It's a] spin-off benefit, but won't save us, but will bring grist to the mill.'

7.6.1 Summary - Outcomes from CV activity

In summary, participants had seen a range of personal outcomes from engagement in CV activity. The CV literature emphasises possible financial and institutional rewards and skills development as the personal outcomes of venture development (Monsen et al, 2010; Kuratko et al, 2004). In contrast, interview participants emphasised how the ability to see the direct impact of their actions and opportunities to learn about appropriate ways to deal with unexpected situations in venture development were beneficial outcomes of their CV experiences. Some participants also noted that they had learnt new perspectives through their experience that were different from their previous experiences in corporate firms.

Similar to Burgelman's (1988) suggestions of venture development outcomes, the experience of CV activity appeared to act as the basis from which corporate processes were modified in relation to CV activity. Despite this, it was noted that the isolation of CV activity from the rest of the corporate firm limited opportunities to create learning opportunities across the organisation. Instead, it was those individuals directly involved in CV activity who appeared to develop knowledge, which may create opportunities to effectively engage with similar challenges elsewhere in the corporate firm.

These perspectives on the outcomes of CV activity are similar to Stones' (2005) conception of outcomes in that they suggested that experience informs both the accomplishment of personal projects and has the potential to influence social structure in the context of corporate firms and new venture development. These results also appeared to bear some similarity with Weick's (1995) argument that through enactment, interpretive frames are either sustained or altered to form the basis of future sensemaking when facing new situations. Similarly, participants explained how approaches to supporting venture development and personal perspectives of this activity may have been altered through the experience of corporate venturing. Participants further noted how these new personal perspectives could form the basis for their approach in encountering new situations.

7.7 Chapter Summary - Determining Social Processes in Corporate Venturing

This chapter has explored the social processes through which internal corporate ventures emerge. The analysis of interview transcripts supported the identification of a range of social processes and illustrated how these interacted through individual sensemaking and involvement in CV relationships as summarised below;

Understanding interpretive frames

The first aspect of social processes identified were the relationship-contexts which informed individual interpretive frames. It was illustrated that corporate relationship-contexts particularly influenced participants, through forms of authority, norms and meaning. While this was suggested to be most apparent for those working in the corporate context, it was further identified that those involved in CV activity also drew on technical and market relationship-contexts through their experiences of relationships outside the corporate firm. These experiences had been previously identified in Chapter 6 where it was noted that those involved in CV activities may engage in scientific and external investment communities as well as their corporate community.

Encountering social experiences

Participants explanations of CV experiences suggested that these were relatively autonomous in comparison to core corporate activities, which gave scope to pursue personal goals for venture development. The novelty of this experience resulted in personal challenges for those involved which were exacerbated by unexpected events in venture development, leading to uncertainty and emotional consequences for those involved in CV activity.

Despite the relative autonomy of CV activity, it was necessary for those involved to continue engaging in corporate relationships even though formal support for the existence of CV activity within the corporate firm did not necessarily extend across the corporate organisation. New encounters with corporate staff could lead to disagreements about the appropriate amount and forms of support, due to a lack of shared

understanding or acceptance of individual ventures. Differences in individual perception were identified in relation to the potential and direction of CV activity and where this occurred, CV participants either sought to translate their aims to others or find ways to work around them.

Where support was received from others, this was reliant on mutual understanding through either formal support relationships within CV units or informally with other supportive members of the corporate firm. Support was also acknowledged in external relationships, particularly where external individuals were felt to share the perspectives of venture staff. Where individuals relied on these supportive relationships in uncertain situations, it was important that trust and commitment was secured. Where venture managers felt the support they received was inadequate, they sought to make up for this through their own personal actions.

Enacting venture development and recognising personal outcomes

Efforts to support the development of CV activity within the corporate firm included championing and brokering activity by CV managers which could result in ventures being shaped by corporate processes while potentially influencing some of these processes in turn. Venture managers were similarly involved in negotiating with corporate staff, customers and others involved in CV to translate venture managers' expectations regarding the direction of the venture. Where corporate resistance appeared insurmountable, corporate processes and expectations were manipulated to force the development of the venture towards intended outcomes.

Other than the potential influences of CV activity on corporate processes, isolation from the corporate firm limited individual personal outcomes to those directly involved in CV activity. Participants suggested that their autonomy meant they were more able to see the direct impact of their actions on venture development and that they had learnt new perspectives through their novel experiences. These allowed them to alter their approach to future venture development issues, through an awareness of new ways to

deal with future unexpected situations in venture development and other contexts.

Limitations and next steps

As illustrated, the application of the conceptual analytical framework supported a sensemaking analysis by identifying how participants' interpretive frames and social experiences informed the enactment of venture development and influenced their personal sensemaking. These results were initially derived from interpretive thematic analysis of multiple interview transcripts and as is common with this approach (King, 2006) a potential limitation is that the social processes identified are generalisations of the experiences and explanations of individuals who have engaged in different forms of CV activity in different contexts and at different times.

Through the application of the conceptual framework, the results illustrate a range of social processes and how these interact through an individual's involvement in CV relationships. This sensemaking analysis is, however, limited to participant's explanations of corporate venturing experiences and their perceptions of this experience through the interpretive frames they draw on to justify these explanations and perceptions during research interviews. As a result, while this analysis illustrates the relevance of the conceptual framework in identifying social processes in CV activity, the analysis does not support an explanation of how social processes recursively interact to inform the development of internal corporate ventures as participants experience and enact in their social contexts. Further development is required to explain how the social processes identified inform the development of internal corporate ventures over time and the next chapter sets out the basis for refining the conceptual framework by exploring the social emergence of an internal corporate venture in practitioners' socially situated context.

CHAPTER 8 – REFINING THE CONCEPTUAL FRAMEWORK: THE SOCIAL EMERGENCE OF INTERNAL CORPORATE VENTURES

This chapter refines the conceptual framework by exploring how social processes inform the development of an internal corporate venture over time. Consistent with the iterative research design adopted in this thesis, the development of the conceptual framework is supported initially through a review of the concept of social emergence related to ventures and organisations. This leads to the presentation and subsequent analysis of a longitudinal case study of the development of an internal corporate venture, which supports the final refinement and exposition of the conceptual framework through discussion of the effect of the social processes identified on the emergence of the internal corporate venture presented. Key findings and limitations are then presented, leading to the discussion of key overall conclusions in Chapter 9.

8.1 The development of ventures through sensemaking and enactment

In considering the importance of enactment and entrepreneurship, a key issue is the question of what is created. Gartner et al (1992) propose that this relates to the emergence of ventures as new organisational entities, while Brown et al (2008) and Weick et al (2005) note that a sensemaking perspective may view the creation of organisations as a continuous iterative process;

‘The answer is that sensemaking and organization constitute one another..The operative image of organization is one in which organization emerges through sensemaking...’ (Weick et al, 2005, p.410)

Van Every and Taylor (2000) and Weick (1995) argue that existing organisations are created in an ongoing series of interactions between individuals, but Katz and Gartner (1988) note that a focus on existing organisations does not explain how organisations come into being from a state of pre-organisation. Gartner et al (1992) argue that both new and existing firms emerge through an ongoing process of change. For new firms this may be from uncertainty to consistency, whereas for existing firms this may be from

certainty towards increasingly diverse interpretations as different perspectives form amongst the individuals involved;

'Change for an emerging organization is a movement towards more certain interpretations and more consistent cycles of interactions among individuals. Change for an existing organization is a movement towards equivocality, that is, away from singular interpretations for events and behaviors towards multiple meanings and a repertoire of actions.' (Gartner et al, 1992, p.14)

Gartner et al (1992) argue that this emergent process may equally apply to corporate entrepreneurship as it is not limited to start-up ventures, but may apply in a variety of contexts;

'[Seeing entrepreneurship as a] ...phenomenon that is focused on "emergence"... offers a way of connecting various entrepreneurship topics together. Topics such as corporate entrepreneurship, the management of rapid growth and innovation, and the pursuit of opportunity, can be seen as permutations of the process of emergence.' (p.3)

From this social emergence perspective, Gaddefors (2007) notes that it is possible to suggest that there is little difference between entrepreneurship and corporate entrepreneurship. Gaddefors (2007) argues that organisations are not actually created in a real sense, they are only ever socially constructed *images* of reality that are co-developed as part of the interpretive frames of individuals who encounter them. In this sense, Chia and King (1998) note that it is through the experience of *event-clustering*, leading to the identification of patterns and regularities and collective agreement, that the organisation is maintained or changed;

'Conceived thus, social organizing becomes an interminable ontological project of reality-construction in which ongoing enactments and re-enactments, which take place in social life, inevitably mirror a particular collectivity's attempts to create and recreate its self-identity.' (Chia and King, 1998: p. 476)

Similar to Chia and King (1998) and Gaddefor's (2007) proposals, Fletcher (2003) argues that rather than focusing on what aspects of entrepreneurship are *real* or *true*, a

social constructionist approach to entrepreneurship research ‘...would investigate the processes through which organisational emergence is socially constructed through language.’ (p.128). In this sense, Fletcher (2003) follows a sensemaking approach in suggesting that individuals draw on their linguistic resources in order to explain their organisational lives, and through which meaning is created in interaction with organisational stakeholders who may themselves draw upon different, diverse perspectives.

8.1.1 The social emergence of organisations over time

Chia and King (1998) build on the concepts of sensemaking and enactment in organisational studies by emphasising that as organisations are an ongoing construction. In this sense the experience of an organisation, while appearing to be a fixed state, is in fact one bound by temporality and change in constant flux. This is similar to the emphasis placed on temporality within Giddens’ structuration theory (Giddens, 1984; Stones, 2005) that has led researchers to focus on longitudinal studies in attempting to allow for the duality of agency and structure (Heracleous, 2006; Jarzabkowski, 2008). Jarzabkowski (2008) notes that while Giddens (1984) conceived of the duality of agency and structure as simultaneously reciprocal, it is also possible to see this process as one in which action and institution are seen to operate sequentially across periods of time (Figure 8.1). This conceptualisation is useful, when considered in relation to Stones’ (2006) quadripartite framework, as it helps to illustrate both the ways in which institutions emerge over time and how agency is continuously informed by this shifting structure, while being simultaneously engaged in creating it. Jarzabkowski’s (2008) model bears similarity to Burgelman’s (1988) model of the interplay of action and cognition in the development of corporate ventures (Figure 4.5), but Jarzabkowski (2008) notes that Burgelman’s (1983a) conception of structure and strategy is confined to resource allocation within an institutional context which tends to dominate agency through inertia, such as an emphasis on stable authoritative hierarchy, while a structurationist perspective on action and institution over time can see organisational institutions as involving both constraint and change (Jarzabkowski, 2008);

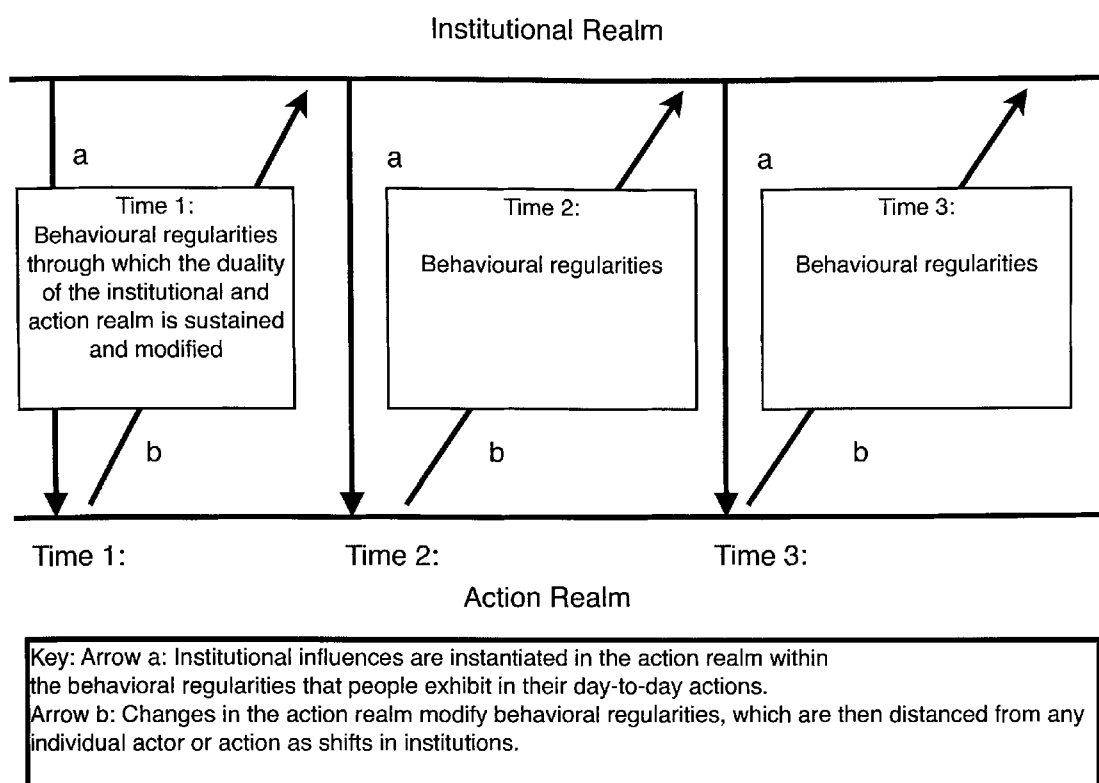


Figure 8.1 - The Duality of Institutional and Action Realms over Time
(Taken from Jarzabkowski, 2008)

Stones (2005) notes that Giddens (1984) proposes that individual actors are restricted by their physical limitations as entities in time and space. Giddens (1984) refers to this as *time-space distanciation*, which may be roughly summarised as an acceptance that we cannot all be in the same place at the same time; an agent cannot have perfect knowledge of the structures with which they operate in reciprocal causality as they are limited by their existence in a specific geographic location and by the impact of time on their personal projects, such as the human need for sleep. As a result, Stones (2005) follows Giddens' (1984) argument that actors are limited both in their ability to perceive structure, through a lack of knowledge, and in their ability to act upon it through limited presence, which in part assists in addressing the criticisms levelled at structuration theory for conflating agency and structure (such as by Wilmott, 1986; Parker, 2000).

A focus on temporality and change, and the limitations of experience and the ability to conceptualise it, is shared by Chia and King (1998) who argue that the experience of

organisation is conceived as a series of *events* experienced by individuals, which they draw upon when encountering new events. Chia and King (1998) equate this to a child's connect-the-dots picture, where the decision about where to draw the line to the number 9, can only be made on the basis of the existence of the numbers 0-8, and the decisions made in producing the picture to that point. From this perspective, Chia and King (1998) argue that organisations never have a fixed start or end point and that there is no moment at which they can be said to be real. Instead, individuals perceive them as real in the recollection of events through time that involved organising behaviour, which in turn influences their decisions in encountering new events.

Within entrepreneurship research, interest in the experience of entrepreneurs in developing new ventures has similarly focused on the importance of events in experiencing the development of new ventures. Rae and Carswell (2000) have noted the importance of *learning episodes*, while Cope and Watts (2000) and Cope (2003) emphasised the importance of *organisational discontinuous events* in entrepreneurial learning, which Cope (2003) notes may be seen as relevant to a range of entrepreneurial contexts, including corporate entrepreneurship.

Cope and Watts (2000) note that the idea that new venture creation may be subject to unexpected, formative events is well-established in process-orientated models of new venture development, such as Scott and Bruce's (1987) description of the need for the owner-manager to develop from entrepreneur to professional manager. Similarly, Burgelman (1983a) and Venkataraman et al's (1992) process-models of corporate venturing echo that of Churchill and Lewis' (1983) venture growth model from existence to maturity. The model which would seem to be most similar to the concept of critical events is Greiner's (1972) crisis development model, whereby a venture's growth and sustainability is predicated on the ability for the owner-manager to overcome specific significant events. A focus on *critical events* may be argued to differ from the process-orientated view of new venture development in that it does not accept that crises may be predicted, or that organisations go through defined stages of existence (Chia and King,

1998). Instead, those focusing on critical events have tended to see them as an element of the unique *lived experience* of venture managers (Cope, 2003) in an ongoing processual-reality (Chia and King, 1998). The experience of, and reflection upon, these events are likely to influence the *interpretive frame of reference* through which individuals perceive their business practices and personal sense of identity (Cope, 2003).

Cope (2005) notes that while critical events may be unpredictable, they act as the basis upon which individuals will interpret new situations. In this sense, while new venture development may be seen as *discontinuous* (Deakins and Freel, 1998) and unpredictable, individuals enforce *continuity* on their experience by reflecting on the experience of critical events in the past as a basis for the interpretation of new situations (Chia and King, 1998). Cope (2005) concurs with Weick's (1995) sensemaking perspective in suggesting that this may mean that individuals choose to continue to act in a way which they see as correct, even in situations where this may not be in their own interest. Gartner et al (2003) argue that reflection and sensemaking are based on the actions that precede them, as an interpretive process through which action is explained and justified to others. While these perspectives are consistent with the concept of sensemaking as interpretation, Fletcher (2006) additionally notes that the explanations that individuals produce through language are themselves a form of action, as they actively engage in the construction of their social world. It is therefore through reflection on critical events and the explanation of these to others that organising occurs, as individuals construct the interpretive frames from which they draw in justifying their actions and future intentions.

Finally, it should be noted that while the development of the concept of critical events in the context of entrepreneurship has focused on individual learning, Cope (2005) notes that this is *situated learning* (Wenger, 1998) in that the critical events experienced by entrepreneurs tend to be related to social interactions with business stakeholders, such as customers and suppliers, and individuals of personal significance, such as family. In this sense, critical events may be drawn from social interaction in institutional contexts, just

as they are in turn explained in social contexts in shaping these institutions.

8.2 Developing the Sigma Case Study - Methodology

The results presented Chapters 6 and 7 supported the exploration of roles, relationships and associated social processes in the development of internal corporate ventures. This approach was limited in its ability to illustrate how social processes developed over time, or explain organisational emergence. A methodological approach that seeks to capture influences on individual behaviour over time is the *critical incident technique (CIT)* developed by Flanagan (1954). This approach has been used to understand entrepreneurial learning (Cope, 2003) and small business management (Chell and Pittaway, 1998). Flanagan's (1954) development of the technique focused on understanding the decision-making processes that led to specific outcomes relating to the experience of combat pilots. This approach has been developed in the context of small business research by Chell and Pittaway (1998) and Chell (2004) as part of a social constructionist approach which seeks to determine similarities and differences in behaviour in the context of small firms. Cope and Watts (2000) and Cope (2003) also used CIT as part of a phenomenological approach to understand the unique experiences of each participant and the development of their businesses.

In formulating the research strategy, the advice of Blumer (1969) and Chell (2004) was followed by focusing on selecting individuals who had current experience of the development of an internal corporate venture within a multinational corporate firm, to allow the research to explore the similarities and differences between individual behaviour and venture development experience. The specific context of internal ventures within multinational corporate firms was chosen as this was considered most likely to be comparable to the issues identified in corporate venturing research. As Chell (2004) notes, CIT allows the interviewer to compare the experiences of multiple participants in the same organisational context. As a result I deliberately sought to conduct interviews with a number of individuals involved with the same internal corporate venture activity. As with the telephone interviews, a snowball technique was used to identify potential

participants, by asking contacts to identify others within the same organisation who were actively involved in CV activity.

The CIT interview may be best described as unstructured, in that beyond the initial introduction by the interviewer, the interviewer and interviewee negotiate the direction of the interview. Cope (2003) notes that this may be seen as a *sensemaking* process, through which the researcher and participant collaboratively clarify the meaning and importance of the participant's experiences. In this sense, CIT may be seen as a process through which the experience of the participant is actively socially constructed (Fletcher, 2006). As a result of its openness, the CIT interview can allow participants relative freedom to explore their personal experiences. After conducting these CIT interviews with participants some expressed surprise that they had explained so much, while one participant mentioned that the interview felt like a counselling session which they had found particularly useful.

The interviews were each conducted following the process suggestions of Chell (2004). In advance an explanation was given regarding the purpose of the interview and ethical considerations of the research were explained to the participants, including protection of anonymity. At the interview, participants were asked to think about the preceding 5 years leading up to the day of the interview, and consider critical moments that related to their experience of corporate venturing. A picture of a double-headed arrow was shown to each participant as a pictorial representation of this time period, and participants were invited to indicate the times when each event occurred on the arrow. Participants were then asked to focus on explaining at least three of these events for discussion during the remainder of the interview.

While Chell's (2004) process was followed for each interview, the responses of participants were more similar to the experience of Cope (2003) in conducting CIT interviews. Participants noted the arrow, but declined the opportunity to indicate time periods of events. Instead, they tended to recount the events according to the dates when

they occurred. While Chell (2004) argues that three events should be selected, and that participants may need to be encouraged to discuss them, these participants immediately went on to explain events without being prompted, which tended to number between five and seven. In this sense, the interviews followed the less rigid approach of Cope (2003) in allowing participants to decide what to focus on, leading to participant-driven narrations of emergent incidents, which were each discussed as short stories, but which sometimes overlapped and interlinked (Cope, 2003).

Chell (2004) notes that it is important that the researcher feels they understand the events being described by participants and that as a result the researcher should utilise generic question probes as appropriate, such as *'What happened next?; why did it happen?'* (p. 49). Cope (2003) notes that this intervention can be used to encourage participants to reflect more deeply on the events and the individual's perspectives. Chell (2004) cautions against taking this approach too far, as this may lead to the interviewer dominating the interview. As a result, beyond my initial explanation and encouragement, I deliberately avoided interrupting participants as they spoke, beyond providing affirmation through sounds such as 'hmm' and comments such as 'yeah, sure'. Where participants came to a natural break in their explanations, I would then use generic probes where appropriate, focusing my attention on deepening my understanding of the events and their meaning, either through exploring the individual's perspectives 'Did you feel upset by that?' or by asking for clarification on the order of events 'Did that happen before or at the same time?', noting Cope's (2003) observation that critical events may go on for extended periods of time, and Chell's (2004) observation that critical incidents may happen simultaneously.

As a result of these interviews, I was provided with a series of explanations of key moments as they related to participants' personal experience of corporate venturing. These explanations tended to both include context for the event, such as what had happened leading up to that moment and the involvement of others, the personal intentions of the participant, and what the outcome was of the event. In this sense, the

interviews were able to provide an explanation of context, strategy and outcome;

‘...the linkage between context, strategy and outcomes is more readily tested out because the technique is focused on an event, which is explicated in relation to what happened, why it happened, how it was handled and what the consequences were.’ (Chell, 2004, p.56)

Cope (2005) notes that in understanding critical events, it is important to understand the context in which they take place, as critical events are socially situated (Cope, 2005). Beyond the explanation of context by participants themselves as part of an individual CIT interview, Chell (2004) notes that further context can be provided by carrying out multiple interviews, supporting the development of case studies.

8.2.1 Developing the conceptual framework through CIT

Chell (2004) notes that CIT interviews allow an extant conceptual framework to be tested and extended, as part of an inductive approach to theory development. In taking this approach, Chell (2004) recommends that multiple CIT interviews may be utilised to support the development of a case study of organisational context, critical incidents, strategies adopted and outcomes, as part of a social constructionist perspective which acknowledges social processes over time, similar in focus to Stones’ (2005) quadripartite model of structuration.

Hartley (2004) argues that case study research is best conceived as a research strategy, rather than a method, which supports the inductive analysis of social processes in context. Stake (2008) notes that while it is common amongst positivist researchers such as Yin (1994) to seek generalisation in case research, this is not necessary, and that instead a case may either be *intrinsic*, seeking to understand the particular uniqueness of a single case, or *instrumental* where the case, or multiple cases, are examined to provide insight into an issue. In this sense, the approach taken in this thesis is *instrumental* in that a case strategy was adopted in order to provide insight into the social emergence of corporate ventures.

8.2.2 Case Selection

Stake (2008) notes that where case study research aims to support generalisations, formal sampling is used to ensure the support of representative selection (Miles and Huberman, 1994; Yin, 1994). Stake (2008) argues that in developing interpretive case study strategy, which seeks to understand phenomena, it is more useful to select cases that offer the best opportunity to learn the most about the particular phenomenon of interest. From this perspective, what may be considered to be atypical cases may be just as informative to learning as typical cases. Stake (2008) extends this approach to the way in which the case may be developed, arguing that the focus of the researcher should be on the opportunity to learn. As a result, Stake (2008) suggests that while focusing on the particular phenomena being investigated, the researcher should prioritise variety and opportunities to learn in choosing which participants to select. Stake (2008) suggests that once relevant participants have been identified, they should be informed of the phenomena under investigation and asked for recommendations on further participants to contact and data sources to investigate. In addition, Stake (2008) further notes that the researcher should recognise the restrictions of access and even hospitableness of participants, as the absence of either of these may limit the opportunity to learn.

8.2.3 Data collection methods and triangulation

Stake (2008) notes that in developing cases it is useful to consult a range of participants and data sources, to analyse the extent to which they support different versions of events, or *triangulation*. While this method may be used to clarify meaning and verify observations, Stake (2008) notes that from an interpretivist perspective, observations and interpretations are not necessarily repeatable but that triangulation does provide the opportunity to clarify meaning through identifying the diversity of perception and multiple realities in which people live. Denzin (1989) has similarly emphasised that from an interpretivist perspective, triangulation supports the building of interpretations in terms of the breadth and depth of the analysis.

In probing the common and particular elements of a case, Stake suggests that data should be gathered on the following;

1. *the nature of the case, particularly its activity and functioning;*
 2. *its historical background;*
 3. *its physical setting;*
 4. *other contexts, such as economic, political, legal, and aesthetic;*
 5. *other cases through which this case is recognized; and*
 6. *those informants through whom the case can be known*
- (Stake, 2008, p.125)

Stake (2008) argues that a range of forms of data collection methods may be utilised to collect this data, including interviews, observations, coding, data management and interpretation. Yin (1994) additionally notes that utilising a range of data sources supports triangulation. Stake (2008) draws on Blumer (1969) in noting that in developing an understanding of phenomena through cases, the process of data collection should seek to capture the ordinary in order to better understand the case;

'We have to accept, develop and use the distinctive expression in order to detect and study the common.' (Blumer, 1969, p.149)

Stake (2008) further notes that the process of issue development, analysis and write-up begin at the initial development of the case, through notes and observations, through to the final completion of the research report, as an iterative process.

Drawing on Stakes' (2008) diagrammatic illustration of a data collection plan for a case study, I developed a diagram for the case that illustrates its' dimensions (Figure 8.2):

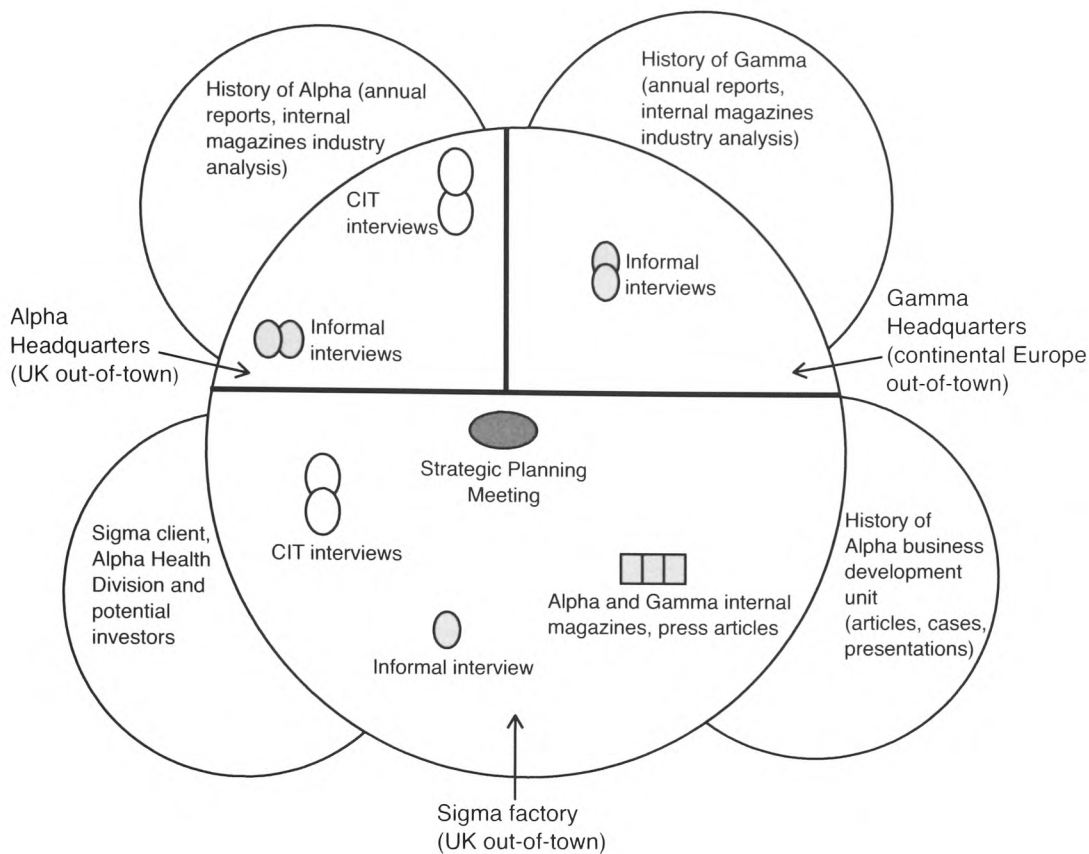


Figure 8.2 - The Sigma Case - representation of data and contexts

The case is represented by a circular frame. Within this, lines separate the physical locations where participants were visited and observations recorded. Within each location further illustrations outline additional forms of data collected. Data included CIT interviews, meeting notes, documentation and informal interviews, including initial telephone interviews that were analysed as part of the initial thematic template. Finally, outer circles, partly obscured by the main case frame, represent additional information or sub-cases that were collected to support an understanding of the context within which the case took place. Congruent with the ethical stance in this thesis, the names of all participants and businesses have been replaced to protect anonymity.

8.3 The Sigma Case Study

The Sigma case study consisted of a range of data sources, including CIT interviews, telephone interviews, reflective notes and documentation. The focus of analysis is on

critical events that occurred during the development of the internal corporate venture. As a result, the CIT interviews conducted with the sole venture manager of Sigma, John, were used as a framework for the case study. Following initial analysis of case data, the results from John's CIT interviews were compared to relevant events referred to by other practitioners during interviews, as well as additional documentation and reflective notes. As a result, the case study is presented in six parts. The first explains how data was collected. The second part explains the circumstances in which the first CIT interview took place. Next, the results of the first interview are discussed along with relevant data from additional sources relating to Sigma's development. This is followed by a discussion of the strategic planning meeting I observed, which was attended by three key participants, and subsequent participant reflections on this meeting. The second CIT interview took place a few months later and again acts as the focus of analysis along with additional relevant data. Finally, the results are analysed in relation to the conceptual framework of social processes in the development of internal corporate ventures.

8.3.1 Encountering Sigma

The Sigma case study emerged from contacts made through attendance at corporate venturing conferences. This led to initial contacts with four participants as part of the initial telephone interviews conducted. Following telephone interviews with all four participants, a series of interviews were conducted over a 10-month period with each of the participants. These included the venture manager, John, and three heads of business development who were involved with supporting the venture project; Geoff, Martin and Tom. All interviews were conducted at the participants' place of work, including the global head office of Alpha and the Sigma factory, both located in the South of England. At the beginning of the research Alpha merged with another corporate firm in the same industry, Gamma. As a result additional telephone interviews and a face-to-face interview was conducted with members of the business development unit offices of Gamma in continental Europe. Field notes on the environments and observation notes from a venture project management meeting were taken at these locations. The

interviews recorded and associated locations are summarised in Figure 8.2. In addition, documentation was collected which included internal corporate magazines, press releases and annual reports. Email correspondence with participants was also collated and archived. The date of publication of each document collected and the dates when interviews were conducted are outlined in Figure 8.3:

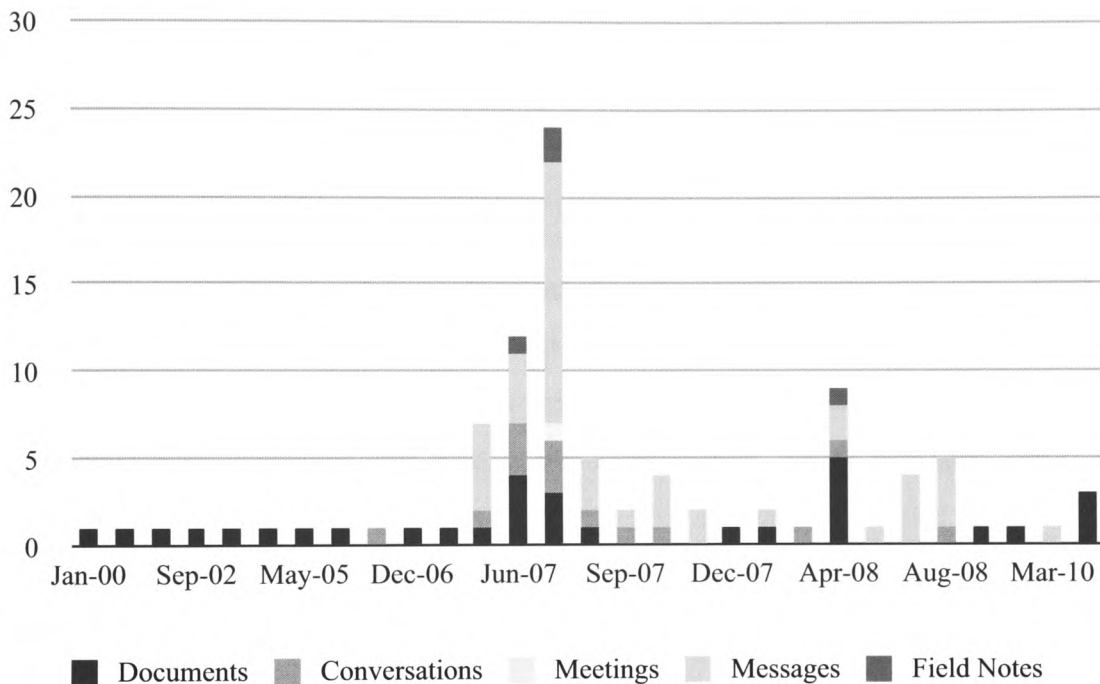


Figure 8.3 - Sigma case study data creation over time

As the focus of the Sigma case study is on the critical incidents through which the venture developed, a specific emphasis was placed on interviews conducted with the sole lead manager of the venture, John. John was interviewed on three occasions; a telephone interview in May 2007 followed by two CIT interviews in July 2007 and April 2008. As John was the only participant constantly involved with the venture project since its inception after initial technology development, his CIT interviews form the core structure of the case study results outlined in *Section 8.3.3* and *8.3.4* below. Additional perspectives from interviews conducted with other participants and relevant contextual information were analysed in relation to John's explanations of critical events and are

referred to where appropriate within the case study.

At the beginning of data collection a corporate merger had been agreed between Alpha and Gamma. As a result, while my contact with the venture manager, John, remained consistent throughout case development, the role and responsibilities of the other interview participants changed considerably during the period of data collection. As a result, the Sigma case, while supported by different participants, became unofficial in the context of the changing corporate firm, with negotiation and agreements on data collection being made on a frequent basis before each interview.

Conducting fieldwork

Sigma was situated in the South of England, based within a small industrial park. The building mainly consisted of a large hall containing small manufacturing units making the device that acted as the basis of the venture, both of which were known as *Sigma*. Interviews were conducted with John in his upstairs office, which was next door to a meeting room and separate open-plan office space for the other operational venture staff members. Sigma's building was based 20 miles from Alpha's global head office which was a single building built in the shape of a technical symbol which was representative of Alpha's industry. While most interviews took place at these two sites, an additional interview was conducted in continental Europe at the business development unit's offices located next to one of Gamma's industrial sites.

Analysing CIT Interviews

Once the CIT interviews had been conducted, these were transcribed and analysed. In order to ensure a good overview of each event, these were colour coded using the highlighting tool in a word processing programme. Each colour coded section was then re-organised into specific events as appropriate and individually analysed. Additional data sources, interviews with other participants, meeting observation and field notes, represented in Figure 8.3, were additionally analysed and colour coded in relation to the events identified in the CIT interview analysis as a form of triangulation.

Critical Events

Following the method outlined by Chell (2004), the interview began with an explanation of the purpose of the interview. John was then asked to give an account of his involvement over the past five years, focusing on any particular key events. As I also wished to understand how John's involvement with the venture had begun, I mentioned that he may wish to explain this too, with the ultimate effect that John focused on a nine-year period instead, as his involvement had begun in 1998.

To aid in focusing the CIT interview as outlined above, Chell (2004) suggests that in each interview the participant should be shown an A4 piece of paper containing a double-headed arrow and be asked to mark these out. John instantly declined this opportunity by silently getting up from his desk and collecting a piece of paper detailing the key customer relationships of the venture over the period of his involvement. He explained that;

John: 'This wasn't done for you, but I think it sort of kicks us off in the right direction because everybody asks.'

Instead of the arrow, his document became the starting point for a discussion about the critical events he perceived during his time managing the venture project at Alpha. Similar to Chell's (2004) description of the CIT interview, conversation began focused around specific incidents in a chronological order. During the interview I focused on listening and making supportive comments, while avoiding interrupting. Where explanations were unclear or brief I would ask for clarification once John had come to the end of an explanation. My comments included requests to clarify the order of events;

Researcher: 'Oh right, then you've got the sign off with Alpha, which I presume is obviously almost the same period in a way.'

or to clarify what had happened;

Researcher: 'As against? You've said it's been transferred into Alpha. From what?'

Chell (2004) mentions the importance of gaining trust with participants. I sought to develop this by seeking to empathise with participants as much as possible and as a result when analysing transcriptions, I noted that my use of language would change over time. In early interviews I tended to be more hesitant, occasionally stumbling over my words. As each interview developed, this ceased and I began imitating the language used by participants. For instance during one interview with John, I noted that future research access may be difficult and began to use strategic metaphors accidentally drawn from John's own use of language;

Researcher: 'Whereas in this situation it could fluctuate so, that's just part of the risk on the territory, so...'

Through these different attempts to both focus on critical events, while simultaneously allowing participants to determine the direction and tone of interviews, I sought to deepen my understanding of participants' life-worlds. This was further enhanced through attempts to understand the context in which these experiences took place.

8.3.2 Context in the Sigma case

This section explains the historical contexts of Sigma and the parent multinational firm Alpha. Initially, the socially-situated context where CIT interviews took place with the venture manager John, is explained. This is followed by a brief background to the corporate firms and the development of the Sigma project.

Meeting John

The first CIT interview with John took place in his office within Sigma's building in the small industrial park. In order to maximise the opportunity to learn from my visit, this was timed to coincide with what John referred to as a *strategic planning meeting* regarding the direction of Sigma that I was invited to observe, as well as the opportunity to conduct an additional interview in the morning with John's acting line manager, Geoff who was the current head of business development at Alpha's global head office. The

CIT interview with John took place at the end of the day, after the strategic planning meeting.

Sigma's building was largely plain and functional, similar to the other interview locations I visited at Alpha's global head office 20 miles away and Gamma's business development offices in continental Europe. The entrance hallway was plain overall, with some branded signs and visitor badges with Alpha's logo and internal corporate magazines from both Alpha and Gamma. This branding was less visible and formal than those in the corporate head offices I visited, in that Sigma's signage consisted of one Alpha logo print-out adhered with sticking tape into the entrance window. Samples of the sigma device were on display next to a wall chart that illustrated the venture staff structure as a hierarchy, with John at the top. The first interview was conducted inside John's office which was large and functional. In addition to a desk, computer and meeting table, the room contained large amounts of paperwork and filing cabinets, as well as personal memorabilia, certificates and samples of equipment related to the sigma device.

The CIT interview took place within this environment. John himself was dressed in a smart but casual manner in a shirt with trousers, but no tie. During the interview he often referred to technical terms and company development issues, but would also speak in a casual friendly manner that was in contrast to the more formal reserved tone of the other participants I interviewed within Alpha and Gamma.

On a couple of occasions John joked about my involvement in relation to his responsibilities at Sigma. At one point he had to leave the room to speak with someone and suggested I could stay in his office;

John: 'Yeah, yeah sure you can stop there, no problem no problem at all. In fact I've got a load of work you can do really if you... [*breaks off sentence and laughs*]

At the end of the CIT interview, when I mentioned that I was interested in finding out what happened to the venture over time, he commented;

John: ‘You can take my place if you like, I haven’t got a problem with that at all. Ha ha!’

I felt that these comments were illustrative of the impression I formed of John as someone who projected himself as a hands-on and hardworking operational manager, in contrast to the more corporate, guarded tone of other participants.

Alpha History

Alpha was a 120 year old company with its headquarters in the south of England, UK. It employed 30,000 people in 50 countries worldwide with a turnover of over £4.5 billion and was structured around three main corporate divisions and two additional specialist businesses.

In December 2006, Alpha was purchased for €18 billion. The purchasing company, Gamma, was a 120 year old company with its headquarters in continental Europe. It had 42,000 employees with core markets in Europe as well as operations in two additional continents and a turnover of €9.5 billion.

By the end of the data collection period in 2008, the merged corporate firm had 52,000 employees in around 100 countries with sales of €12.5 billion, the largest company in its industry in the world. This corporate firm had a group structure, which focused on industrial processes for a range of industries including a growing health-related division.

Venture Project History

The internal corporate venture project, hereafter referred to as Sigma, was involved in the manufacturing of specialist technical devices for the pharmaceutical industry. The technical device itself, also known as *Sigma* was developed by an academic at a UK university, who had presented the technology at a conference in 1995 attended by

scientists from Alpha. John noted that Alpha staff were shocked when the academic illustrated the potential of the equipment by publicly using it on himself, a procedure that was intended to be harmless, but which Alpha staff realised had the potential to be fatal;

John: ‘And he was demonstrating this and our people were in the audience, and after the seminar, went up to him and said, you know; “You shouldn’t be doing that, and there’s a better solution to that”... And so that’s how, sort of, that relationship then built, so it was “Okay, we would like to talk to you more about that.” And then this relationship built.’

From this point, between 1995 and 1998, the Alpha staff scientists and the academic worked together on developing the technology. During this period, the academic worked together with another independent scientist businessman, creating a university spin-out venture that floated on the stock market in 1998. As Alpha scientists continued to give advice, which led to legally patentable concepts, a contract was signed between Alpha and the new independent venture, whereby an agreement was formed that Alpha would manufacture the sigma device, which the independent pharmaceutical venture would then utilise for pharmaceutical applications as the sole client.

By 1998, despite three years of scientific development, no physical device had been produced. At this stage, John was recruited by Alpha to turn the theoretical device into a physical product and manufacture this in large quantities. These would be used by the independent pharmaceutical venture client to begin clinical trials, with the intention of ultimately selling large quantities as an authorised pharmaceutical product. By 2007, 23 Alpha employees, mainly externally recruited after 1998, were involved in the manufacturing of the developed sigma device at the industrial estate building, thereby fulfilling Alpha’s contractual requirement.

Summary of key relationships 1998-2007

As a result of these activities, a series of key relationships were noted;

1. *The changing client*
2. *Changing line management and responsibility for the venture project within Alpha*
3. *The development of the technical concept into a working project and associated manufacturing facility development*
4. *The contractual relationship with the client*
5. *The staffing of the venture project within Alpha*

These changing relationships were referred to by John during interviews and form some of the backdrop to the critical events that were identified through the CIT interviews, meetings, documentation and analysis.

The development of the client

In an interview John outlined that Sigma's client had been through significant changes since he joined in 1998. These changes are outlined in Table 8.1;

Date	Contract	User
1998-2001	Independent venture	Independent venture (US and UK)
2001-2003	Independent venture	Independent venture (UK) Pharmaceutical company A (USA)
2003-2004	Pharmaceutical company B	Pharmaceutical company A (USA)
2004-2006	Pharmaceutical company B	Pharmaceutical company A (USA) Management buyout venture (UK)
2006-2007	Multinational Pharmaceutical company C	Pharmaceutical company A (USA) Multinational pharmaceutical corporate D (UK)
2007	Multinational Pharmaceutical corporate D	Pharmaceutical company A (USA) Multinational pharmaceutical company D (UK)

Table 8.1 – The development of the client

Following the stock market flotation of the university spin-out in 1998, between 2001 and 2007 the independent venture client was split up into two users of the sigma device, which were both bought by a large pharmaceutical firm, who in turn were themselves acquired, resulting both in a change of users of the sigma device and changes in contract

ownership and assumption of related contractual responsibilities by the new users. In 2003, one pharmaceutical firm decided to stop testing the technology, but due to contractual requirements still had to supply the other client firm with the sigma device. This was resolved in 2005, when the contract was substituted with a replacement contract from one corporate client firm to another. By May 2007, Alpha was contracted to supply a single multinational pharmaceutical corporate firm as the main user of the device, for clinical testing purposes.

The Sigma project within Alpha

From 1998 until the interview in 2007, Sigma was managed as an internal corporate venture project by John, who as an Alpha employee was in turn overseen by a corporate line manager. As Alpha went through restructuring activity during this period, the individual line manager who John reported to changed ten times. These changes are illustrated in Table 8.2;

Date	Line Manager	Responsibility
1998-2001	Senior Manager	Corporate board of directors
2001-2005	Central business development unit	Central business development unit
2005-2006	Corporate Division A	Corporate Division A
2006	Central business development unit	Corporate Division A
2006-2007	Central business development unit (merging)	Central business development unit (merging)

Table 8.2 – The Sigma project within Alpha

Between 1998 and 2001, John reported to a senior manager who was one step removed from the corporate board of directors within the corporate management structure. From 2001-2005 the project was overseen by a manager from the central business development unit of Alpha. In 2005 this changed again, and the venture project was integrated into a corporate division. In 2006, while still in the corporate division, John began reporting again to a manager from the central business development unit. In 2006, Alpha merged with Gamma, leading to the sell-off of the corporate division and the

Following this, John was headhunted by Alpha who were looking for someone with experience in the pharmaceutical industry who understood the standards required. Alpha wanted someone to start quickly and John noted that because of the failed takeover attempt;

John: ‘...it was easy for me to de-link and move across quite quickly, which is what they wanted, yeah?’

John noted that in addition to the situation he faced at the time in the previous small business, he was attracted to Alpha because of the relative autonomy suggested in this new role.

The unconventional induction

John explained that Alpha had recruited him in 1998 to ‘build a business’ and that he was considered to have the ‘right skill sets to take the business forward because there weren’t those skill sets in Alpha’. He noted that at the moment he joined the venture the sigma device was still theoretical and not yet ready for production;

John ‘...it was all conversation. Nothing was coming out that was there to look at, and feel and touch and use. There was conceptual stuff on drawing board but there was nothing actually being made to prove the process.’

The first goal for the project was to be in a position where a pilot plant could be set up to develop initial quantities of the product. Although this was a challenge in itself, John particularly focused on the organisational challenge he faced in working with Alpha employees and the independent venture client. In explaining this, John outlined how his first two days had formed a critical event in the development of the venture;

John ‘I guess the biggest challenge I had was, sort of, day two when I was into this business, when very, sort of, reputable and quite senior people in Alpha said “You’ll never do this.” Well I just love somebody to say that to me, ‘cause that just gives you the fight doesn’t it, and the tenacity to go and do it, yeah?’

John illustrated this initial experience by giving an example of his first day in Alpha. He had explained that he had first gone to the human resources department (*HR*) to sign paperwork and had expected to be formally inducted into the corporate organisation after this, through activities such as an explanation of the organisational structure. Instead things took a different turn;

John 'I've never ever done an induction into Alpha from the day I started, 'cause I went in and wrote my name on a piece of paper in HR, and a guy came down to me and said "You've gotta be in a meeting, now." and I stopped in that meeting, my very first day, until quarter to six...and I wrote reams and reams of notes, and I couldn't believe what I was witnessing really, and at end of the day it finished at quarter to six, and this was quarter to ten in morning and I was taken from HR into this meeting. I knew nobody that was in this room. And then my boss at that time said "Well John's been writing loads of notes he can write the minutes up from the meeting." Well thanks a bunch! And that was my first day, that was my introduction! You know, and what I found was there was these massive meetings that go on day in day out, you know, with people from [*the independent venture*]...And that's the first thing I cut through. I said "You people - out of it. We're going to structure this in the right way." And it was, a bit difficult to do in your first few weeks, but it worked. It worked.'

John explained that from his perspective, staff at Alpha believed that the corporate firm's strong focus on safety standards meant that this was a guarantee of quality standards in the Sigma project. Taken together, John perceived that the lack of understanding of both how the project should develop and appropriate standards meant that the venture was divorced from the rest of the corporate firm;

John 'So it was very new and that's why its always remained, sort of, remote from the rest of the [*corporate firm's industry*]. Yeah? Because it is a hybrid in that effect.'

The honeymoon period

Following John's unexpected initial experiences in his first few days in Alpha, John explained that the next two years (1998-2000) were a period in which he particularly focused on forming a venture team and developing the planned production process. John suggested that this was a time where expectations were clear and uncomplicated. It was only subsequent to this period that it became apparent that there was a difference in

understanding within Alpha. This was related to how many sigma devices could actually be produced within the time available while meeting the standards expected within the pharmaceutical industry, from the initial position where all that existed were ideas and concepts;

John ‘...there was, if you like, almost a honeymoon period, ‘cause we were just getting the first bit up and running and proving processes, and one thing and another. So that was sort of ‘go out there, get it’, ‘c’mon guys, move it and build this team’ and everything else, so that was sort of a go-get period. But once we had got, and the realisations set in that we kept warning them of, is that you’re not going to get this to market, within the time period you think. I mean, Alpha was looking at 2000 there being 1.6 billion sigma devices required, you know, and it was push-push-push in terms of the solutions and I’m saying ‘It ain’t gonna be like that, because you’ve got regulation hurdles to go through here.’ And now they all realise that of course, and that’s where they tire of it, if tire is the right word, yeah? So really up until, sort of, mid 2000, no real big issues. The issues from there on have constantly been keeping this business moving...contracts, changes we’ve had, what we’ve put in place, how we manage those.’

Publicly available documentation indicated that at this point in 2000 an agreement was signed for Alpha to produce sigma devices for the client. At the beginning of 2000, a corporate press release announced that Alpha and the independent venture client had signed a manufacturing agreement. The press release further noted that this was expected to be the first of a number of future clients for the technology.

Signing off production

John suggested that the honeymoon period ended in 2000 when two US companies attempted to compete to takeover Alpha, creating uncertainty for the future of the venture project;

John ‘We went through hell and back, the whole business, under due diligence, and the two companies were arguing which one was going to take this business, I mean we even had [*the two US firms*] in front of our clients, them presenting their business to them, yeah? And we didn’t know where that was going to end up.’

Ultimately, the attempted corporate takeover of Alpha ceased when government regulators ruled it anti-competitive. Despite this, John was still attempting to secure support from Alpha to finance the initial production process to begin, a procedure which had been delayed by the takeover bid;

John ‘And of course, at the last hurdle the regulators...didn’t allow the deal to go through, so we were back to square one. The day after that, when [*the CEO of Alpha*] was made CEO of the business, we were sat in the boardroom with [*the CEO of Alpha*] signing off the capital for the first line. He’s actually signed it off. Which was a major hurdle for us to get through and, “right, we can move forward and get this line underway at long last”.’

John’s reference to a formal production agreement within Alpha was similarly evidenced in public documentation which I collected. In May 2001 a corporate press release announced the agreement to be the first business in the world to start production of the sigma device, explaining that John was leading the venture and that a team of up to 25 members of staff would be recruited as part of this process. Repeating the previous corporate press release in 2000, the announcement further mentioned that in addition to the existing client, Alpha hoped to find additional uses for the sigma device in other industries.

The hotel client meeting

Following the takeover bid, John began reporting to Geoff, the head of a newly formed business development unit, instead of senior managers close to the corporate board of directors itself.

In a separate interview I conducted with Geoff, he noted that this business development unit had developed as a consequence of the failed takeover bid, as part of an acknowledgement to the growing focus on corporate venturing amongst other multinational firms during the dotcom boom. Geoff’s role was to bring together the disparate venture projects which existed, including Sigma, and co-ordinate them through the new business development unit.

During John's CIT interview, he further explained that once the initial production line for the venture had been authorised, a key concern was the production target that Alpha expected in comparison to what the client was proposing;

John: 'But, I think when Geoff and I were working together and we were in the line build, he and I could both see the timelines here are not going to be acceptable to Alpha board. And rather than be told, we were saying in back end of 2001, early 2002 "How are we going to go to the board and say 'Look, this is what we're gonna do'"?'

John suggested that the problem he faced was that while Alpha had invested significant amounts of money in the development of the production line, the client independent venture had avoided outlining the volume of technical devices they would require for the future. Similarly, in a separate interview I conducted with Geoff, he noted that Alpha's Chief Financial Officer had expressed concerns about the future of the venture at this point, meaning that a solution had to be found.

In John's CIT interview, he outlined how he and Geoff attempted to address this uncertain situation at a hotel meeting with the client;

John: 'And we're taking a senior exec of [*the client venture*] to task, in a meeting room in a hotel in [*the Midlands*], saying "Look, where's volume going?" Yeah? "Cause like, we can't keep spending this money and getting nothing back in return." So he promised us volumes. Well when he came through with his volumes, sort of, it was laughable really. It was a soul destroyer really. So Geoff and I had the conversation in terms of "Well, where do we go from here?" And because of my, sort of... Geoff has never been involved in small business he's always been in Alpha and in corporate business, and I said "Well, from my experiences there's only one route here and we've gotta go to our client and say 'You've gotta pay or else we're out of it.'" Now, you know, that was the reality of the situation, as much as a manger as you are, yeah? You don't wanna be thinking that 'cause you're shooting yourself in the foot to a certain degree, and you're running a huge risk. But I said, "Well, I can't see any other way." And then I went on to explain how we had done that with the likes of [*a retail company*], the likes of [*another retail company*] and what have you in my past life. And he said "Oh, well okay". Well, two days later he sort of bought that and said "Right okay, give me the scenarios." So we did. And, well, that's where we are with the contract today, yeah? We seriously had to sell the silver and put a mandate in there; you've gotta support our costs or else we're pulling out. 'Cause this is just a

cash drain that is not affordable. So I remember I was driving through [*the North of England*], you could use your phones then, and we were talking through the scenarios that I'd left John with, "Which one are we going to go for?" Bum-bum-bum-bum-bum. "Is there another calculation?" So, that was a bit of a horrendous period. But we came out of the other end of that probably better than we ever thought we were going to.'

In order to resolve the uncertainty, John and Geoff agreed to propose a five-year contract whereby the client venture would commit to buying specific volumes of sigma devices for the period of time. In addition, to reduce the financial risk to Alpha, the contract included an agreement whereby the client venture would buy the physical equipment in the production facility itself, meaning that Alpha only owned the lease to the venture project's building, rather than the manufacturing facility inside it.

John next explained that as this new contract was negotiated, there was a change in the membership of the corporate board of directors. The new Chief Financial Officer indicated that he was not comfortable with the financial risk in the venture project and wanted to have the contract agreed and payment received from the client venture before the corporate firm's annual report and accounts were published;

John: 'He wanted this deal done and dusted and this cash in-flow before the end of the year. And that's where I think we sort of missed out on negotiating further, in terms of any get-out clause and benefit that we really need. So it's all sort of stacked against us really, to a certain degree. So that was an interesting period and we won through, but I mean people could have said "No, don't even bother about going for a negotiation and a contract in that direction, just close it." And I was sort of the only one who knew that's how near we were at that time to closing. And I mean, I have to say, I mean I am the only one at anytime in this business throughout its life who knows where it's near to being closed. So we just sort of lock the door and chuck the key away. And that's happened several times, it really has.'

Finally, John noted that the final contract was also shaped by the willingness of the venture client to accept the terms set out by Alpha. John noted that this might not have been the situation if the agreement had been delayed, as the venture client was almost immediately acquired by a US pharmaceutical company, who may have seen the

agreement differently, but ended up purchasing the contract with the venture project;

John: ‘So that was a pretty hairy period ‘cos we didn’t know, you know our client could have walked away as well. ‘Cos they weren’t having a good time of it either. But, what we didn’t know what was going on, was [*the US pharmaceutical company*] were hunting [*the independent venture*]. So [*the independent venture*] did the deal and handed to [*the US pharmaceutical*] very very quickly. So, you know, not necessarily a judgement call but a stroke of luck in that one, but you always have to have a stroke of luck in business don’t you? To keep afloat. And that’s what happened there.’

In a separate interview conducted with Geoff, he noted that at the same time as the contract was being negotiated, a consultancy firm was appointed to investigate alternative market opportunities for the venture’s technology, but that this was deemed to be too limited without further development of the highly specialised technology itself. As a result, the key focus was considered to be on servicing the new contract.

The New Division Years

John explained that as soon as the initial contract agreement came to an end, and the emphasis changed to focusing on producing the technology to serve the new contract, the decision was made to move the venture project from its place in the business development unit structure to part of an existing corporate division within Alpha, an experience which John did not enjoy;

John: ‘...they were the worst years of my life in this project. [*The division*] are just an awful business to try and work within, in my opinion. That was a struggle. You just couldn’t get anywhere, with them. And it made it difficult for us with the interface because it was part of [*that division*] that built the line, so if we had any complaints, oh the politics, I dunno, just drove you nuts, you know.’

John explained that in addition to the difficulty in securing support for the production line, the move affected the completion of the contract with the project’s client;

John: 'And what made that doubly difficult is in terms of how that was supposed to report as soon as the deal had been done, in terms of us transferring into [*the division*] and that means there's quite a lot of, as you can well imagine, paper trail that has to be tidied up in all of that and you've got new lawyers you've gotta interact with, and one thing and another. And new ideas, I have to say, or different ideas. Which are way way on from where we were within the group. The person that, sort of, fostered that move then abruptly left the business, which was the managing director of Alpha. So we were left high and dry. We were left high and dry. And reporting into a direction which just wasn't good for us.'

John noted that the change had a negative effect on working relations within the project, which caused some of his team to resign their role in Sigma. Despite the difficult working environment, he felt the project was relatively unaffected as the change did not have an impact on production or the client relationship;

John: 'But, it's like all things in business you have to make the best of it, yeah? We had to keep moving forward. And it didn't affect... It affected people rather than the process of moving the business forward. And we lost some good people through that period of time, in management as well, which was unfortunate. And that's just because of; there was no way of reconciling the differences in approach, yeah? And that frustrated some people. So, we went through a problem patch there really but as I say, it still didn't derail what we had to deliver either contractually or for our customer, yeah? So I think we came out the other end of that okay.'

This situation was resolved in 2006, when Gamma acquired Alpha, with the intention of selling the division that was responsible for Sigma. At this point, the venture project was replaced under the responsibility of the corporate business development unit;

John: But of course we very quickly at the end of that process got plucked out of [*the division*] because of the sale of the whole Alpha business to Gamma, and we were back in group again, yeah? And that was because [*the division*] was a known fact that that was going to be sold anyway, once this deal had been done. So, I think that was the most difficult period for this project, I really do, in terms of the internal interfaces. The difference in cultures quite frankly and you wouldn't think that that necessarily the case within the Alpha organisation. But I've since learnt, you know, the culture in [*the division*] always been very, very different and very, very austere in comparison with the rest of Alpha. So, you just have to sort of put on a brave face and deal with it and keep moving forward and take the favourables and adverses as they come along in the right way and not get too excited about them.'

Gaining support

Once the venture project rejoined the business development unit, it was overseen by a new head of business development, Martin. In a separate interview I conducted with Geoff, he explained that Martin had been recruited externally as he was considered to be someone with a broader experience of corporate venturing who could develop this activity further at Alpha, while Geoff moved on to a new role within Alpha focusing on developments for a specific recognised industry innovation.

In the CIT interview with John, he noted that initially the relationship with Martin was difficult, but that this greatly improved as time went on;

John: ‘...originally, he came on board, and...it was “Pumpff!” We were head on with one another ‘cos we didn’t share the same ideals at all. And that’s always been difficult in the business because people have never understood how you have to manage this type of business with these types of contracts with the client and with the regulators. And you can understand how people if they’re not with it on a day-to-day basis how they don’t understand that, okay? He came to understand it, ‘cause he’s a very quick learner, and so did Geoff. So you could work and you could interact and interface and you could talk things through with them and you could get a direction, and that’s great, yeah? And in both circumstances now I’m sorry that both of them are not within the business, because I think they’re still very useful to the business, is my own opinion, yeah? But okay, that’s where we’re up to and we’ve gotta go forward.’

By the time of the CIT interview with John, just a few months after Martin’s recruitment, Martin informed me that he had been made redundant through the merger of Alpha with Gamma. It was agreed that he would become a contracted external consultant to Sigma, while Geoff reassumed his role as Alpha’s head of business development temporarily and oversaw the venture project.

In a separate interview conducted with Geoff, he noted that while Martin was brought back as a consultant to try to help in deciding the future of the venture, Geoff had volunteered to act as line manager to John to provide him with support and advice, but also to ensure that basic health and safety requirements were met by the corporate firm; an issue which he felt had not been considered by senior managers at Gamma;

Geoff: ‘I mean you, you know, you can’t have a part of the business like floating around in free space [*laughs*].’

In a further separate interview conducted with Martin, he mentioned that this role was similar to a non-executive director, his specific responsibilities were as ambiguous as Sigma itself;

Martin: ‘I suppose the challenge, in a way is legitimising the role, continuing to legitimise the role, because I’m acting as a non-executive director when there isn’t anything to direct, though it’s not strictly speaking a company. And so, it exists like a lot of venturing in a kind of an unstable equilibrium.’

The decision

John indicated that the current situation faced by the venture in July 2007 was a critical event, which he equated to the earlier critical event in 2000 when the five-year contract was negotiated to secure the sustainability of the venture;

John: ‘Where we are today could be a similar event if we couldn’t find a way forward...’

The five-year contract was soon due to end, meaning that it would need to be renegotiated with the new multinational corporate client, who saw their relationship with Sigma differently to previous client contract owners;

John: ‘I always thought as soon as we knew about [*the multinational client*] I think... I knew that would change the shape of how we worked with our clients, and it’s most definitely done that. [*The other client contract owners*] they’ve never been intrusive to our business. [*The multinational client*] are very intrusive, yeah? On everything, but then if it’s their money we’re spending you can understand that. The others haven’t thought that way before. But they’re.... So there’s a lot more managing interface with [*the multinational client*]. That’s one side of it.’

John noted that in deciding the future of Sigma beyond the current contract, different alternatives needed to be considered about whom potential clients could be, including investigating different markets;

John: ‘You know, that’s something else you gotta manage, you’ve gotta manage that in the mind but not give that away in your discussions with [*the multinational client*], you know. I mean we did a financial overview, a few weeks ago with key people in US from [*the multinational client*]. And I was sort of saying to them, “You know, guys, if you don’t come off the fence and let us do these things, then we haven’t got a business that anyone is interested in.” “Umm, brrr, we’ve just spent God knows how many million dollars on this, we can’t have that.’ I said “Well, you know, there’s- you’ve gotta understand some of that”, and- But on the other hand what you also know is you’ve got a minefield to go through in terms of product development in a new organisation, yeah? In terms of who’s the person who puts it to market, who gets the benefit of it? Am I just sort of the slave source for producing a sigma device for someone else to get the benefit of? And you’ve got that minefield to go through and you either persist within that or, and you know, just be a contract provider into the businesses or do you try and move it in another direction?’

In addition, the business development unit that oversaw Sigma was undergoing a merger into the business development unit in Gamma, led by Tom who delayed his planned retirement in order to support the transition. As a result. Tom was due to take on responsibility for Sigma and expected that a decision should be taken about the future of the venture project.

John argued that while Tom appeared to be understanding, he and others in Gamma did not appear to be interested in continuing involvement in Sigma;

John: ‘And I think, I think there’s a sympathetic view, to be fair, I think there’s a sympathetic view within a new, sort of, Gamma organisation that that exists and how do we best deal with it? But because of the history people; “I don’t want that near me, that’s lots of trouble and that’s lots of managing”, where in fact actually it’s managed from within. The only people we call on within Alpha are lawyers when we need them. Outside of that there is nothing else that we take anyone’s time in Alpha or Gamma on, at all. And of course the Gamma people that we report through to now, understand that. I think that’s why when Geoff said, sort of earlier, you know. Tom has a sympathy in terms of, he still has a business position, but he has a sympathy in terms of where we actually sit and the dilemma that we face in terms of the decision we have to make. Yeah. But you won’t face a business unit out there that readily sort of says “I’ve got a solution.” But they get very upset when we say ‘Well actually we’ve got a solution. [*Laughs*] And it isn’t you.” You know?’ So, the autonomy is there, but at the end of the day when it comes to a business goes forward in the group, it goes out of the group. That’s out of your hands, that’s somebody else’s decision. They’ll listen to what you’ve got to say but the decision ultimately is theirs.’

While John suggested that people in Gamma didn't understand Sigma and saw it as difficult to manage, other people I interviewed gave alternative explanations.

In a separate interview conducted with Tom, he suggested that his unit only took on projects that were considered to be large innovations which were likely to create new territory for the corporate firm, and that other innovation projects, seen as more incremental, tended to be hosted within corporate divisions.

Similarly, in the interview I conducted with Martin, he argued that while the aim in Alpha had been to develop Sigma within the business development unit, Tom did not want to hold onto it in the long-term as while it was successful it was never going to achieve the scale which would be required, which created the impetus for a decision to be made;

Martin: '...Sigma looked like one of those things that's not causing you any problems but is never going to be really massive.'

Martin further suggested that Sigma was in a transition phase as while Tom may not want to take on Sigma, Alpha's existing contract and customer meant that any decision to either move the venture into a corporate division, or spin it out, would need to be managed carefully.

Finally, in the interview I conducted with Geoff, he suggested that Tom had actually made a quick decision to sell Sigma, but that this process had become drawn out as staff in the merger and acquisitions unit of the new corporate firm struggled to see how the venture could be sold;

Geoff: '...and they had a look at it and said "Well this has got no value, I mean who the hell would want to buy it?" and, you know, and actually it's got some liabilities associated with it, I mean it may even have negative value, you know, if you were trying to market it externally. So that sort of ran into the sand, I'd describe it as, you know [yrmmm] ground to a halt.'

Challenges

John saw a number of challenges and decisions which lay ahead for the venture related to two potential scenarios. The first of these was that the venture could remain within the corporate firm, either as part of Gamma's business development unit or more likely as part of the Health division. John indicated that he, Geoff and Martin particularly favoured the alternative option, that the venture would spin-out as an independent company;

John: 'I think the prize for us though is to be independent and be able to have that to aspire to, it really is.'

This view was shared by Geoff in the separate interview I conducted with him. He suggested that the option to spin-out the venture would give it the greatest potential for future development.

In the interview I conducted with John, he noted that there were a number of issues that would affect the decision over the future of the venture. He suggested that from one perspective, the decision appeared to be his alone, but that this brought with it potentially negative consequences;

John: 'At the moment, the decision almost appears to be mine, and there is a vulnerability I believe in that as I see it, people say "Well you shouldn't look at it as negatively as that", but I think there is... I feel as though I am partly putting myself up there as a tyrannical individual that's getting in the way of that happening.'

John's concern was that while senior corporate managers suggested that they were open to different options and supported his work, a view supported by Geoff in my separate interview with him, John felt it was likely that senior managers would ultimately want the venture to remain within Gamma. In particular, John noted that the CEO of the newly merged corporate firm could decide that the venture was an important innovation to develop;

John: ‘And especially now that there’s been a change just recently within the [*board of directors*] because of [*Alpha CEO*] going. Yeah? That [*Gamma CEO*] is taking top priority under his wing on innovations. So it may be that Tom goes to [*Gamma CEO*] and says “Look this is...” and he may turn around and say “I wanna take a look at that myself... I’m not having that.”’

John further noted that while the Health division appeared to have turned down the option to take on the venture, this was simply hesitation due to their uncertainty in the venture’s potential. John noted that as the factory assets in the venture had been sold to their client, this meant there was no guaranteed financial gain for the division in taking the venture on. John noted that the future prospects for the venture were particularly uncertain, meaning that the corporate firm would be unlikely to provide further funding;

John: ‘The investment board won’t just rubber stamp that on the basis of [*quickly sucks finger and points in the air as if gauging the wind direction*] “We think.” They won’t do it, that isn’t the culture in Gamma.’

From John’s perspective, the Health division would only be interested in funding development that would provide financial returns in the short-term, a point which he also made at the strategic planning meeting which I attended the same day. In the CIT interview, John argued that simply accepting a short-term approach would push the venture in a direction that would not provide any sustainability for the future, meaning that it was important he and his advisors came up with more sustainable alternatives. He suggested that he preferred the option of long-term development for yet-unknown pharmaceutical markets, but that this was likely to prove unacceptable to the corporate firm;

John: ‘And I’ve put a window up there for them, said “This is your short-run, two-three years, this is your middle run, five-seven, and here’s your long run, pharmaceutical, ten-fifteen.” “Which do you wanna go for?” “Well, of course we want to go for two-to-three.” Well you can’t go at the moment and say; “Can I have two and a half million quid to fund a plant or whatever to produce whatever bespoke to us, but I haven’t gone on a market place I am focused on at the moment.” ‘Cos you just ain’t gonna get the funding. So that’s the dilemma, that’s the dilemma. And they’re the risks.’

John argued that it was important that everyone within the corporate firm supported the direction that the venture ultimately took. John further noted that both the new business development unit and the Health division were interested in the proposals for the future of the venture that he developed. While it appeared that the corporate firm was open to all options including spinning-out, John argued that this would only be the case if there appeared to be too much uncertainty in the venture to retain it within Gamma. John argued that if he did present an agreeable proposal for the future viability of the venture, this would simply lead to the reintegration of the venture into the corporate firm. As a result, he felt his current actions in attempting to break-away from the firm could later be perceived as disloyal, putting his own position at risk;

John: ‘You know, so, I just have a sneaking suspicion that’s what... that’s likely to happen. It’ll be ‘Well, why are you saying you know there’s something here and you want it? I wanna know about that before I reply to this.’ I half expect it to come back, “You’re going into Health”. With that, end of story. Minus me or what I dunno [*laughs*]. But we’ll see.’

In summary, it appeared on one level that John and his advisors were free to propose the future direction of the venture, by either spinning-out as an independent company, selling the venture to the customer or staying within the corporate firm as part of an existing division. While John argued that his preferred option was independence, he suggested that the corporate firm was only interested in spinning-out the venture if it had no clear market. In order to make a decision, a clear proposal had to be put together, but by creating a clear proposal this would prove that the venture had potential, meaning that the corporate firm could choose to retain it. John noted that he felt that despite the apparent reservations, the corporate firm did want to retain the venture;

John: ‘I don’t think Geoff or Martin go along with me in this, but I half expect us to agree the words Monday, they go off to Tom and Tom has, actually has a conversation with [*a senior manager*]. That’s my view. ‘Cos I think somewhere along the line there is still a deep wish somewhere in their heads, “We wanna keep hold of this”.’

8.3.4 Making decisions at the strategic planning meeting

In the strategic planning meeting I attended on the same day as the first CIT interview with John, options were discussed between John, Geoff and Martin regarding the different options open for the future of Sigma. The meeting had been arranged to support John in putting forward a proposal to Alpha's Health division regarding the potential integration of Sigma. The meeting was structured around financial reports which John had produced for the Health division and much discussion revolved around Sigma's financial value to Alpha in the short-term. Despite this formal official focus, conversation moved on to potential future business development opportunities, which were suggested to be seen as risky by the Health division. This led the three participants to a discussion about the potential of Sigma as an independent venture backed by venture capitalists. It was agreed by the three attendees that the option to integrate into the division was to be avoided by allowing the decision deadline to run out. Finally, discussion turned to the need to develop a proposal to Gamma for spinning out the venture.

In separate interviews which I conducted over the telephone subsequent to the meeting, both Geoff and Martin noted that their primary concern in the meeting had been to ensure that the best outcome was achieved for the venture. Despite this, Geoff noted that he also needed to represent the views of Tom and the business development unit to the meeting; that the unit would support the decision process being followed by John. In the separate interview I subsequently conducted over the telephone with Geoff, he noted that Martin was keen to emphasise the opportunities which spinning the venture out would bring. Geoff summarised these different positions in the advice John received at the meeting;

Geoff: 'As I say, my main concern was John's position. I didn't want him to get dragged into this spin-out by Martin...but on the other hand I didn't want to pour huge amounts of cold water over that if in fact that's the way they want to go...I mean Martin has a tendency to do that, not, I don't mean in a bullying or hectoring way....But just because that's the idea he's got in his head and, you know, he really wants to pursue that route, so, he's persistent, he'll plug away at it...No he is, he is. I mean that as positively.'

At the end of the meeting, Martin and John liaised about a presentation that was to be given to a potential external investor later that day who Martin had previously identified and invited, using a video which outlined the venture's potential.

8.3.5 The second CIT interview

My second visit took place in the same location, eight months later, at Sigma's offices in the South of England. The buildings and offices had not noticeably changed in any way and on arrival the same personal assistant greeted me and asked me to sign a visitor's badge before waiting for John in his office.

The second interview with John was a variation of the earlier CIT interview. Rather than asking John about the previous five years, I asked John to explain what had happened in the intervening period, using a summary of challenges that John had outlined in the previous interview as prompts where necessary. Finally, I concluded the interview by asking John to consider future challenges.

John began the interview by referring to the last event from the previous interview (*the decision*) as a key period of uncertainty;

John: 'Yeah right, okay well. Essentially our position is we've been up for sale forever and a day really. An oddball fit to the [*corporate firm's*] industry.'

John explained that since the interview in July 2007, he had worked with his two advisors to resolve the decision on the future of the venture. John re-stated that this had involved presenting to the Health division, but that this was a half-hearted process;

John: '...essentially we had not a too pleasant a meeting, because we didn't want to sell ourselves to them, we'd made our decision, we were going out of the group.'

Having been formally rejected by the Health division and following the meeting that I had observed in June, John worked with his two advisors on alternatives for spinning out the venture. As part of this process, John approached the corporate client to ask about

their interest in an acquisition;

John: ‘...[the corporate client] have no desire to involve themselves directly in sigma device technology, okay? ‘Cos they’d have no other infrastructure within their business to be able to put any other propositions there to put it into other areas, so it would be a sort of a one horse race, sort of thing. And they are still in a position where, are they going to get to market, are they going to be successful? They didn’t want another cost burden round their necks. So that is not their desire at all, and even to this day it’s not their desire.’

Securing investment

Having identified that neither the Health division, nor Sigma’s main customer, were interested in incorporating the venture into their own budgets, John and his advisors focused on securing support for John’s preferred option, spinning out the venture as an independent business;

John: ‘...I was just loving the opportunity of this business becoming independent, because it does get suppressed in terms of corporate requirements. That doesn’t mean you do things unethically, it does get suppressed in as much as the timelines that you have to follow and everything through the tick box process and everything else.’

Together with his advisors, John identified a consortium of individual investors from Australia who confirmed that they were interested in investing in the business. John mentioned that the investors were particularly reassured by the potential of the business, as they felt they would be investing a relatively small amount of money for a business that was already making financial returns;

John: ‘Which as they said at the time; “Rather a peculiar position to be in. Normally we’ve got to go in and drag it up from the bottom upwards.” But that wasn’t the case here. So, you know, gift horse in the mouth comes to mind really. But it’s interesting only people outside and only us in the business, and I say only us as much as that was three people could see that. But the bigger broader group of Gamma just couldn’t see it. You know they said; “Very well run business, it’s got an upside, there’s little risk here, but where’s it going? We don’t want it”.’

At this point in late August 2007, with financial support offered from the external investors, John reported to Tom, as head of the newly combined business development unit in Gamma, to confirm that the future of the venture as an independent business had been secured;

John: ‘So, that’s where we were. So essentially I advised my boss in continental Europe, erm. [pauses] “We’ve got a buyer” [laugh/sigh].’

The corporate executive board decision

John explained that the final decision to allow the venture to spin-out had to come from the corporate executive board itself. John noted that he was surprised when shortly afterwards he was asked to invite the corporate client to meet with top management in the corporate firm.

John: ‘And I think what’s interesting. And this is speculative by the way, this is not fact. But what is interesting, from the immediate response we got, the real, real main board decision makers had no idea what the bounds of this business was about.’

A meeting was held in Gamma’s headquarters in continental Europe with the corporate clients flying in from the USA and John from the UK. At the end of the meeting, Tom informed John that the venture was not to be allowed to spin-out as an independent venture, but had to remain within the corporate firm;

John: ‘I mean, my old bosses from Alpha that were involved with me still here. The likes of Martin and Geoff and these, said “Well, why didn’t this get to these people before now?” [laughs] Don’t ask the question, don’t contemplate the answer, who knows? is the position on that. But then we learnt there was an absolute mandate from the top this business technologically is exactly what we want in the Gamma portfolio and we are not selling it. End of story really. So it was up to me then to look at how we integrate. Do we come out of innovations or do we go somewhere else?’

John noted that as Tom had authorised the appointment of an advisor to assist in investigating the spin-out option, he had been fully aware that this was the intention of the venture management team;

John: 'I'm assuming he's saying "No fit to innovations, or whatever, no fit anywhere else, move on guys. But there's a business here, you know, yours if you want it" That's clearly not the way it ended up...'

John noted that the ultimate decision would have to be made by Gamma's CFO and a mergers and acquisitions team would have focused on the uncertain financial value in the venture. John suggested that ultimately the CEO of the corporate firm would have the deciding vote and that his background in technology, rather than finance, may have influenced the ultimate decision;

John: '...and as soon as the sort of, thought process was opened up on that, being the guy that he is, I think he said "I'm not selling, you know, twenty-first century technology off at this stage, we haven't got enough out of it, we don't know enough yet, there's a long way for this to go".'

Presenting to the Health Division

Following the corporate decision to keep the venture within the corporate firm, John and his advisors presented again to the Health division to secure their support for backing the venture, rather than staying within the business development unit. By the end of October official endorsement was given for the integration of the venture into the Health division;

John: 'So the very people we were not particularly helpful to are now the people I report to....What goes around comes around. And you know? And again and again and again. Erm, I guess the one fortuitous thing there is the guy I'm reporting to is an ex-Alpha person so we can relate. But interestingly also he's one of the guys that sat with main board directors who delivered to us three years ago 'We've got no interest to you, we're being sold". So you can't always I suggest, I believe, the faces in front of you that's how they really feel about the business. Or, have we done such a good job in changing their opinion of us so they won't in front of us? You know. Leave it at that really, which way round does it go?'

Integrating into the Health Division

The venture officially joined the Health division in November 2007 and John explained that this integration was still ongoing at the time of the second CIT interview in April

2008. John further noted that while he remained general manager of the venture, his new role within the division meant that he gained a position on the board of innovation and business development within the division. As the Health division operated at a global level across the merged Gamma's businesses in a range of countries, he explained that this gave the venture access to more support and advice as well as providing the potential for wider product development through exploiting the relationships within the division.

John mentioned that the corporate client had been pleased with the ultimate decision to keep the venture within the division and that renegotiation of the contract had begun. John suggested that this process was taking longer to complete due to the risk-averse nature of the new merged Gamma, which meant that different terms were being negotiated from those originally arranged by Alpha. The research group within the corporate customer was also experiencing change as it moved its sigma device-related operations to a different region within the UK. In addition the customer was about to launch their first product using the sigma device, meaning that the operational demands on Sigma were likely to increase.

John further mentioned the effect of the integration of Sigma into the corporate firm's processes on the venture staff. John explained that as he needed to spend time visiting other staff within the Health division he was becoming more remote from the day-to-day operations of the venture, as a result John expected that the division would allow him to bring in additional people to create a management team for the venture, as well as someone to explore the developing enquiries about potential new opportunities for the venture. Finally, John mentioned that while Sigma was within the business development unit, Sigma's operational staff had been unaffected by the merger of Alpha and Gamma. Following a positive presentation to venture staff by John and senior corporate managers about the integration of the venture, integration of staff into the newly merged corporate processes was set to begin, with consequences for individual job roles and reduced financial remuneration expectations;

John: ‘I’ve been doing this for fourteen or years or so, whatever, yeah? It is very, very difficult for people. So, you know, I mean people like me can be philosophical about it, you know, it’s a new business, what do you expect? It’s change but, you know, you’ve still got a job at the end of it. That isn’t how, Mr. Average sees it of course, so that’s been another hill to climb, not a mountain, another hill to climb. And I think we’ve done alright, but as I say I think we’ve got more to come on that, which will start to rock people a bit. So there you go really.’

Future challenges

Towards the end of the interview, John explained the challenges he perceived that the venture would face in the future. John particularly emphasised the importance of re-negotiating the contract with the corporate client. The previous contract had been developed on an understanding that the corporate client was still developing potential use for the sigma device in the pharmaceutical industry, but John noted that the new agreement would need to require greater commitment from the corporate client on a commercial basis instead of a research basis;

John: ‘...We will only do that now on a commercial grounding. We will not do that on an R&D grounding and at least we’ve won that day. Everybody recognises that now. We are not going to roll our money in hope that something comes of this in future. So that’s a huge change in philosophy in this business. And I have to say from day one when I came in it was one that I always urged anyway, you know. I know of no entrepreneurial single-man-owned business that says “yeah, I’ll put thirty million down and you tell me one day you may want something of it” You just don’t work that way any longer. Yeah? And I actually think we’ve educated some of the people in Alpha and, in terms of the way you do this. You don’t go in there as; “We’ve got all the money, we’ve got all the wherewithal, let’s spend our money, and you then come along and buy a product after we’ve spent our money and we’ll see our returns.” I think those are gone. I think those days are gone. You’ve got to put your customer on the line and say “okay, what’s the value of this to you, what’s the risk you’re prepared to take? Because if you’re not prepared to take any risk I’m damn sure I’m not going to take that risk. And I think that’s a lesson we’ve learnt in this project.’

John additionally noted that it was important that Sigma sought to develop new business development opportunities separate from the existing customer, which focused on small-scale high-value production of the sigma device, rather than mass cheap production;

John: ‘Except maybe next time you come there’s a wall down the centre of the factory. And there’s one line there for our dear friends [*the corporate client*] and everything else that’s doing something else that’s actually making money?... That’s where my vision is in terms of don’t just go for a business because it’s got multimillions attached to it, go for a bit of business that’s got value to it.’

John noted that in order to support both new business development opportunities while also meeting the contractual commitments to the corporate client, it was important that the agreement to develop Sigma involved further support through new appointments to Sigma’s management beyond John as sole general manager.

In addition to the potential for exploring new external opportunities for the venture, John noted that as part of the integration of the venture into the corporate firm, there were increased opportunities for the venture to gain recognition within the corporate firm itself;

John: ‘We spent four years saying “don’t talk about this business at all. Pretend we haven’t got it” In fact I met somebody just before Christmas. He said “Christ, is that place, and that product still...?” Absolutely. “Christ is it still burning money off the bottom line?” I said “It hasn’t done that for six years.” “Well why haven’t we heard about it?” I said “well, ‘cos you wasn’t allowed to hear about it”. We existed, but we didn’t exist, sort of thing. You know, and that’s the change in that respect. So, you know, you may get products from within...’

As an example of this, John gave me copies of two internal magazines, both published in April 2008, which promoted the newly merged corporate firm’s approach to innovation. These magazines included articles by the new CEO and Tom (as the head of business development) who had recently insisted that Sigma stay within the corporate firm, explaining the importance of innovation to the newly merged Gamma. There was an additional article which announced Sigma, as a part of the Health division, had become successful due to the corporate client’s move from testing to product launch;

Alpha internal corporate magazine: ‘The small but sterling Sigma team within Alpha has been working away at an alternative solution. Now it looks like they’ve made a breakthrough.’

John suggested that future development also depended on Gamma itself. He noted that while the Health division appeared committed to Sigma, it would take time to discern what their thoughts were about its future. In addition, John noted that the corporate executive management board in continental Europe could reject the terms in the contract, which would potentially mean that the future of Sigma became uncertain again.

Finally, John reflected on the nature of the venture and his experience. In particular, John noted that while he had originally preferred the idea that the venture should become independent, he had been concerned about whether the corporate client would welcome a relationship with a spin-out venture. He suggested that within the corporate firm, Sigma was in a much more powerful position to negotiate contract terms than it would be as a small independent business. John argued that Sigma’s new status within Gamma meant that the future for staff was probably more secure and that he hoped others would see that he was committed to Sigma no matter what the circumstances;

John: ‘Well I hope people see it, my energies haven’t changed. Yeah? In terms of where we take the business. I may be a bit of an odd character in that respect but, you know, I’m entrepreneurial but I’m not the ultimate risk-taker? Yeah? Either for myself or for the business, you know, okay I accept some risk but just where we are with our client in this, I just think it was too big a risk. So. Settle down and move on. Yeah.’

John suggested that he was willing to sacrifice his entrepreneurial tendencies in return for security for the venture, but noted that if the current contract re-negotiation did fail, he would not hesitate to work on attempting to spin-out the venture again;

John: ‘I’ve still got mixed feelings myself, but you know, it’s my responsibility to pick the ball up and keep us moving. So that’s really sort of where I sit, I have, to be fair, my coming into Alpha is that I have tried to take another business before that, so, you know, that streak is in me really, in terms off that. And if they were to say it to me again then you know I know who I’m going to pick the phone up and say, “Come on guys let’s get this deal and let’s move it forward.” But I suppose that’s part of we do what we’re going to do to the best of our abilities really. That’s where I am.’

8.4 Analysing the Sigma Case

The events outlined within the longitudinal case study illustrate not only John’s explanation of his time working at Alpha, but also the social emergence of Sigma from the initial meeting between Alpha scientists and the university inventor of the sigma device, to the actions of those involved in Sigma’s subsequent development. The case study has been structured through John’s recollection and selection of critical events, supported by interviews with other participants, associated documentation and field notes. Furthermore, by examining what occurred it can be ascertained that John’s recollections during interviews were not just of his own actions, but that each event involved relationships with others in the development of Sigma. This is similar to Cope’s (2005) observation that the critical events experienced in the development of ventures originate from social interactions with others as part of situated learning.

The inclusion of data from other sources in developing the case study, including interviews with other participants, observation notes from the strategic planning meeting and additional published documentation, supports John’s recollection of events over the eight-year period as a form of triangulation. Furthermore, these sources provide insight into others’ perspectives on critical events and related interactions between participants. In this sense, the events and different interpretations illustrate how Sigma was socially constructed over time.

8.4.1 Interpreting Sigma

Although the data sources analysed supported John’s recollection of events, there were times when participants’ perspectives on the meaning of these events and the terms of reference they used to explain them appeared to differ. In addition the events themselves

illustrated a number of wider contextual changes taking place. In Chapter 7, *corporate*, *technical* and *market* relationship-contexts were identified as frames of reference through which those interviewed interpreted their experiences. In the Sigma case study it appeared that changing emphasis was placed on these relationship-contexts at certain points in time, including: *corporate* relationship-contexts through the merger between Alpha and Gamma influencing changes in organisational structures and job roles; *technical* relationship-contexts through the signing of new contracts for delivery of the sigma device and ongoing technical trials at the customer firm, and; *market* relationship-contexts through the identification of new business development opportunities and meetings with venture capitalists. These changing contexts influenced individual sensemaking through participants' experiences and resulted in different, evolving explanations of what Sigma was and the future challenges that were faced.

8.4.2 Explaining Sigma

From the critical events, participant perspectives and wider changing circumstances identified in the case study of Sigma's development from 2000 to 2008, three explanations of Sigma emerge:

The first of these may be described as *Sigma as a technical research and development project*. In particular, this explanation can be observed in the initial development of the sigma device between scientists at Alpha and the university professors. Subsequently, this explanation is represented in the agreement between Alpha and the external customer to produce the sigma device. John indicated that the customer business managers saw Sigma as part of a shared research and development project, in which both businesses shared risk. Alpha's numerous official press release documents similarly presented Sigma as part of a shared research and development project, as different agreements were signed. This continued until the end of the research period in 2008 when a final press release announced that the customer venture had successfully moved from testing to product launch;

A second explanation of the Sigma project may be articulated as *Sigma as a new corporate product line*. This may be initially observed in the early event *signing off production* when the CEO of Alpha personally authorised the development of the first production line to manufacture the sigma device in large quantities. Subsequently, this explanation is represented in attempts to position Sigma within corporate structures and financial budgets, beginning with the structuring of Sigma within a corporate division immediately after initial production was agreed. John further indicated that some individuals, particularly within divisions and senior corporate finance managers, felt Sigma should be expected to conform to normal corporate expectations for products in terms of financial contributions and management. In one of my interviews with him, Geoff also noted how important it was that Sigma met corporate requirements for production lines, such as through meeting health and safety standards. This explanation was accomplished to some extent when Sigma joined the Health division in 2008 and Sigma staff's job roles and pay were altered to fit within mainstream corporate processes;

A third explanation of the Sigma project may be described as *Sigma as a potential independent venture*. This explanation can be particularly observed in the negotiations with venture capitalists as potential future financial investors if Sigma had achieved independent status. John indicated that this was one of his personal preferences for the future of the Sigma project. In my interviews with Geoff and Martin, they both similarly acknowledged this as an option for Sigma's future and this was further debated by these participants during the strategic planning meeting I observed. John continued to propose independent venture status as a potential future option at the end of the research period in 2008.

Together, these three explanations can be argued to have acted as the basis of participant's individual *interpretive frames* in making sense of Sigma. They acted as ways of translating the wider changing technical, market and corporate relationship-contexts within which Sigma's development was enacted, including forms of *authority*,

norms and *meaning* which were influenced by changes in technology development processes, legal commitments, financial and industry markets and the merger of Alpha with Gamma. Participating in the development of Sigma meant acting within these wider relationship-contexts and here the alternative explanations of Sigma acted as the basis of framing *meaning* in assessing the future potential of Sigma, assigning the *authority* through which decisions could be made and legitimating the *norms* through which Sigma's success should be measured.

As a result, these explanations provided alternative frames of reference for participants in outlining how they would deal with the critical events identified by John. In addition, critical events in the development of Sigma provided a basis upon which individuals' interpretive frames were generated as part of a sensemaking process. The three different explanations of Sigma can be seen to have provided a way to translate the venture's ongoing development to others, as the basis of participants' actions within changing wider relationship-contexts.

8.4.3 Sensemaking and the enactment of Sigma

In each of the critical events outlined, individuals took part in tackling specific challenges they faced by working with others to develop a solution. As individuals interacted, they developed relationships with others who either shared similar perspectives of Sigma's future direction or disagreed.

On some occasions, John noted moments when participants engaged in *enforcing* activity through commitment and manipulation. This was evidenced in the meeting I observed between John, Martin and Geoff, when they discussed how they could avoid Sigma being integrated into the Health division and instead support the likelihood of becoming an independent venture. On other occasions, John described specific *reinforcing* activities where argument occurred, such as John's recruitment during *the unconventional induction* event where based on his previous experiences he openly disagreed with corporate colleagues about how Sigma should be managed and later

argues with the key customer during *the hotel client meeting* event regarding different expectations of production volume.

It was also evident that there were times when alternative explanations of Sigma were enforced or reinforced by others. This included John's description of the pressure applied on him and Geoff by the Alpha CFO to sign the customer contract quickly during *the hotel client meeting* event, Tom's description of Sigma in the context of corporate innovation projects during my interview with him, the Alpha press release documentation I analysed which described Sigma as a research and development project and the description of Sigma as a new product line in an internal corporate magazine which was shared with me during the final interview.

Taken together, the effect of different explanations of Sigma on individual interpretive frames through experience and the ways in which individuals engaged in relationships with each other in supporting and producing these explanations through enactment, may be mapped against the conceptual framework to illustrate the social processes identified. These findings are illustrated in Figure 8.4 with identified social processes in the specific situation of Sigma's emergence indicated within dashed-line boxes:

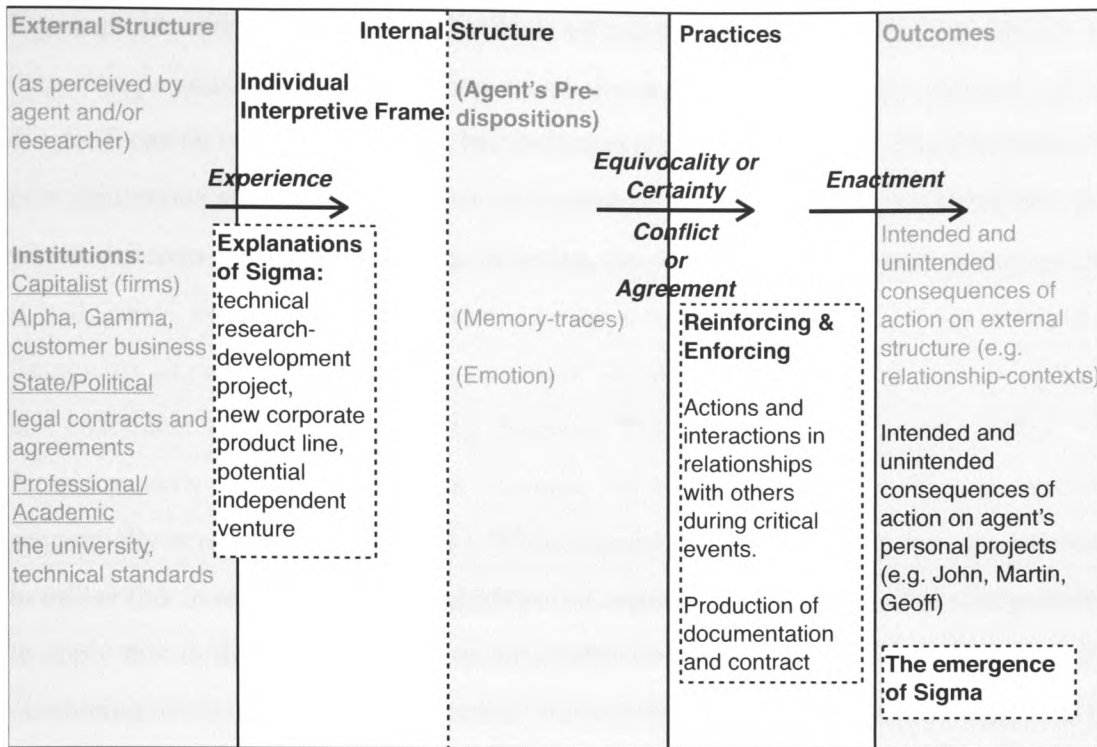


Figure 8.4 - Making Sense of Sigma

While Figure 8.4 is useful in illustrating how explanations of Sigma and participant's subsequent actions informed its emergence, it should be noted that this only represents a moment in time, or at the very least a single critical event. Each identified critical event highlighted moments when John and those he worked with faced situations that were not straightforward for them to resolve. In contrast John noted that immediately following his recruitment, work on starting the project was relatively straightforward, symbolised by John's description of this as the *Honeymoon period*. Critical events appeared instead to be marked by their equivocality. During the *Hotel client meeting* event, John explained an uncertain situation where he and Geoff realised that their expectations for production volume were very different to those expected by the customer. *The decision* event was also marked by equivocality in that John noted how he and his advisors felt they received conflicting information from others as to what corporate intentions were for the project.

In summary, while each critical event may be marked by different explanations of the

Sigma project and attempts by individuals to realise their interpretations in pursuit of their own personal intentions, viewing events this way is to view them in isolation. John did not focus on one specific event, but instead explained how events connected together in a continuous stream of experience as a number of challenges led to strategies from which different outcomes emerged, affecting the future context of subsequent events (Chell, 2004). From this perspective, it is possible to see each instance of the conceptual framework as part of the continuous stream of socially-situated experience, sensemaking and enactment through which Sigma emerged. This processual perspective builds on Jarzabkowski's (2008) framework through which action and institution operate sequentially across time (Figure 8.1). While Jarzabkowski's (2008) framework attempts to utilise this in relation to the development of organisational strategy, it is also possible to apply this in the context of the social emergence of an internal corporate venture by combining this with the extant conceptual framework, repeated across time (Figure 8.5):

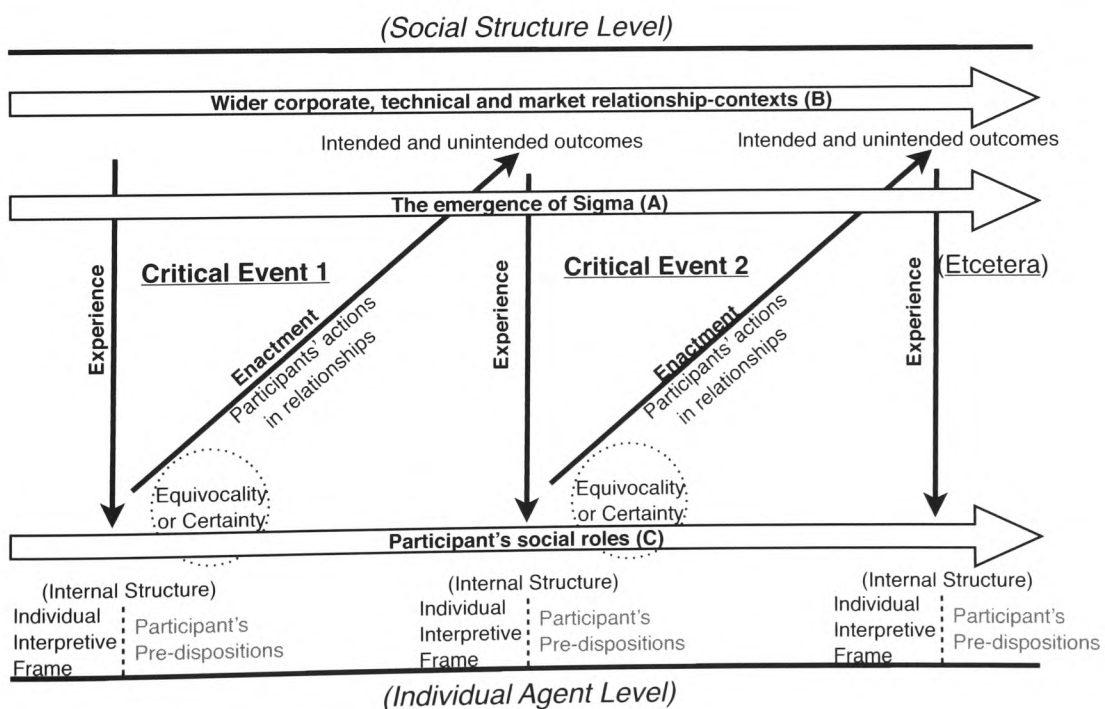


Figure 8.5 - Conceptualising the social emergence of Sigma

Given that Figure 8.4 represents a single critical incident, this is represented in Figure 8.5 as one cycle (*Critical Incident 1*). Within this cycle, experience of the event within wider relationship-contexts inform individual interpretive frames, which as part of an individual's internal structure, result in feelings of equivocality or certainty in response to the event. This informs the individual's purposeful enactment through relationships with others, leading to intended or unintended outcomes. Through the analysis of the longitudinal CIT case study, it is possible to see how participant's experiences of challenges during each critical event, their decisions and actions in relationships with others in pursuit of intended outcomes, happens over time. This recursive process is illustrated in Figure 8.5 by *Critical Incident 1* and *Critical Incident 2* representing a continuous process over time.

Through this conceptual framework it is possible to illustrate how, as an outcome of these social processes, Sigma emerged over time during each of the critical events outlined in the case study, as well as the observable consequences this emergence had on wider relationship-contexts and participant's social roles:

The emergence of Sigma (A) is represented as a continuous arrow, generated by social processes as competing explanations of what Sigma was were contested with others. These explanations acted as the basis of personal interpretive frames through participant's experiences of critical events, informing future personal intentions and venture strategy;

Wider corporate, technical and market relationship-contexts (B) are represented in a second continuous arrow, as these changing contexts informed and were influenced by the emergence of Sigma. These represent a part of the wider social structure within which Sigma emerged and are here only identifiable in the specific confines of the case study;

Participant's social roles (C) are represented in the third continuous arrow. These formed as participants made sense of their own and others' social function in relation to the emergence of Sigma. These social roles acted as the basis of participant's actions in personally dealing with the equivocality or certainty created by critical events when attempting to achieve their subsequent intended outcomes in relationships with others.

8.5 Explaining social processes in the development of Sigma

While Figure 8.5 illustrates theoretically how social processes interact over time, it simplifies the actual lived-experiences of those engaged in the development of Sigma. Figure 8.5 can be used as an explanatory framework to illustrate what the effects were of the social interactions and experiences of those involved in Sigma's emergence explained in *Sections 8.3.2-8.4.3*. The remainder of this chapter considers each of the continuous processes outlined in Figure 8.5 to explain how Sigma's development came about through social processes.

8.5.1 The emergence of Sigma

The three explanations of Sigma's development as *corporate product line, research and development project* and *new independent venture* were debated throughout the longitudinal case study, but appeared to be emphasised to a different extent at certain points in time in response to changes in the wider context. Furthermore, the impetus for these explanations depended on constant maintenance by those involved in the venture, through interaction with others, argument and explanation. Initially, John suggested that his recruitment and subsequent actions within the venture were based on Sigma's interpretation as a *research and development project*, as he felt his previous experience within the pharmaceutical industry and understanding of related processes would be required in developing the sigma device for the client venture. John further noted the interpretation of Sigma as an *independent venture*, suggesting early on that he had related the experience of Sigma directly with his prior involvement in a small independent venture.

In the explanations of subsequent events, John's perspective on his own role and Sigma's development illustrates the efforts required to sustain the venture's emergence, both through interactions with others and his personal commitment to develop the venture; 'The issues from there on have constantly been keeping this business moving'. John noted that the sustainability of Sigma was constantly in question;

John: 'I have to say, I mean I am the only one at anytime in this business throughout its life who knows where its near to being closed. So we just sort of lock the door and chuck the key away. And that's happened several times, it really has.'

In this sense, John presented his experience of the venture's development as a social struggle in the face of challenges from others, including his colleagues within the corporate firm, the customer business and new relationships with potential external investors. Through this experience, John presented himself as a loner, who had to fight to secure the support of other managers and who could not explain the challenges he faced to his own venture staff. In particular, John suggested that the key problem in gaining support was in finding others who shared his perspectives about Sigma's future and the challenges this would create. Where he felt he had secured Geoff and Martin's sympathy, as particularly noted in the *gaining support* event, John attempted to maintain their support when it appeared that their corporate roles would end as Alpha went through the merger with Gamma.

While the critical events that John faced related to the sustainability of Sigma, they were often set within a context of corporate staff demands to develop the research project or secure the venture financially which influenced Sigma's development as a *corporate product line*. While John initially suggested that he had been able to set the agenda in the preliminary phases of Sigma's development, he noted that circumstances soon went out of his control when the Alpha CEO's agreement to authorise production was delayed by an attempted corporate takeover. This loss of control was experienced further during the *new division years* when John felt his approach and that of his venture team were directly opposed to the expectations and working practices of his new corporate

divisional colleagues. When John was challenged regarding Sigma's financial stability, in *the hotel client meeting* event, John suggested that this uncertainty, coupled with the equivocal options from within the corporate firm, forced him to devise an alternative solution which was closer to his previous experience of an independent venture.

By the time of the first CIT interview, *the decision* event, John had been regularly in conflict with corporate staff, while feeling forced to draw on his previous independent venture experience and the support of those who he trusted in order to sustain Sigma's development. This turbulent experience appeared to influence John's decision to work against integrating the venture into the Alpha as a corporate product line and instead favour the opportunity to spin-out as an independent venture.

Subsequent events emphasised the competing explanations of Sigma's potential. John noted that the external venture capitalists saw Sigma as a low-risk new independent venture opportunity ripe for exploitation; 'So, you know, gift-horse in the mouth comes to mind really'. Equally, staff at the customer firm saw it as part of their own heavily invested research and development project, while staff at the corporate firm saw the venture as a low-risk new product line that lacked a clear future in the corporate context, as indicated by John's reflection on corporate opinion; 'there's little risk here, but where's it going?'. John instead favoured the continuation of the venture by diversifying it away from a single research and development project, thereby increasing independence from the single customer; 'Am I just sort of the slave source for producing a sigma device for someone else to get the benefit of?', although in the strategic planning meetings I observed he also noted his concerns regarding 'white knight' venture capitalist interference from his previous independent venture experiences. The customer's rejection of the option to acquire Sigma due to the risks they perceived meant that only two options now appeared to remain; either spinning out as an independent venture or integrating into an Alpha division as a new corporate product line.

The perspective from other corporate staff that the venture was a financial liability which could not achieve the scale of production expected, seemed to be directly opposed to John and Martin's perspectives that Sigma was at the beginning of its development into a diversified independent venture. These different perspectives appeared to have a direct effect on the development of the venture during the strategic planning meeting I observed. In this meeting, John noted that where financial calculations were based on the financial risk to Alpha of Sigma as an existing product line, this would produce very different results to those based on Sigma as a future independent business in incubation. The options which developed out of these discussions, John's experience of conflict within corporate divisions and his previous positive experiences of working in an independent venture meant that John saw independence as the only solution to the dilemma.

Having developed a proposal for senior corporate staff that illustrated the potential for Sigma as an independent diversified venture, John ultimately experienced an unintended consequence. This was evidenced in John's suggestion that Gamma's CEO, who had a technical background, believed John's interpretation of Sigma's development potential to the extent that he considered it an important innovation for the corporate firm in the future, rather than as an existing financial liability. This developed explanation of Sigma as an innovative corporate product line with growth potential was further evidenced in the internal corporate magazines I was given at the final interview. These outlined that the new CEO had prioritised innovations for the newly merged Gamma and further presented Sigma as one of the firm's key health innovations. In considering future challenges for Sigma, John suggested that although he had experienced an unintended outcome, this did mean that Sigma had finally achieved stability in its new home in the corporate Health division.

In summary, Sigma may be said to have emerged through a series of critical events in which different explanations regarding what Sigma was, led to the emergence of Sigma from an internal corporate venture to a new corporate product line within the Health

division. These explanations were developed and maintained within broader relationship-contexts as individuals attempted to influence individual interpretations by using the explanations of Sigma to draw on different forms of norms, meaning and authority in order to justify their decisions and actions.

8.5.2 The influence of wider relationship-contexts on Sigma

The alternative explanations of Sigma were not necessarily equally available, as participants' interpretive frames were influenced over time by wider relationship-contexts. These were in turn subsequently informed by individual's actions with others in enacting Sigma's ongoing emergence.

The influence of *corporate* relationship-contexts was initially apparent through the physical corporate environments in which I conducted interviews with John, Geoff and Tom. This influence was further apparent through the effect of the position-authority of different CEO's, who became personally involved with Sigma's development at certain stages, and with whom John, Geoff and Martin felt unable to negotiate due to their own position within the corporate structure. This was further noticeable in participants' deference to corporate processes as the basis upon which decisions were made. While John, Geoff and Martin often appeared to attempt to seek or instigate alternative paths for the development of Sigma, these alternatives were always carried out in relation to corporate norms and processes, such as financial planning tools and formal meetings. The only noticeable difference to this was Martin's reference to market relationship-contexts in his personal search for external investors once he had been made redundant from Alpha.

These references to corporate norms as the basis of decision-making further increased the need to refer to others within the corporate firm, thereby enabling and enhancing the position-authority of senior corporate staff to make decisions about Sigma's future. In this sense, the more that processes were deferred to, the more important they became. The attempts to support Sigma more effectively within corporate processes increased

exposure to senior corporate staff, encouraging them to become involved and provide that support, such as the Alpha CEO's urgent sign-off of the production contract and the Gamma CEO's move to resolve the dilemma of Sigma's future sale to external venture capitalists. These moves to legitimise Sigma in the corporate context were also evident in Geoff's concern about Sigma 'floating in space'. This attempted legitimation was further evident in corporate press releases and internal magazine articles which repeatedly endorsed Sigma as a corporate product line and John's own final acknowledgement of the benefits of incorporation into the health division. Through these references to and the creation of corporate meaning, norms and authority, Sigma's emergence was partially explained and enacted a new corporate product line.

Technical relationship-contexts further influenced Sigma's development as demand for the device from the customer firm for their research and development project resulted in their financial support, despite the unusual nature of the venture. John's knowledge of the pharmaceutical industry, the legal rights owned by Alpha to produce the device and the willingness of the customer firm to provide funding, meant that Sigma was increasingly accepted within both technical and corporate relationship-contexts. When this acceptance was threatened, such as through potential changes in the customer's expectations of the development potential of the sigma device, legal contract changes between Alpha and the customer resolved these problems and supported the dual explanation of Sigma as research and development project and new corporate product line.

The influence of *market* relationship-contexts was initially evident in John and Martin's past roles in external small firms. Alpha's short-lived adoption of official corporate venturing activity gave both participants some informal position-authority, through their previous experiences, in supporting the explanation of Sigma as a potential independent venture. The influence of market legitimating processes were evident both in Geoff and John's references to early market research, Martin's search for investors and their subsequent funding pitches. The external investors' position-authority as potential

financial backers for an independent venture was also noted by John in his concerns regarding investor's potential future treatment of their investment. The influence of this relationship-context was further enhanced by investor interest, but was also limited by Alpha's legal ownership of the sigma device, the customer firm's ownership of physical factory assets and the legal constraints of the production contract.

Working within these diverse relationship-contexts, a number of participants noted that the status of Sigma was unclear during its eight years of development. John observed; 'It's a hybrid in that effect' while in a separate interview Martin argued; 'And so, it exists like a lot of venturing in a kind of an unstable equilibrium.' While Sigma ultimately became a part of the Health division, through analysing the critical events it is possible to see that Sigma's emergence and how that might develop, was never clear-cut. This is at odds with the public information produced by Alpha throughout the eight-year period, which presented Sigma as a sustainable research project with clear future potential for diversification.

The equivocal nature of Sigma allowed the conduct of those involved in the project to become partly autonomous from normal processes. Sigma's location on a private industrial park outside of a traditional corporate site, the temporary corporate signage on walls, its independent structure and the unusual technology meant it stood apart from corporate-relationship contexts to some extent, supporting John, Geoff and Martin's attempt to position Sigma as a potential independent venture. Despite this, John and his colleagues were still Alpha staff, working in a building leased by Alpha and producing devices through Alpha's legal rights and funding. At the same time, the sigma device was manufactured for pharmaceutical testing, using equipment that was ultimately paid for by the customer firm, reinforcing the interpretation of Sigma as a research and development project. In my final visit, John appeared happy as he handed me evidence of Sigma's adoption by the Health division in a corporate magazine. This in effect signaled both the official institutionalisation of Sigma into the corporate firm and John's acceptance of these changes.

Overall, the CIT case study illustrates that although Sigma's emergence was influenced by relationship-contexts, it also had an impact on them in turn. Within the corporate relationship-context, different corporate units were required to adopt and support the venture and Sigma subsequently influenced the way in which Gamma's innovations were presented. In the technical relationship-context, the series of contractual agreements generated through the development of Sigma appeared to influence the customer firm's research and development processes, such as the agreement to guarantee specific numbers of orders for their tests. Finally, while Sigma's integration into the corporate firm did not appear to have a noticeable effect on the market relationship-context, after leaving Alpha both Martin and Geoff went on to new positions working with independent small ventures, while John remained convinced that independence was a future alternative if Sigma's institutionalisation stalled.

In summary, while Sigma developed through participants' involvement in a range of relationship-contexts, its emergence may be seen to be dependent upon participants' interpretations of what Sigma was and their subsequent actions through relationship-contexts in attempting to realise these interpretations. Despite their efforts and regardless of their relative position-authority, the individuals involved in Sigma's development were never able to fully determine what the outcome would be, but were reliant on the interpretations and actions of others in influencing Sigma's emergence.

8.5.3 The development of social roles through Sigma

While critical events may be a way of understanding how social processes informed the development of Sigma, it is also possible to consider how individual social roles were affected by Sigma's emergence and how they influenced this in turn. The roles of a number of individuals involved with Sigma seemed to be directly related to the formal structure of corporate firms, but these tended to alter as a consequence of corporate development and mergers. For the participants continuously involved in Sigma, role development appeared to be further related to critical events and the emergence of Sigma itself.

Similar to the findings of Chapter 6, a number of corporate roles were identified in the Sigma case study, including formal roles of CEO, CFO and heads of units and divisions. Early in the development of Sigma, Geoff became involved in the venture in the role of head of business development for Alpha. While this included a role as John's line manager, this was to alter through formal processes as Sigma was adopted by another division. Formal role allocation was not the only process through which corporate roles were assumed, as at the time of *the decision* event, Geoff had reassumed his line management role voluntarily as a way of ensuring that health and safety requirements were met and in order to provide support to John in the challenges he faced.

John himself, following his resignation from his previous employer, may be said to have maintained his formal corporate role as general manager of Sigma throughout the eight-year period under investigation. However John often suggested that this was not how he perceived himself, as the possibility of an alternative role emerged. Similar to his perception of Sigma as a potential spin-out venture, John frequently referred to himself as an *entrepreneur*, based on his previous experiences in the independent external venture. He appeared to use this term to partly legitimise his own approach in attempting to adopt what he saw as market-based approaches in developing Sigma.

In Chapter 6 it was found that where individuals identify themselves with different role sets at the same time, they may experience a sense of role-conflict. While this appeared to occur in the Sigma case study, it was noticeable that participants' association with roles changed as the venture developed. At the end of the CIT interviews, John suggested that he ultimately had to sacrifice his ambitions for an entrepreneurial role if that ensured the stability of the venture;

John: '...I may be a bit of an odd character in that respect but, you know, I'm entrepreneurial but I'm not the ultimate risk-taker? Yeah? Either for myself or for the business, you know, okay I accept some risk but just where we are with our client in this, I just think it was too big a risk. So. Settle down and move on. Yeah.'

Despite this, John pointed out that this suspension of his entrepreneurial role may only be temporary, as there was a chance that the venture could become a spin-out again;

John: ‘...I have, to be fair, my coming into Alpha is that I have tried to take another business before that, so, you know, that streak is in me really, in terms of that. And if they were to say it to me again then you know I know who I’m going to pick the phone up and say, “Come on guys let’s get this deal and let’s move it forward.” But I suppose that’s part of we do what we’re going to do to the best of our abilities really. That’s where I am.’

John’s observation that his role was in a state of flux due to the nature of Sigma was echoed by Martin who, following his redundancy from Alpha as head of business development, was appointed by Alpha as an external contracted consultant to Sigma. Rather than referring to himself as a consultant, Martin suggested that he could be seen as taking on a *non-executive director* role but that it was difficult to legitimise this in the context of Sigma’s development;

Martin: ‘I suppose the challenge, in a way is legitimising the role, continuing to legitimise the role, because I’m acting as a non-executive director when there isn’t anything to direct, though it’s not strictly speaking a company. And so, it exists like a lot of venturing in a kind of an unstable equilibrium.’

These developing roles further seemed to support participants in dealing with critical events in the enactment of Sigma. Geoff’s position as an Alpha employee appeared to have a particular influence on his interpretation of Sigma’s development as he sought to support its legitimacy in the corporate firm, while knowing that it may become independent. In contrast, Martin’s subsequent role as an external paid consultant meant that he appeared to be more openly confident than John and Geoff about the potential for Sigma to become an independent venture, deliberately seeking out potential external investors who could support this possible future.

8.5.4 The equivocality of Sigma’s development

Spicer and Jones (2009) argue that entrepreneurship is about continuous *becoming* as an individual strives to achieve something that is unattainable. In the context of Sigma’s

development its emergence was neither straightforward nor simple. Similarly it was difficult for individuals to clearly explain what their roles were in the context of the changing venture. Gartner et al (1992) argue that emerging organisations move from equivocality to more consistent interpretations and cycles of interaction the between individuals involved. In the case of Sigma, it's emergence did ultimately lead to institutionalisation as a corporate product line in the Health division. Despite this, even at the end of the research period under investigation, John noted that there was a potential that Sigma could still spin-out and that its integration into the Health division was not necessarily the end of Sigma's development. In this sense, Sigma was in a constant state of emergence, as it was maintained and altered by the individuals involved in its production.

Weick (1995) notes that the process of emergence may be said to relate to all organisations as they are continually produced by individuals in interaction with each other, however in Sigma's case there was significant change during it's emergence as different competing interpretations of the venture were adopted or enforced. In this sense, both Sigma and the roles adopted by those involved in directing the venture could be said to have been in a continual state of *liminality* or 'a state of in-between-ness and ambiguity' (Beech, 2011, p. 285). Sigma was in a constant state of *becoming* and as such was between interpretations about what it may be and may become, with critical events signaling moments which involved determining what Sigma was, without it ever settling into one fixed state. In this sense, as Anderson (2005) argues;

'...entrepreneurial venturing is reflected in the multiple social constructions where individual and collective forces interplay. These constructs, our understandings of the phenomenon, are complex.' (p. 592).

Sigma may be seen as a project that was in a liminal state as different individuals used and enacted varying interpretive frames of reference in pursuing their own intended personal outcomes. For those leading the project, this resulted in liminal roles as they grappled with equivocal circumstances. Sigma's integration into the Health division

need not have come to pass, as other interpretations of Sigma as research development project or as potential independent venture were also in use and may have been obtainable. Instead it was through the interactive social construction of Sigma, which individuals pursued through changing social roles and within wider relationship-contexts, that Sigma emerged as an internal corporate venture.

8.6 Summary, Limitations and Next Steps

This chapter set out to refine the conceptual framework of social processes in the development of internal corporate ventures. This was achieved through the empirical investigation of a longitudinal CIT case study of an internal corporate venture and the identification of how this was explained and enacted in each critical event. The refined framework outlined how social processes resulted in the development of Sigma over time. A number of observable consequences were outlined, as Sigma's emergence informed and was affected by changing social roles and wider relationship-contexts through critical events, individual sensemaking and social enactment. These key findings are summarised below in relation to the longitudinal case study.

Explaining and Enacting Sigma

Through initial analysis of the case study, three explanations of Sigma emerged as ***technical research and development project, new corporate product line*** and ***potential independent venture***. These explanations acted as the basis of individual interpretive frames as Sigma was developed within changing relationship-contexts. Furthermore, it was noted that these explanations were maintained by individual sensemaking and social enactment as individuals interacted with others to reinforce or enforce Sigma's emergence.

These findings supported the refinement of the conceptual framework by illustrating how social processes effected the emergence of Sigma. It was noted that this developed framework outlined social processes within a single critical event and the framework was subsequently developed to illustrate Sigma's emergence through multiple critical

events over time.

The social emergence of Sigma

The final developed framework was subsequently presented as Figure 8.5, which outlines how social processes and critical events occur over time. This supports the illustration of the processes through which the emergence of Sigma took place. Specifically, it was noted that participants' interpretations and interactions with others through social processes influenced the ongoing *emergence* of Sigma and subsequently impacted on *wider relationship-contexts* and individual *social roles*. In turn, these influenced individuals' interpretive frames and subsequent actions in their attempts to develop Sigma over time.

Through this exposition of the developed conceptual framework in relation to the longitudinal case study, it is possible to draw conclusions about Sigma's development. The findings illustrate that Sigma's development remained equivocal throughout the period examined. The attempts of participants to influence the development of Sigma created a liminal situation in which both Sigma, and the roles of those involved in developing it, lay in-between the different potential explanations of what these may be. This liminality was maintained by the actions of individuals in enacting their intended outcomes, within different relationship-contexts, which affected the choices and decisions that were made. While corporate relationship-contexts were particularly influential in the ultimate institutionalisation of Sigma as a corporate product-line, this was one of many potential outcomes. Sigma's emergence was a consequence of individual's experiences, interpretations and subsequent enactments in relationships with others.

Limitations and Next Steps

While the analysis of the Sigma CIT case study has supported the refinement of the conceptual framework in explaining social processes in the development of an internal corporate venture over time, there are limitations to this approach. The analysis was

restricted to a longitudinal case study of one internal corporate venture. While this supports an understanding of social processes in their contextual setting, this limits the practical implications of findings to the specific circumstances faced by the particular individuals involved in the development of Sigma at that time. By building on the conceptual framework through an iterative research design however, the analysis of this instrumental case and development of the refined conceptual framework does provide insight into the social emergence of internal corporate ventures which is generalisable to theory (Stake, 2008). The specific implications of findings for future research and practice are outlined in *Chapter 9*.

The developed framework supported the explanation of social processes in the emergence of a specific internal corporate venture over time. As a result, it is possible to identify the socially-situated development of multiple interpretations of Sigma and the effect of participants' interactive sensemaking through venture relationships on Sigma's emergence. This focus on the development of a venture over time does not, however, allow for detailed structurationist analysis of individual internal structures or of wider social structure. Instead, as a strong social constructionist analysis, the framework supports the identification of the effects of Sigma's emergence over time on participants' social roles and the observable elements of the relationship-contexts associated with Sigma's development. A summary of these specific findings in relation to the research aim and questions and the resulting contributions to knowledge are provided in *Chapter 9*.

The final chapter provides an overall summary of key findings provided in answering the research aim and questions through the developed conceptual framework and empirical analysis. It further explains the contributions to knowledge of the thesis, limitations of the findings and research reflections as well as suggesting implications for corporate venturing practitioners and opportunities for future research.

CHAPTER 9 – SUMMARY OF KEY FINDINGS AND CONCLUSIONS

This chapter summarises the key findings of the research project in relation to the research aim and questions. Based on this, the conclusion outlines the specific contributions to knowledge of the thesis, limitations of the study, research reflections, implications for corporate venturing practitioners and opportunities for future research.

9.1 Summary of key findings

This thesis has explored and explained social processes in the development of internal corporate ventures. In addressing this aim, three research questions were addressed;

- A) How do corporate institutional and emergent venture roles relate to internal corporate venturing activity?
- B) What are the dynamics of relationships that individuals may engage in as part of internal corporate venturing activity?
- C) What are the social processes through which internal corporate ventures emerge?

Initially, the term *internal corporate venturing* (ICV) was defined as *the activities that result in the creation of organisational entities that initially reside within an existing organisational domain*. From this starting point, it was identified that an ICV's development was seen to be contingent upon the roles and relationships which individuals pursued within the corporate firm. This led to the investigation of the first two research questions.

9.1.1 Research Question 1: How corporate institutional and emergent venture roles relate to internal corporate venturing activity

In addressing the first research question, previous studies relating to social processes in corporate venturing were reviewed. Literature related to the process perspective on corporate venturing acted as a starting point in considering how roles develop over time. This approach indicated that roles related to either corporate hierarchical positions or

emergent roles of venture manager, champion and intrapreneur that may be assumed by individuals in order to support the development of internal corporate ventures (Burgelman, 1983a; Venkataraman et al, 1995). The holistic approach of the process view further acknowledged the importance of formal institutional roles across the corporate firm, supporting the use of these definitions in an initial thematic framework of roles in corporate venturing.

The process perspective was found to be limited in that individuals' roles were presented as relatively fixed and dictated by their place within corporate structures. As a result, additional perspectives on roles in the CV literature were considered to support the development of the thematic framework. In particular, learning-by-doing and cognitive approaches illustrated that individuals' roles may inform their approach to learning (Garud and Van de Van, 1992; Honig, 2001; Corbett and Hmieleski, 2007). However these approaches were limited in their consideration of dynamic social processes. Learning-by-doing and cognitive approaches were also found to conflate role and person in their descriptions of corporate venturing activity, while organisational learning perspectives privileged the venture and corporate firm over individual roles (Sambrook and Roberts, 2005).

In adopting a strong social constructionist perspective, which acknowledged roles as negotiated social expectations in relationships with others (Goffman, 1959; Giddens, 1984; Hales, 1986) the social interactionist perspective on corporate venturing was considered useful for developing the thematic template. These previous studies illustrated that expectations of roles may vary within different organisational settings, while participation in venture relationships altered personal role expectations (Dougherty, 1992; Dougherty and Heller, 1994). In this sense, the term *intrapreneur* was discussed as an example of a role which may be assumed by an individual to justify their actions (Whittle and Mueller, 2008) rather than being the specific form of behaviour that learning and cognitive perspectives proposed.

Building on this review, a framework of roles was developed in *Chapter 6* through the analysis of 46 transcripts of interviews conducted with corporate venturing practitioners. Results supported the literature in that a range of formal corporate roles were identified which related to corporate governance structures, hierarchies and work activities. In addition to this, roles were identified which related to the actual or intended development status of the ventures and associated championing activities. While studies adopting process and cognitive perspectives suggested that individuals may need to switch from formal corporate to venture-related roles in supporting CV activity, the roles analysis results presented in this thesis illustrated that participants identified with multiple roles simultaneously, including formal corporate and other additional roles which have not been considered in detail in previous studies, such as venture capitalist, scientific and academic roles.

Similar to Whittle and Mueller's (2008) findings, a number of informal roles were identified which related to the personal perspectives, values and approaches of individuals to CV activity. The specific roles identified were more varied than those identified by Whittle and Mueller (2008), including market-related entrepreneurship and professional roles, roles related to technical enthusiasm and corporate rule breaking. Overall, the roles identified were more diverse and complex than the explanations in previous studies into corporate venturing, in that they were related not only to formal status and venture activity, but also to prior personal experiences and future intentions.

In conducting the subsequent sensemaking analysis of social processes in *Chapter 7*, it was possible to consider social influences in relation to the roles identified. It was noted that similar to the influence of corporate hierarchy identified in previous studies (Burgelman, 1983a; Venkataraman et al, 1992; Kuratko et al, 2004) interview participants related corporate roles to formal position-authority in corporate venturing relationships. In addition the analysis illustrated that corporate roles could provide informal authority to some individuals in corporate relationships. Similar to Dougherty and Heller's (1994) findings, participants also referred to additional CV-related roles,

which provided distance from corporate authoritative relationships, allowing individuals to assume a sense of independence and autonomy in conducting CV activities.

Chapter 8 considered roles in the context of the development of a specific internal corporate venture, Sigma. Similar to the literature and the findings of *Chapter 6* and *Chapter 7* a number of roles were identified which related to hierarchical position-authority within the corporate firm. In addition, case study analysis results indicated that the emergence of Sigma informed the assumption of additional roles by participants in their attempts to position themselves in relation to different explanations of the venture. Case study results further illustrated that similar to the roles analysis in *Chapter 6*, individuals assumed multiple roles during the development of the venture. In the case of Sigma however, it was noted that as the venture developed, so the roles which individuals assumed altered in response to individual perceptions of Sigma and associated positions within market, technical and corporate relationship-contexts, as individuals enacted their intended outcomes for the venture. Furthermore, Sigma's emergence impacted on participants' experiences through a sense of personal liminality as the legitimacy, authority and significance of assumed roles was enhanced or reduced in response to the emergence of Sigma. This contributed to the equivocality participants experienced in determining future potential.

Overall, through adopting a strong social constructionist approach, the first research question has been addressed by outlining how research participants chose to work within, or assume, multiple roles through their engagement in the development of internal corporate ventures within wider relationship-contexts. Furthermore these results explain how roles influence individuals' enactment of venture development through relationships with others. These results build on previous studies into corporate venturing by through a more nuanced explanation of how roles relate to internal corporate venturing activity.

9.1.2 Research Question 2: The dynamics of relationships that individuals engage in as part of corporate venturing activity

In addressing the second research question, the process perspective on CV activity acted as a starting point in considering the importance of relationships across the corporate organisation and the influence of these relationships on venture development (Burgelman, 1983a; Venkataraman et al, 1992). It was outlined that relationships were not fixed, but changed over time as a venture developed. Burgelman (1983b) and Kuratko et al's (2004) models of strategic behaviour suggested that venture activity might be informed by relationships between managers at different levels of the corporation as they influenced each other in pursuing strategic objectives. Sambrook and Roberts' (2005) model further proposed that corporate venturing activity influenced strategic development across the organisation through learning in relationships. A limitation of the strategic behaviour and organisational learning perspectives was a tendency to present relationships as fixed and stable, while in contrast cognitive and social interactionist perspectives suggested that new relationships may be formed as part of venture managers' new experiences in the development of internal corporate ventures (Dougherty, 1992; Corbett and Hmieleski, 2007).

Building on this review, a framework of relationships was developed in *Chapter 6* through the analysis of the 46 interview transcripts which in addition to corporate relationships, identified a broader range of external relationships than had been presented in the CV literature. While Venkataraman et al (1992) suggested that customer relationships were developed early in the venture process, analysis results in this thesis indicated that relationships with customers, suppliers and external investors were likely to occur during different phases of venture development. Additionally family relationships were identified as influencing some participants' personal goals and career development plans.

The results of the sensemaking analysis of social processes in *Chapter 7* indicated that participants made sense of their experiences through reference to the wider market,

technical and corporate relationship-contexts within which their activities took place. References to corporate relationship-contexts were similar to those identified by process (Burgelman, 1983a; Venkataraman et al, 1992) and behaviourist (Kuratko et al's, 2004) frameworks, in terms of position-authority related to formal assigned roles within corporate governance structures, but the interview analysis results in this thesis went further than previous studies by outlining additional influences. The influence of legitimacy and meaning in corporate relationship-contexts was identified, which influenced the translation of CV activity to others within the corporate firm in the development and championing of ventures. The analysis results additionally illustrated that market and technical relationship-contexts had a greater influence on participants' terms of reference than had been indicated by previous frameworks. These novel findings relating to influences in corporate venturing activity were outlined in relation to the forms of authority, legitimacy and meaning of each relationship-context identified.

The analysis of the longitudinal case study in *Chapter 8* illustrated that those taking part in the development of Sigma did so in relation to corporate, market and technical relationship-contexts. While process and behaviour models appear to presume that the corporate context remained stable over time, the analysis results illustrated that relationship-contexts changed over time as these were influenced by wider influences such as the merger and acquisition of corporate firms. Burgelman (1983a, 1988) and Sambrook and Roberts (2005) have indicated that while corporate relationships influence CV activity, these may also be influenced by venture development. The case study analysis results in this thesis indicated that the development of Sigma influenced not only corporate, but also technical and market relationship-contexts, albeit confined to the specific elements that related to the development of Sigma.

Finally, the longitudinal case study results indicated that relationships with others also influenced the development of Sigma through the direct interaction of practitioners, in reinforcing or enforcing their perceptions of what Sigma was and what it should become. This was similar to the suggestions of Dougherty and Heller (1994) and Whittle

and Mueller (2008) that those involved in ventures may attempt to manipulate outcomes through their actions. The analysis in this thesis was novel, in that it provided greater detail of this process than previous studies and further illustrated how others' actions outside the immediate venture team may influence venture outcomes, summarised in the developed conceptual framework (Figure 8.5).

Overall, through the developed conceptual framework, the second research question was addressed by outlining how relationships were more diverse and dynamic than the CV literature suggested as participants were influenced by not only corporate relationships, but also by engagement in market and technical relationship-contexts. In addition, it was outlined through the developed conceptual framework how interactions between individuals through relationships were instrumental in the emergence of internal corporate ventures, which further influenced the formation of new relationships as practitioners sought to achieve their intended outcomes.

9.1.3 Research Question 3: The social processes through which internal corporate ventures emerge

The third research question was addressed by building on the investigations into roles and relationships to examine the processes through which ICVs developed. The process and strategic behaviour perspectives were useful in explaining two processes which influenced venture development. The first of these, induced strategic behaviour, suggested that it was through institutional authority and the organisational structure of corporate firms that top managers influenced venture development (Burgelman, 1983b; Kuratko et al, 2004) including mechanisms such as internal rewards, resources and support (Day, 1994; Greene et al, 1999; Thornberry, 2003; Monsen et al, 2010). Conversely, the autonomous strategic behaviour model suggested that learning from the experience of venture development informed the development of corporate strategy through championing activity at different levels of the firm (Burgelman, 1983a) and associated attempts to secure resources and support (Pinchot, 1985; Day, 1994; Greene et al, 1999). Both of these approaches emphasised that venture development influenced

social interaction between specific individuals according to their role and similarly the organisational learning approach illustrated the effect of CV activity on learning across the organisation (Sambrook and Roberts, 2005), while Burgelman's (1988) interactive model of internal venture development actions and corporate strategy illustrated how these may mutually inform each other over time. It was noted that a limitation of the process, strategic behaviour and organisational learning perspectives was a tendency to emphasise corporate structure over individual roles and interactions between individuals engaged in the development of internal corporate ventures.

While the process and strategic behaviour perspectives provided holistic frameworks for social processes of corporate venturing within corporate firms, additional perspectives within the CV literature provided alternative explanations for the behaviour of those involved in developing ICVs. Studies adopting a learning-by-doing perspective argued that the experiences of venture managers in developing ventures had an important effect on their actions (Garud and Van de Ven, 1992; Greene et al, 1999; Azulay et al, 2002; Keil, 2004) while studies adopting a cognitive perspective noted the effect of previous experience in the corporate firm on venture managers' ways of thinking (Honig, 2001; Corbett and Hmieleski, 2007; Shepherd et al, 2009). These perspectives tended to assume that corporate roles and associated corporate experiences and relationships were relatively fixed, while studies adopting a social interactionist perspective emphasised the influence of ongoing interaction, within the corporate environment and through venture development, on an individual's behaviour. Here, it was suggested that organisations are not fixed entities but instead a result of individual interpretations and relationships which form institutionalised ways of behaving (Dougherty, 1992; Prasad, 1993). From this perspective, terms such as venture and intrapreneur were used to justify the actions of practitioners in relationships with others, which influenced the development of new ways of thinking or legitimised unconventional behaviour (Dougherty and Heller, 1994; Dougherty, 1995; Whittle and Mueller, 2008).

While previous studies informed an understanding of social processes in venture development within the corporate context, there was limited reference to the effect of external relationships. Studies which made reference to relationships outside the corporate firm included Venkataraman et al's (1995) conclusions that interaction with external customers may affect a venture managers' market awareness, Garud et al's (2002) note of the impact of CV activity on the development of wider technical standards and Chesbrough's (2002) reference to the increasing role of external market relationships on corporate venturing activity as part of corporate open innovation strategies. Together, these references to the influences of roles, relationships, experience and interactions supported the next stage of the thesis.

From the review of CV literature, an initial thematic template was developed illustrating the social processes through which roles and relationships informed the development of internal corporate ventures. These included external, corporate and venture experiences, individuals' perceptions of relationships, support and rewards and subsequent championing activities in supporting venture development through internal and external relationships. These issues formed the basis of eight questions which were discussed in interviews with 46 CV practitioners. Preliminary analysis of these questions using the initial thematic template supported the identification of five emergent over-arching themes of understanding, relationships, personal experiences, processes and change. These themes were compared to a conceptual framework which built on the work of Giddens (1988), Weick (1995) and Stones (2005) to outline a strong social constructionist perspective on social processes. Results were subsequently re-categorised, leading to a refined conceptual framework which was structured under five headings of relationship-contexts, personal feelings/experiences, understanding, enactment and outcomes. This conceptual framework outlined how sensemaking and enactment processes led to the emergence of internal corporate ventures through interactions with others.

The conceptual framework supported a sense-making analysis of participants' corporate

venturing activity from a strong social constructionist perspective. The results of the analysis illustrated that similar to the literature, corporate relationship-contexts influenced how participants made sense of CV activity, through forms of authority and norms, as well as the way in which meaning was produced. Market and technical relationship-contexts were additionally identified, illustrating the range of experiences and relationships which informed the actions of interview participants through their involvement in CV activity.

The analysis further identified that interview participants tended to act autonomously in pursuing CV activity, but that conflict was possible with other corporate staff in relation to the potential of CV activity. Additionally it was noted that where support was received for the activities of those involved with CV activity, this was often through informal corporate or external relationships. Due to the unconventional challenges of CV activity, it was noted that obtaining support through formal corporate relationships required individuals to engage in championing activity to support CV activity, or to rely on manipulation to enforce CV development. Isolation from the corporate firm through autonomy and differences in opinion was found to limit the impact of CV activity to those directly involved. For those who took part in CV activity, it was noted that they were able to learn directly from their unusual experiences and that this influenced their approach to unexpected situations in developing CV activity.

The conceptual framework was subsequently refined in order to move beyond the analysis of individual social processes to an understanding of the overall influence of these processes on the emergence of internal corporate ventures. Initially concepts in the organisational behaviour and entrepreneurship literature of organisational emergence over time were reviewed. It was outlined that both existing organisations and new independent ventures emerge as shared and divergent interpretations through the iterative process of sensemaking and enactment (Gartner et al, 1992; Weick, 1995; Van Every and Taylor, 2000; Weick, 2005; Gadeffors, 2007). It was further noted that the emergence of ventures took place through a process of event-clustering (Chia and King,

1998) in which shared interpretations and explanations of organisations emerge in interactions with other stakeholders who may have different perspectives (Gartner et al, 2003; Cope, 2005; Fletcher, 2006). From this perspective, instead of existing as fixed states, it was suggested that organisations are in constant flux through temporality and change in an ongoing processual reality (Chia and King, 1998; Jarzabkowski, 2008). This perspective was argued to be consistent with a strong social constructionist perspective on the emergence of internal corporate ventures over time.

While the organisational emergence perspective supported the development of the framework, associated studies were limited in their focus on existing organisations and independent new ventures. In order to refine the conceptual framework in relation to the development of internal corporate ventures, a longitudinal case study methodology was adopted to analyse a single internal corporate venture, Sigma. Through the analysis of the case study, three explanations of Sigma were identified. These included Sigma as a technical research and development project, as a new corporate product line and as a potential independent venture. It was suggested that these alternative explanations were drawn on by individuals in dealing with critical events, which in turn led to the enactment of these explanations in relationships with others through enforcement and reinforcement, as those involved sought to achieve their intended outcomes. These results were mapped against the conceptual framework to illustrate the social processes that were identified through the analysis. The conceptual framework was then subsequently developed to explain how Sigma emerged through multiple critical events over time as a social process. This final explanatory framework illustrated that individual interpretations and interactions with others led to the emergence of Sigma over time, which in turn influenced wider relationship-contexts and practitioner social roles.

Overall, the third research question was successfully answered through the developed conceptual framework. This supported the analysis of the Sigma case study and illustrated how Sigma emerged through a series of events in which individuals attempted

to shape different explanations of what it was. This was found to create a liminal situation in which both Sigma and the roles of those involved in its development lay in-between different potential explanations of what these could be, resulting in equivocal experiences for participants as they dealt with new events. The development of Sigma into a new corporate product line was found to be one of the many potential outcomes of these events and social processes. These analysis results illustrated the relevance of the novel final conceptual framework in explaining and exploring social processes in the development of internal corporate ventures.

The following section outlines how in answering the research aim and research questions, this thesis has made contributions to knowledge on social processes in the development of internal corporate ventures. The limitations and implications of the research are then discussed.

9.2 Conclusions - Contributions to knowledge, limitations and implications

This section outlines the key contributions to knowledge developed through this thesis, followed by a summary of limitations of the research findings and reflection on the research process. This is followed by implications for corporate venturing practitioners and recommendations for future research. Appendix 4 summarises these sections in terms of the connections between contributions, limitations and implications of the thesis.

9.2.1 Contributions to Knowledge

The preceding section outlined how the research aim was achieved through answering three research questions. In doing so, the thesis has set out to build on previous research by adopting a social constructionist perspective to understanding social processes in the development of internal corporate ventures. Zahra (2005) notes there has been limited consideration of the processes through which corporate venturing projects developed, while Miles and Covin (2002) have similarly noted that there is limited understanding of how entrepreneurial activities are conducted by members of corporate firms. The thesis

set out to address these gaps and Appendix 3 outlines the specific achievements of the thesis, by outlining ways in which the results supported the findings and propositions of previous literature and the contributions to knowledge of the thesis. These contributions are discussed below in relation to core themes.

The influence of relationships in the development of internal corporate ventures

The thesis has built on, supported and extended the findings of previous studies presented in the CV literature regarding the range of relationships which corporate venturing activity involves. As summarised in Appendix 3, the CV literature tends to emphasise relationships across the corporate firm and associated roles (e.g. Venkataraman et al, 1992; Kuratko et al, 2004; Corbett and Hmieleski, 2007; Shepherd et al, 2009) with minor and anecdotal references to external relationships and recruitment outside the corporate firm (e.g. Burgelman, 1983a; Venkataraman et al, 1992; Dougherty, 1992; Keil, 2004). The field research results in this thesis illustrated that corporate relationships played an important part in the CV activity undertaken by the participants in the research study, but that they were also involved with a range of relationships outside the corporate firm, including venture-market, investment and scientific communities and personal families. While the process and strategic behaviourist perspectives indicated in Appendix 3 suggest that relationships are relatively stable and fixed in corporate venturing activity, the thesis supported cognitive and social interactionist perspectives which suggested that relationships may change as a consequence of venture development, influencing subsequent development activity.

In emphasising corporate relationships as the key influence in CV activity, process and strategic behaviour models highlighted how these relationships influenced CV activity as a whole through corporate governance structures and support mechanisms, while cognitive and social interactionist perspectives emphasised the effect of corporate relationships on individual ways of thinking and the alternative perspectives held by those involved in ventures. The thesis provided a detailed explanation of how involvement in a range of relationships influenced CV activity, as CV practitioners drew

on corporate, market and technical relationship-contexts through forms of authority, norms and meaning as the basis of their engagement with venture development. Through the field research analysis it was illustrated that the influence of these diverse relationships changed over time, led to equivocality for research participants as they attempted to make sense of their experience of venture development, but also creating opportunities for learning and developing new approaches to the development of internal corporate ventures through their experiences.

In summary, the thesis makes a contribution to knowledge regarding CV relationships in that it goes beyond the reductivist process and strategic behaviour perspectives of relationships as fixed, universal and limited to the corporate firm, by outlining the diverse and dynamic nature of CV relationships. Furthermore, it explains the institutional influences on individual behaviour identified by studies adopting a cognitivist and social interactionist perspective, by supporting a more nuanced understanding of the influence of relationships on practitioners' actions in the development of internal corporate ventures.

Understanding roles and behaviour in the development of internal corporate ventures

The thesis has built upon and extended previous studies in the CV literature by explaining how social roles develop and influence individual behaviour in internal corporate ventures. As summarised in Appendix 3, the process perspective on corporate venturing suggested that individual behaviour was related to formal roles in corporate governance structures and emergent roles which occurred in supporting venture development. In addition, the learning-by-doing, cognitive and social interactionist perspectives emphasised that venture managers' approaches to internal corporate venture development were informed by their prior experiences. This thesis built on these perspectives by providing an integrated explanation of how wider relationship-contexts, prior experiences and the experience of venture development together inform the development of social roles and subsequent actions in corporate venturing activity.

While process, strategic behaviourist and cognitive perspectives presented roles in corporate venturing as relatively fixed, the thesis built on social interactionist perspectives (e.g. Dougherty, 1992, 1995; Dougherty and Heller, 1994; Whittle and Mueller, 2008) in acknowledging how role expectations were informed by the experience and intentions of those involved in corporate venturing activity in social relationships with others. The thesis provided a contribution to knowledge by outlining through the conceptual framework how participation in venture development informed social roles, as individuals positioned themselves in relation to corporate venturing activity and how this in turn informed participants' actions and decisions in the development process, as they attempted to realise their intended outcomes within wider changing relationship-contexts. This was illustrated through the Sigma case study and it was found that as a result of social conditions, participants assumed multiple roles simultaneously which altered as the venture developed, leading to a sense of liminality for participants as they attempted to make sense of their experiences and understand their role in supporting the development of the internal corporate venture.

In summary, the thesis provided a contribution to knowledge by illustrating through the conceptual framework how social roles developed as an outcome of individual attempts to position themselves in relation to wider relationship-contexts and the emerging venture as they attempted to achieve intended outcomes as part of a recursive social process. This framework avoids the conflation of role and activity typical of process, strategic behavior and cognitive perspectives, while providing a more detailed explanation for individual behaviour in the development of internal corporate ventures than previous social interactionist studies.

Sensemaking and enactment in the development of internal corporate ventures

The thesis built on the literature on actions and interactions in the development of internal corporate ventures to illustrate how ICV development activity was informed by a sensemaking and enactment process. Previous studies adopting process and strategic behaviourist perspectives outlined that corporate senior managers acted to achieve

overall corporate goals, while CV unit and venture managers championed ventures to senior managers to support venture development. Studies adopting a social interactionist perspective focused on interactions between individuals as venture managers used manipulation to legitimise venture activities in the corporate context. The thesis built on and extended these perspectives through a sensemaking analysis of interviews conducted with CV practitioners which illustrated how practitioners awareness of corporate processes acted as the basis of their attempts to influence venture development in interactions with others through activities such as championing, brokering and manipulating support.

Overall, strategic behaviourist and process perspective tended to emphasise institutional processes over interactions between individuals, while social interactionist and cognitive perspectives emphasised specific social processes in isolation. The thesis made a contribution to knowledge through the conceptual framework by providing a detailed, integrated illustration of the interactive social processes through which internal corporate ventures develop through individual interpretive frames, experiences, actions and outcomes as part of a sensemaking and enactment process. While strategic behaviourist and process perspectives inferred that individual actions were purposeful and outcomes controllable, the conceptual framework outlines that individual influences on ICV development may be intentional or unintentional as interactions with others led to intended or unintended consequences in ICV development.

This developed framework supported a sensemaking analysis of internal corporate venturing activity and it was found that in some instances the unconventional nature of these activities in the corporate context, led to the individuals involved distancing themselves from corporate relationship-contexts as they adopted new approaches in the pursuit of their intended outcomes through corporate venturing activity. This was found to give participants a sense of independence and autonomy from corporate relationship-contexts, while still working within the corporate firm. Previous studies either focussed on reasons for corporate venturing behaviour (e.g. Garud and Van de Ven, 1992;

Dougherty and Heller, 1994; Corbett and Hmieleski, 2007) or the activities which inform ICV development (e.g. Venkataraman et al, 1992; Kuratko et al, 2004; Sambrook and Roberts, 2005). In contrast, the thesis provides a contribution to knowledge through a conceptual framework which explains how corporate venturing activities described in the literature, such as corporate senior manager activities, championing and venture management activities, develop and take place through a process of sensemaking and enactment in the development of internal corporate ventures.

Social processes in the development of internal corporate ventures

As outlined in Appendix 3, process and strategic behaviourist perspectives (e.g. Burgelman, 1983b, 1988; Venkataraman et al, 1992; Kuratko et al, 2004) suggest that the development of internal corporate ventures influences change in corporate strategy, which subsequently influences venture development through a recursive, iterative process within corporate firms. Burgelman's (1988) model was developed by Jarzabkowski (2008) who adopted a structurationist approach to explaining the duality of institutional change and individual actions through behavioural regularity. In addition, further studies have made some reference to non-corporate wider influences in corporate venturing such as the adoption of external venture capitalist approaches (Miles and Covin, 2002; Chesbrough, 2006; Hill and Birkinshaw, 2008; Hill et al, 2009), the importance of market demand (Narayanan et al, 2009) and the impact of CV activity on technical standards in wider industries (Garud et al, 2002). By adopting a strong social constructionist perspective the thesis has made a contribution to knowledge in that it goes beyond previous frameworks of corporate venturing activity by explaining how the development of internal corporate ventures is influenced by not only corporate, but also market and technical relationship-contexts and how this development recursively impacts upon these relationship-contexts through the interactions between the individuals involved. This framework supported the analysis of the Sigma case study in illustrating how, in the specific context of Sigma's development, individual actions were influenced by both changing wider relationship-contexts and the emergence of Sigma.

Studies adopting a social interactionist perspective in the CV literature explain that rather than being fixed entities, organisations emerge through individual interpretations and relationships (e.g. Dougherty, 1992, 1995; Dougherty and Heller, 1994; Whittle and Mueller, 2008). In addition the literature on organisational emergence in the context of independent ventures suggests that existing organisations exist in constant flux as part of an ongoing processual reality, while independent new ventures emerge through interactions with others who may have different perspectives (e.g. Gartner et al, 1992; Chia and King, 1998; Gaddefors, 2007). The thesis is novel in that it builds on these perspectives in relation to social processes in the development of internal corporate ventures. This contribution to knowledge includes an explanation of how internal corporate ventures emerge through ongoing interactions with others, experienced by practitioners through a series of critical events. This was illustrated through the Sigma case study, where it was found that different explanations were developed by participants of what Sigma was, while drawing on their experiences of developing the internal corporate venture as the basis of their future actions. Gartner et al (1992) argue that emergence for new independent ventures is a process through which different interpretations of the venture become unified, similar to Venkataraman et al's (1995) process of internal corporate venture legitimisation in the corporate context. The thesis found that conversely, in the context of Sigma's development as an internal corporate venture, different explanations remained available, creating a liminal situation for the venture and equivocal experience for participants, in which what Sigma was remained contested and negotiated.

By integrating Weick (1995), Stones' (2005) and Jarzabkowski's (2008) frameworks, the thesis provides an integrated framework of social processes in the development of internal corporate ventures over time. This contribution to knowledge is novel in that previous studies have either limited their scope to specific processes, generalised and conflated roles and activities, or have not allowed for influences outside the corporate context. By contrast, the developed conceptual framework (Figure 8.5) outlines the social process through which internal corporate ventures emerge and the reciprocal

influence of this emergence on wider relationship-contexts and individuals' social roles. This framework supported the contextually-specific analysis of the Sigma case study and illustrated that this particular internal corporate venture emerged through attempts to enact alternative potential explanations of what the venture was, creating equivocal experiences for participants as they grappled with Sigma's emergence and a sense of personal role liminality, influenced by changing wider relationship-contexts. This illustrated that development of Sigma into a new corporate product line was one of many potential outcomes available and as Sigma was socially constructed through the actions and interactions of those engaged in its development.

While the thesis has made a number of contributions to knowledge through the developed conceptual framework, there were limitations to specific findings. The following section outlines these limitations to the thesis, which are also summarised in relation to the contributions to knowledge in Appendix 3.

9.2.2 Limitations

In addressing the research aim and questions, an iterative research design was adopted leading to the development of a final conceptual framework through the selection and review of previous literature in corporate venturing and conduct and analysis of primary field research. The decisions taken in conducting this research project inevitably result in limitations to the overall findings which were outlined in *Chapters 7* and *8*. In this section, specific and overall potential limitations of the research study are outlined and discussed.

At the outset of this thesis (*Section 1.3*) I outlined the interpretivist stance I adopted in conducting the research study, through which I acknowledged that, as for all social actors, my experiences prior to and during the research project were unique, informing my interpretations as a researcher of the phenomena of internal corporate venturing. This research project initially developed from the selection and reading of prior research literature relating to social processes in corporate venturing and while the literature

review set out to be comprehensive, another researcher following the same process could select and categorise the literature differently. In addition, the concepts I have derived are unique in that they have come out of the analysis of selected literature and my interactions with research participants. As a result others following the same line of enquiry could draw different conclusions from those which I have set out, but this thesis has detailed the process through which these concepts were developed in building layers of interpretation through philosophically and empirically grounded research, leading to the final conclusions which I have reached.

As noted by Venkataraman et al (1992), research into corporate venturing is complicated by the difficulties of access, due to the specialised nature of the activity and the time restrictions of practitioners. It was noted in *Chapter 7* that interviews with practitioners were conducted by telephone as they were based both across the UK and internationally, with roles inside large corporate firms which often involved significant international travel. A limitation of this data collection method was that it was only possible to record what individuals said during interviews, limiting the ability to understand the context in which this was produced, beyond participant's explanations of their experiences and their direct use of language in producing these explanations. Commensurate with the interpretive stance adopted in conducting the research, the sensemaking analysis of interviews was based on practitioners' explanations, perceptions and the terms they used to describe their corporate venturing experiences from different contexts at different points in time as they justified these during research interviews. This meant that while it was possible to identify common social processes, a limitation of this approach was that it was not possible to explain how these informed the development of internal corporate ventures over time in the contextually-specific situations faced by these practitioners.

In order to address the limitations of the conceptual framework at this stage, a longitudinal case study was presented in *Chapter 8* which allowed for the analysis of the socially-situated development of an internal corporate venture over time. While this approach supported the development of the conceptual framework in answering the

research aim and questions, a limitation of this approach was that the research findings were limited to the events which occurred in a single internal corporate venture. In addition, the complex nature of the development of Sigma, the ten-year timescale over which this took place and the geographical displacement of participants across the UK and overseas, meant that the developed longitudinal case study was constrained by my ability to observe what took place, due to physical and time restrictions. In this sense, my observations were limited by my access to the phenomena taking place, just as all social agent's knowledge of social phenomena is restricted by time and space (Giddens, 1984), but this complexity in itself illustrated some of the social processes taking place and was incorporated into the analysis.

Overall, the results of the field research analysis outlined in the thesis are limited in that they relate to the specific circumstances experienced by the practitioners I engaged with at a specific point in time. As a result findings are not generalisable to all internal corporate venture activity and could be interpreted differently by others. Instead, it is the philosophically and empirically grounded conceptual framework developed out of this research that provides insights into social processes in the development of internal corporate ventures and which is generalisable to theory (Stake, 2008). This framework has developed out of studies from previous literature and an analysis of the circumstances facing the CV practitioners encountered during the research process. In this sense the conceptual framework is limited in that it is reliant on the philosophies, knowledge and experiences from which it has developed. However, through the detailed exposition of the conceptual framework as it developed in the thesis, it acts as a basis for understanding which may inform future corporate venturing activity and research. These implications are set out in *Section 9.2.4 - 9.2.5* and summarised in Appendix 3.

9.2.3 Reflections on the research journey

At the outset of this thesis in *Chapter 1* I outlined that the research study developed iteratively from initial research questions to the final developed framework through engagement with the field and analysis of literature at each conceptual stage. Although

presented in this thesis through a traditional structure, the thesis has outlined three inter-linked stories relating to each of these stages as the conceptual framework has developed. This section provides a reflection on this process

Engagement with the field of study

In *Chapter 3* it was noted that corporate venturing is regarded to be a practical, rather than purely theoretical, concept and that research into the topic has focused on understanding the phenomena of venture development within corporate firms. It was further noted that early research was conducted by or for practitioners (Fry, 1987; Pinchot, 1985; Kanter, 1989), that subsequent reviews of CV literature initially called for more empirical research (e.g. Venkataraman et al, 1992; Zahra, 2005) and more recently for greater theoretical underpinning to this research (Narayanan et al, 2009). It was further noted that as research into corporate venturing progressed from initial practitioner-orientated concerns, so it had moved away from a focus on how corporate venturing occurred to wider issues about both strategic and financial value related to the specific concerns of top management, rather than CV practitioners throughout the firm. In focussing on social processes, the research project has re-evaluated the internal corporate venture development process by drawing on the corporate venturing literature, social philosophy and empirical research. By doing so, the project moved from initial definitions and the search for corporate venturing practitioners to in-depth consideration of social processes, to get closer to practitioners experiences through both immersion in the empirical world and the development of appropriate theories to explain this phenomenon. As noted by Blumer (1969) and Denzin (1989, 2001) this process leads to a framework which is fully grounded in theory in order to draw closer to the lived-experiences of practitioners, faithfully representing consistent aspects of the social world as this relates to corporate venturing. As a result, the developed framework may act as the basis for better understanding the practices of those developing internal corporate ventures, which is discussed in the subsequent section on implications for CV practitioners and future research.

The development of epistemology

In *Chapter 1* it was outlined that the thesis adopted an interpretivist, social constructionist perspective in answering the research aims and questions. Initially an interpretivist stance was outlined which underpinned the iterative design of the research study, following the suggestions of Blumer (1969) and Denzin (1989, 2001) regarding the effective conduct of interpretive research. As the research progressed this epistemological position was developed and refined, through an iterative design which built layers of interpretation regarding social processes, while simultaneously generating theory which was grounded in the lived-experiences of corporate venturing practitioners (Denzin, 2001). This involved the development of a strong social constructionist perspective which acknowledged that individual interpretations and interactions led to the creation of organisations, while integrating a structurationist view (Giddens, 1984; Stones, 2005; Heracleous, 2006; Jarzabkowski, 2008) which acknowledged the recursive influence of wider relationship-contexts and individual action. This approach was novel in the context of corporate venturing research, in that it acknowledged both individual actions and wider contextual influences. While process, social interactionist and learning-by-doing perspectives in the corporate venturing literature informed my approach, it was necessary to draw from the organisational studies and entrepreneurship literature in order to develop this theoretically-grounded conceptual framework further. As the framework developed through empirical research and theoretical grounding related to a strong social constructionist perspective, so it is able to outline an aspect of the social world as it relates to the development of internal corporate ventures as a form of social phenomena. This iterative process, between theory and the empirical world, has informed the development of research methods which utilised the strong social constructionist approach adopted and was adapted to the empirical phenomena presented in a way which allowed layers of interpretation to be built in developing the conceptual framework (Denzin, 2001). This led to the development of a multi-level sensemaking analysis which built on Heracleous' (2006) tri-partate structurationist discourse analysis approach and a longitudinal case study which built on the social constructionist CIT technique developed by Chell and Pittaway (1998) and Chell (2006).

Answering research questions

It is through my engagement with the field of study and the development of my theoretical perspective that the research questions have been answered, providing a contribution to knowledge through specific findings and the development of a conceptual framework which is based on deep engagement with the field and a developed research philosophy. As a result, the developed conceptual framework answers the research question in that it offers an explanation of the social processes through which internal corporate ventures develop, based on relevant literature, theory and practitioners' experiences and explanations. In answering these questions, the framework does not represent the end of a process, but rather a basis from which it may be possible to begin to understand how internal corporate ventures develop. The implications of this for corporate venturing practice and future research are outlined in the next section.

9.2.4 Implications for corporate venturing practitioners

As noted in the previous section, corporate venturing is regarded to be a practical concept which has attracted the interest of researchers over the past 40 years. At the same time, activity has continued to develop in large corporations, despite the cyclical nature of this engagement (Gompers, 2002; Birkinshaw et al, 2002; Burgelman and Välikangas, 2005; Allen and Hevert, 2007). When attending corporate venturing conferences at the beginning of the research project and during subsequent empirical research, a number of CV practitioners mentioned the importance of people and relationships to the successful development of corporate ventures. The results of this study and developed conceptual framework may be useful in supporting individuals from corporations, investment organisations and independent ventures in understanding the social processes through which corporate ventures develop in their own specific contexts. The final developed framework may be utilised as an explanatory framework in analysing the development of internal corporate ventures. In this sense, each element of the framework can be considered as a way of illuminating influences and choices in the social phenomena of corporate venturing, through considering how each aspect is

recursively influenced by other elements.

Strategic issues in the support and measurement of internal corporate ventures

The final developed framework outlines the influence of wider corporate, market and technical relationship-contexts on the development of internal corporate ventures through forms of authority, norms and meaning. Corporate venturing activities may involve the use of corporate resources and processes as a form of investment to support the development of ICVs (Kazanjian et al, 2002; Birkinshaw, 2003; Monsen et al, 2010). In addition, corporate venturing activity is often related to the commercialisation of technical projects and recently there has been a move amongst corporate firms to additionally draw on market-related support and processes through open innovation to support this activity (Chesbrough, 2006). While the use of these mechanisms may be deliberately intended to improve the opportunities to develop value from corporate venturing activity (Narayanan et al, 2009), the thesis has illustrated through the conceptual framework that there may be unintended outcomes. In the Sigma case study it was illustrated that attempts to support the continuation of the venture were reliant on corporate measurements, which inadvertently influenced the incorporation of the venture into a corporate division. Furthermore, it was noted that a number of research participants involved in CV activity ended up leaving the corporate firm to pursue careers in small firms or venture investment organisations. These outcomes were not necessarily intended by those involved and while research participants appeared aware of the positive and negative potential consequences of involvement in corporate relationship-contexts, there appeared to be an assumption that market and technical support mechanisms were relatively positive or benign. This indicates that it is important that those involved in developing corporate venturing activities at a strategic level should be aware of the consequences of the corporate, market and technical support and measurement mechanisms they draw upon and the effect these have on the perspectives and apparent choices available to those involved in venture development over time.

While attention may be paid to the structural influences on venture development, it is

also worth noting the influence of those involved directly with venture development. The thesis illustrated through the conceptual framework and research results that an individuals' prior experiences may have an effect on the direction of the venture, with intended or unintended consequences. Equally, the experience of venture development itself will influence an individual's interpretations of future venture goals and purposes, which may alter their original personal goals. For instance, a technical specialist who joins an ICV in order to support their research team's efforts, may leave it more focused on their own personal financial gains, depending on their experiences.

Developing effective working methods in internal corporate ventures

The results illustrated that corporate venturing activity may create equivocal circumstances for those involved as emerging ventures are unique and dependent on the personal interpretations of those involved within wider changing relationship-contexts. These issues may combine to create a rollercoaster emotional experience for those involved. In this situation, an aim may be to normalise the venture within broader contexts, thereby stabilising the experience for those involved to allow for more predictable activity. As a consequence, the nature of the venture may change from dynamic to more stable, resulting in changes to venture and personal outcomes which may not have been intended, as apparent choices are reduced. While it may be that this equivocality cannot be predicted by participants, the developed conceptual framework illustrates that outcomes are partly determined by practitioners' actions and choices. Awareness of the multiple-relationship contexts within which the venture develops, along with personal experience and understanding of the changing expectations and intentions of those involved in venture development, may therefore enhance the ability of individuals to shape outcomes. These outcomes will, however, never be completely controllable or predictable as they are affected by the actions of other individuals and changes in the wider context.

As a result of the equivocal development of ICVs, the individuals involved may feel a sense of autonomy and isolation from others. Strengthening or distancing relationships

from one group may draw practitioners and their personal intentions for venturing closer to relationships with others who share similar perspectives, reinforcing associations or disassociations which may appear to support intended outcomes, but may also reduce apparent choices as a consequence. Continuing and deepening engagement within multiple relationship-contexts may produce a sense of personal role liminality, but may also improve personal awareness of the range of choices available and ways to shape outcomes.

Developing internal corporate ventures

Internal corporate ventures may be developed in order to create a number of corporate, market and technical outcomes, such as new streams of income or the development of technical standards. These may be achieved to a lesser or greater extent through relationships with others and wider contextual changes. The intended outcomes of venture development activity may vary between those involved however and it may be important for participants to be aware of these different expectations and how one set of intentions may affect the success of the other. Equally, the successful attainment of one outcome may reduce the impact of the other as the developing venture is normalised in relation to particular relationship-contexts. Hence the business model which is presumed and agreed in developing the venture may have an impact on the outcome, but may also change through the experience of ICV development in changing wider relationship-contexts.

The future of corporate venturing

While this research study has focused on the development of internal corporate ventures, increasing numbers of corporate firms are engaging in both internal and external venture development and investment relationships as part of an open innovation approach (Chesbrough, 2006). This suggests that the importance of people and relationships will continue as corporate firms seek to develop ventures with individuals from a range of backgrounds. While the thesis has specifically focused on social processes in the development of internal corporate ventures, the conclusions may also act as a starting

point to develop understanding of other open innovation approaches, as organisations increasingly seek to open up their processes in relationships with external partners. This will also create new opportunities for research, which are outlined in the next section.

9.2.5 Implications for Future Research

This section outlines the opportunities for future research which may seek to build on the results of this research study. In particular the research findings provide opportunities for further research into corporate venturing phenomena, while the tools and techniques used to conduct research provide opportunities for the development of future methodological approaches to multi-level analysis. Finally, the conceptual framework provides a basis for future study and contributes to the development of theories of organisations and entrepreneurship.

Implications of findings

In *Chapter 1* it was noted that despite early studies into processes and practices in the development of internal corporate ventures, attention has turned away from these issues as research has increasingly focused on issues relating to the financial and strategic value of corporate venturing activity. The conclusions of the thesis act as an opportunity for future research to build on these findings of this study through further empirical research into the development of ICVs. This is important as corporate venturing practices have evolved over time, creating new opportunities to understand this phenomena and improve knowledge of the processes and activities through which internal corporate ventures develop (Miles and Covin, 2002; Zahra, 2005).

While the research results have indicated the influence of corporate, market and technical relationship-contexts, future research could investigate whether there may be additional influences on corporate venturing activity, such as family and legal relationships which some research participants made reference to. Research findings also indicated that practitioners' experiences of autonomy and uncertainty come out of the development of internal corporate ventures in relationships with other practitioners who

may act on the basis of different perspectives and expectations. Future research could seek to explore how championing, brokering and pre-venture management activities take place effectively in these equivocal circumstances by following practitioners as they seek to enact specific corporate venturing initiatives. While this thesis has focused specifically on internal corporate ventures, the developed framework of social processes may provide a starting point to develop similar analysis into the development of external corporate ventures and independent ventures in relationships with others. The thesis therefore provides a basis for future research into relationships and social processes in a range of forms of open innovation and high-tech venture development in institutional contexts, such as incubators and geographical clusters (Chesbrough, 2006; Narayanan et al, 2009).

Implications for methodology

The sensemaking analysis in *Chapter 7* supported the development of the conceptual framework of social processes, but was limited by the use of telephone interviews and the generalisation of findings from participants working in different organisations at different points in time. Future research could investigate how practitioners make sense of their experience in contextual settings, by conducting research in work-places with groups of individuals within the same organisations to appraise whether contextual differences influence individual sensemaking.

The longitudinal case study analysis in *Chapter 8* supported the refinement of the conceptual framework to explain how internal corporate ventures develop over time, but the specific findings were limited in that they were based on one specific internal corporate venture at a particular point in time. Future research could investigate the explanatory power of the conceptual framework by using it at the basis for further comparative longitudinal case studies of internal corporate ventures in different corporate settings.

The adaptation of Heracleous' (2006) tri-partate discourse analysis approach as the basis

of a sensemaking analysis provided a multi-level analysis tool in *Chapter 7* which facilitated an understanding of individual experiences of events, their perceptions of these experiences and the way in which these explanations were framed through language which drew on wider relationship-contexts. In addition, the longitudinal case study presented in *Chapter 8* was developed through the use of the CIT interview technique which supported an understanding of context, actions and intentions in line with Chell's (2006) suggestions, but further developed this technique from a social constructionist perspective by triangulating these results with field observations and documentation analysis to provide a multi-level longitudinal analysis. Future research which seeks to explore phenomena at multiple levels may seek to draw on and develop these methodological approaches to better understand agents' practices and interactions in their socially-situated context.

Implications of the conceptual framework

The thesis adopted a strong social constructionist perspective which integrated Giddens (1984), Stones (2005) and Jarzabkowski's (2008) work on structuration theory and Weick's (1995) concept of sensemaking to develop the conceptual framework. Future research could build on this approach by considering how sensemaking develops out of individual experiences, perceptions and relationship-contexts to improve understanding of the socially-situated nature of sensemaking in the continuous iterative development of organisations (Weick et al, 2005; Brown et al, 2008; Holt and Macpherson, 2010). Equally, the conceptual framework may support future research into structuration theory in the context of entrepreneurship and new venture creation, by explaining the social processes through which wider opportunities are identified and generated by individuals (Jack and Anderson, 2002; Chiasson and Saunders, 2005; Sarason et al, 2006, 2010).

Finally, the developed conceptual framework explains how internal corporate ventures emerge through ongoing social processes over time. Future research may utilise this framework to support further studies into the emergence of organisations and new ventures as an ongoing processual reality (Gartner et al, 1992; Chia and King, 1998; Van

Every and Taylor, 2000; Weick et al, 2005; Gaddefors, 2007). In addition, the framework illustrates how, through sensemaking and enactment, ventures emerge over time and inform subsequent intentions. Future research may build on this to further understand how practices generate strategy in organisations (Jarzabkowski, 2008).

9.3 Summary

This chapter has outlined how the thesis addressed the research aim and questions through an iterative research design. In doing so the research study has gone some way to meet the call by Miles and Covin (2002) and Zahra (2005) for research which outlines the processes and activities through which internal corporate venture projects develop, by building on previous literature and through empirical analysis. In addition, the thesis meets Narayanan et al's (2009) call for theoretically grounded research which builds theory on corporate venturing. In this regard, the thesis has outlined the development of a theoretically integrated framework, which is philosophically grounded through a strong social constructionist perspective, thereby providing a contribution to knowledge on social processes in the development of internal corporate ventures.

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APPENDIX 1 - ROLE ANALYSIS DETAILED RESULTS

Role Type	Number of Sources	Key	
		Number of Sources	Number of References
Academic roles	6	9	
University		3	4
Attitude or Value roles	0	0	
Business person		3	3
Business people			3 4
Entrepreneurial		11	13
Entrepreneur			7 13
Entrepreneurship			2 2
Geek		1	1
Maverick		3	4
Professional		1	1
Troublemaker		1	1
Corporate roles	0	0	
Divisional venture board		4	9
Functional Corporate		0	0
Commercial			3 4
Developer			4 7
Engineer			4 11
Finance			1 1
Legal			2 2
Marketing			5 5
Operations			2 2
Product			1 1
R&D			11 21
Research			9 26
Sales			3 6
Strategy			1 1
Technical			9 12
Technologist			1 2
Middle Management		2	2
Divisional Managing Director			3 3
Manager			5 9
Operational management		1	1
Operational level			5 5
Organisational champion		18	26
Evangelist			1 1
Intrapreneur			1 1
Open innovation			2 2
Scout			3 3

Senior Management	0	0	
Corporate board-level		9	12
Corporate CEO		12	22
Corporate CFO		3	4
Corporate COO		2	2
Senior manager		10	12

Scientist	8	9	
Technical advisory board		1	1

Venture Capitalist	20	41	
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Venture roles	0	0	
Manager		1	1
Project Manager		1	1
Project MD		2	4
Venture CEO		10	12
Venture CFO		2	2
Venture champions		30	44
Care bear		1	1
Leader		4	4
Schizophrenic		1	1
Venture Division CEO		1	1
Venture intermediary		0	0
Advisor		1	1
Ambassador		1	2
Angel (deity)		1	1
Coach		2	3
Gate keeper		1	1
Venture board-level		18	41
Venture staff	2	2	
Account manager		1	1
Developer		1	2
Engineering		1	1
Finance		1	1
Legal		1	1
Marketing		3	4
Sales		1	3
Venture teams		2	2

APPENDIX 2 - RELATIONSHIP ANALYSIS DETAILED RESULTS

Relationship Type	Key Number of Sources	Number of References	
Corporate Relationships	0	0	
Client		1	1
Commercial staff		1	1
Finance		1	1
Internal Corporate Staff		6	6
Legal		4	4
Sales		5	2
Senior Management Relationships		9	10
Technology		4	6
Top Management		18	32
Venture Division Staff		1	1
External Relationships	0	0	
Academic relationships		8	10
Business Angel Relationships		3	3
Client		8	12
Consultant		5	5
Customer		16	28
External VC		20	47
Government		2	4
Interim managers		3	5
Lawyers		3	3
Recruitment agency		1	1
Shareholders		4	4
Supplier		9	13
University relationships		6	7
Family relationships	1	1	
Children		1	1
Kids		2	2
Wife		1	1
Team	29	65	
Venture Board Relationships	17	37	
Corporate Shareholders		8	10
Venture Relationships	0	0	
Venture Management Relationship		15	18
Venture Staff Relationships		1	2

APPENDIX 3 - COMPARING FINDINGS TO PREVIOUS LITERATURE

Previous Literature	Research Findings
<p>Process perspectives <i>Key issues:</i> Corporate venturing involves relationships amongst individuals across all levels of the corporate firm which may change over time through venture development (Burgelman, 1983a; Venkataraman et al, 1992).</p> <p>Corporate roles relate to the structure of corporate firms. Emergent roles relate to the activities required to support the development of internal corporate ventures (Burgelman, 1983a; Venkataraman et al, 1992).</p> <p>Venture managers engage in relationships with external customers in the initial stages of venture development (Venkataraman et al, 1992).</p> <p>Limitations: Individual roles are fixed and determined by position within corporate structures</p>	<p><i>Support:</i> A range of roles identified relating to position-authority within corporate relationship-contexts and venture championing activities, which change over time through venture development.</p> <p>Social roles identified relating to position-authority in corporate relationship-contexts, but also informal corporate roles. Roles influenced by venture development and personal intended outcomes.</p> <p>Venture managers engage in external market relationships including with customers and venture capitalists. These change as the venture develops and may also include wider market and technical relationship-contexts in order to support venture development.</p> <p><i>Contributions:</i> A range of roles identified related to the actual or intended development status of the venture and personal values.</p> <p>Participants may be involved in a range of wider relationship-contexts, including those within the corporate firm, which may alter over time due to institutional changes such as corporate mergers.</p> <p>Individuals associate with multiple roles related to corporate, market and technical relationship-contexts. These social roles may be affected through involvement with internal corporate venture development.</p> <p>In addition to forms of corporate authority, participants make sense of their experiences through reference to forms of legitimacy and meaning in different relationship-contexts.</p>

Previous Literature	Research Findings
<p>Strategic behaviourist perspectives <i>Key issues:</i> Venture activity is informed by relationships between managers at different levels of the organisation either through top-down induced or bottom-up autonomous strategic behaviours (Burgelman, 1983a; Kuratko et al, 2004).</p> <p>Top-managers may influence venture activity through institutional authority, organisational structure, strategy (Burgelman, 1983b; Kuratko et al, 2004) and mechanisms such as internal rewards, resources and support (Day, 1994; Greene et al, 1999; Thornberry, 2003; Monsen et al, 2010).</p> <p>Championing activity at different levels of the firm (Burgelman, 1983b) and associated attempts to secure resources and support (Pinchot, 1985; Day, 1994; Greene et al, 1999) influence corporate strategy.</p> <p><i>Limitations:</i> Individual roles and relationships are fixed, stable and determined by corporate structures. Tendency to privilege the corporate firm over individual roles, ventures and interactions.</p>	<p><i>Support:</i> Position-authority through corporate relationship-contexts influences venture development. Similarly venture development influences the legitimacy of corporate position-authority. As a result the actions of others in position-authority, but outside the immediate venture team, may affect venture development.</p> <p>Individuals in senior and top corporate roles may influence the venture formally or informally through their support or demands for ventures, although there may be unintended outcomes of these activities.</p> <p>Individuals may resort to championing activity through promoting and supporting the venture, as well as using manipulation to support venture development and negotiating corporate processes, due to the unconventional nature of CV activity in the corporate context.</p> <p><i>Contributions:</i> Individuals are involved in a range of wider relationship-contexts. The influence of these is dynamic and alters through both wider institutional changes, such as corporate mergers, and venture development activity.</p> <p>Position-authority within market and technical relationship-contexts may also have an influence on venture development, as well as reference to diverse forms of legitimacy and meaning.</p> <p>Individuals may seek to utilise informal corporate and external market and technical relationships to support venture development.</p>
<p>Organisational learning perspectives <i>Key issues:</i> The development of internal corporate ventures influences learning across the organisation through relationships, which recursively informs venture development through organisational structure and strategy over time (Burgelman, 1988; Sambrook and Roberts, 2005).</p> <p><i>Limitations:</i> Learning is confined to the corporate organisational context, relationships are fixed and stable. Privileges the venture and corporate firm over individual roles and interactions.</p>	<p><i>Support:</i> The development of ventures is influenced by corporate relationship-contexts and recursively impacts upon them as the venture develops.</p> <p><i>Contributions:</i> Venture development is not only influenced by corporate relationship-contexts, but also by market and technical relationship-contexts and recursively impacts on them.</p> <p>Learning outcomes may be confined to those individuals directly involved in the development of the venture and CV activity, due to the relative autonomy and independence of venture development and associated individuals from corporate structures and processes. This learning may influence individual's approach to future unexpected situations in CV-related activity, with limited implications for the corporate context.</p>

Previous Literature	Research Findings
<p><u>Learning-by-doing perspective</u> Key issues: Individual learning is influenced by the experience of venture development activity (Garud and Van de Van, 1992; Greene et al, 1999; Azulay et al, 2002; Keil, 2004).</p> <p>Limitations: Conflation of role and person. Associated corporate experiences and relationships relatively fixed.</p>	<p>Support: An individual's experiences in venture development influence their approach to dealing with subsequent events in supporting this development.</p> <p>Contributions: Illustrates how role development and decision making is maintained and altered through a dynamic social process.</p>
<p><u>Cognitive perspectives</u> Key issues: An individual's role and ways of thinking are influenced by prior experiences within the corporate context (Honig, 2001; Corbett and Hmieleski, 2007; Shepherd et al, 2009).</p> <p>New relationships may be formed through the experience of venture development activity (Corbett and Hmieleski, 2007).</p> <p>Limitations: Conflation of role and person. Associated corporate experiences and relationships relatively fixed.</p>	<p>Support: Individuals prior experiences within the corporate context influence their future intentions in venture development activity.</p> <p>Relationships alter and different emphasis is places upon them as part of the venture development activity.</p> <p>Contributions: Illustrates how role development and decision making is maintained and altered through a dynamic social process.</p> <p>Individuals associate with multiple roles related to corporate, market and technical relationship-contexts. These social roles may be affected through involvement with internal corporate venture development.</p>

Previous Literature	Research Findings
<p>Social interactionist perspectives Key issues: Individual role expectations vary in different organisational settings (Dougherty, 1992; Dougherty and Heller, 1994). Participation in venture relationships may alter role expectations (Whittle and Mueller, 2008).</p> <p>Involvement in venturing activity allows individuals to justify non-orthodox behaviour and ways of thinking in an attempt to legitimise these within the corporate context (Dougherty and Heller, 1994; Dougherty, 1995; Whittle and Mueller, 2008).</p> <p>New relationships may be formed through the experience of venture development activity (Dougherty, 1992).</p> <p>Venture managers may seek to manipulate outcomes through their actions (Dougherty, 1995; Whittle and Mueller, 2008).</p> <p>Organisations are not fixed, but a result of individual interpretations and relationships which form institutionalised ways of behaving (Dougherty, 1992; Prasad, 1993).</p> <p>Limitations: Interactions confined to the corporate context.</p>	<p>Support: A range of roles identified relating to position within corporate structure, venture championing activities, personal values and the actual or intended development status of the venture and personal values. Participation in ventures influences social roles as these inform actions and decisions in developing the venture.</p> <p>Participation in venture activity supports individuals in distancing themselves from corporate authority-relationships, giving them a sense of independence and autonomy. Participation in venture development influences the development of social roles which legitimise actions in venture development.</p> <p>Relationships alter and different emphases are placed upon them as part of venture development activity.</p> <p>Individuals seek to achieve intended outcomes through enforcing or reinforcing interpretations of venture explanations and potential in interactions with others. Manipulation is one of the processes through which this occurs.</p> <p>The emergence of internal corporate ventures occurs through social processes in interactions with others in dealing with multiple critical events over time.</p> <p>Contributions: Roles and relationships do not only relate to the corporate context, but also to involvement in wider market and technical relationship-contexts.</p> <p>Social roles influence venture emergence, through individual interpretive frames derived from awareness of wider-relationship-contexts and participation in venture development.</p> <p>The actions of those outside the immediate venture team may influence venture outcomes.</p>

Previous Literature	Research Findings
<p>Organisational emergence perspectives</p> <p>Key issues: Existing and new independent ventures emerge as integrated or diverging interpretations through an iterative process of sensemaking and enactment (Gartner et al, 1992; Weick, 1995; Van Every and Taylor, 2000; Weick, 2005; Gadeffors, 2007).</p> <p>The emergence of organisations is influenced by a process of event-clustering (Chia and King, 1998) in which individuals interact with others who may have different perspectives (Chia and King, 1998; Cope, 2005; Fletcher, 2006).</p> <p>Organisations are not fixed, but are constant flux through temporality and change in an ongoing processual reality (Chia and King, 1998; Jarzabkowski, 2008).</p> <p>Limitations: Emphasis on existing organisations or new independent ventures. Some acknowledgement of relevance to corporate entrepreneurship, but not investigated in detail.</p> <p>Acknowledgement of the role of discourse in producing organisations and the role of events, but limited acknowledgement of additional social processes in context.</p>	<p>Support: Three explanations of what Sigma was identified which informed participant's approaches in dealing with critical events, leading to the subsequent enforcement or reinforcement of these different explanations in interactions with others.</p> <p>A series of critical events identified, supported by triangulation with interviews with a number of participants and associated data sources. Events involve interactions with others in equivocal moments in the development of Sigma.</p> <p>The emergence of internal corporate ventures occurs through multiple critical events over time.</p> <p>Contributions: Explanation of the social processes through which internal corporate ventures emerge.</p> <p>Explanation of the reciprocal influence of venture emergence on participant's social roles and wider relationship-contexts.</p> <p>Sigma's development is liminal as it's development lay in-between different potential explanations, creating equivocal experiences for participants. Development of Sigma into a new corporate product line is one of many potential outcomes of these events and social processes.</p>

APPENDIX 4 - SUMMARY OF CONTRIBUTIONS, LIMITATIONS AND IMPLICATIONS

Contributions to knowledge and associated findings	Limitations	Implications for CV practitioners	Implications for Future Research
The influence of relationships in the development of internal corporate ventures			
<p><i>Outlined the diverse and dynamic nature of CV relationships.</i> Roles and Relationships Analysis: Corporate relationships and external relationships played an important part in CV activity including venture-market, investment and scientific communities and personal families. Sensemaking analysis, Sigma Case Study: Relationships changed as a consequence of venture development, influencing subsequent development activity.</p> <p><i>Developed a more nuanced understanding of the influence of relationships on practitioners' actions in the development of internal corporate ventures.</i> Involvement in a range of relationships influences CV activity, as practitioners draw on experiences of corporate, market and technical relationship-contexts as the basis of their engagement with venture development.</p> <p>Sensemaking analysis: The influence of relationships changed over time, leading to equivocality for research participants as they attempted to make sense of their experience of venture development, but also creating opportunities for learning and developing new approaches through experience.</p>	<p>Conceptual framework reliant on the philosophies, knowledge and experiences from which it has developed</p> <p>Interpretations based on unique experiences of the researcher, developed through theoretical and empirical analysis.</p> <p>Sensemaking analysis: Results generalised from interviews with 46 participants in different organisations and do not allow for the context in which participant's responses were produced, beyond their explanations and direct use of language, or change over time.</p> <p>Sigma Case Study: Allows for analysis of context and development over time, but findings limited to the events which occurred in a single internal corporate venture. Observations limited by access to the phenomena taking place.</p>	<p>Outcomes are partly determined by practitioners' actions and choices. Awareness of the multiple-relationship contexts within which the venture develops, along with personal experiences and changing expectations and intentions of others, may enhance the ability of individuals to shape outcomes.</p> <p>Outcomes will never be completely controllable or predictable as they are affected by the actions of other individuals and changes in the wider context.</p> <p>Strategic decision-makers should be aware of the consequences of corporate, market and technical support and measurement mechanisms and the effect these have on perspectives and apparent choices available to those involved in venture development.</p>	<p>Opportunity to investigate additional influences on corporate venturing activity, such as family and legal relationships.</p>

Contributions to knowledge and associated findings	Limitations	Implications for CV practitioners	Implications for Future Research
Understanding roles and behaviour in the development of internal corporate ventures			
<p><i>Explained how the development of social roles is informed by wider relationship-contexts, prior experiences and the experience of venture development.</i> Social roles develop as an outcome of individual attempts to position themselves in relation to wider relationship-contexts and the emerging venture in the attempt to achieve intended outcomes as part of a recursive social process.</p> <p><i>Provided a detailed explanation for individual behaviour in the development of internal corporate ventures</i> Role expectations, informed by the experience and intentions in social relationships with others, influences individual behaviour and subsequent actions in ICV activity.</p> <p><i>Sigma case study:</i> As a result of specific social conditions, participants assumed multiple roles simultaneously which altered as the venture developed, leading to a sense of liminality for participants as they attempted to make sense of their experiences and position themselves in supporting Sigma's development.</p>	<p>Conceptual framework reliant on the philosophies, knowledge and experiences from which it has developed</p> <p>Interpretations based on unique experiences of the researcher, developed through theoretical and empirical analysis.</p> <p><u>Sensemaking analysis:</u> Results generalised from interviews with 46 participants in different organisations and do not allow for the context in which participant's responses were produced, beyond their explanations and direct use of language, or change over time.</p> <p><u>Sigma Case Study:</u> Allows for analysis of context and development over time, but findings limited to the events which occurred in a single internal corporate venture. Observations limited by access to the phenomena taking place.</p>	<p>The experience of venture development will influence an individual's interpretations of future venture goals and purposes, which may alter their original personal goals</p> <p>An individuals' prior experiences may have an effect on the direction of the venture, with intended or unintended consequences.</p> <p>The nature of the venture may change from dynamic to more stable, resulting in changes to venture and personal outcomes which may not have been intended as apparent choices are reduced.</p>	<p>Future research which seeks to explore phenomena at multiple levels may seek to draw on and develop methodological approaches used to better understand agents' practices and interactions in their socially-situated context.</p>

Contributions to knowledge and associated findings	Limitations	Implications for CV practitioners	Implications for Future Research
Sensemaking and enactment in the development of internal corporate ventures			
<p><i>Explained how corporate senior manager activities, championing and venture management activities, develop and take place</i> The development of ICVs takes place through a process of sensemaking and enactment in the development of internal corporate ventures.</p> <p><i>Outlined the interactive social processes through which internal corporate ventures develop.</i> Social processes include individual interpretive frames, experiences, actions and outcomes as part of a sensemaking and enactment process</p> <p><i>Individual influences on ICV development cannot be predicted or entirely controlled.</i> Outcomes may be intentional or unintentional as interactions with others lead to intended or unintended consequences in ICV development.</p> <p><i>Sensemaking analysis:</i> Illustrated how practitioners awareness of corporate processes acted as the basis of their attempts to influence venture development in interactions with others. Individuals distanced themselves from corporate relationship-contexts as they adopted new approaches in the pursuit of their intended outcomes through corporate venturing activity. This gave participants a sense of independence and autonomy from corporate relationship-contexts, while still working within the corporate firm.</p>	<p>Conceptual framework reliant on the philosophies, knowledge and experiences from which it has developed</p> <p>Interpretations based on unique experiences of the researcher, developed through theoretical and empirical analysis.</p> <p><i>Sensemaking analysis:</i> Results generalised from interviews with 46 participants in different organisations and do not allow for the context in which participant's responses were produced, beyond their explanations and direct use of language, or change over time.</p> <p><i>Sigma Case Study:</i> Allows for analysis of context and development over time, but findings limited to the events which occurred in a single internal corporate venture. Observations limited by access to the phenomena taking place.</p>	<p>Strengthening or distancing relationships from one group may draw practitioners and their personal intentions for venturing closer to others who share similar perspectives. This may reinforce associations or disassociations which may appear to support intended outcomes, but also reduce apparent choices.</p> <p>Continuing and deepening engagement within multiple relationship-contexts may produce a sense of personal role liminality, but this may also improve personal awareness of the range of choices available and ways to shape outcomes.</p>	<p>Opportunity to consider how sensemaking develops out of individual experiences, perceptions and relationship-contexts to improve understanding of the socially-situated nature of sensemaking in the continuous iterative development of organisations</p> <p>Opportunity to investigate how practitioners make sense of their experience in contextual settings, by conducting research in work-places with groups of individuals within the same organisations to appraise whether contextual differences influence individual sensemaking.</p> <p>Future research could seek to explore how championing, brokering and pre-venture management activities take place effectively in equivocal circumstances by following practitioners as they seek to enact specific corporate venturing initiatives.</p>

Contributions to knowledge and associated findings	Limitations	Implications for CV practitioners	Implications for Future Research
Social processes in the development of internal corporate ventures			
<p><i>Provided an integrated framework of social processes in the development of internal corporate ventures over time.</i> Presented as Figure 8.5</p> <p><i>Explained how internal corporate ventures emerge.</i> Emergence takes places through ongoing interactions with others, experienced by practitioners through a series of critical events.</p> <p><i>Outlined the social process through which internal corporate ventures emerge and the reciprocal influence of this emergence on wider relationship-contexts and individuals' social roles.</i> This framework (Figure 8.5) supported the contextually-specific analysis of the Sigma case study which emerged through attempts to enact alternative potential explanations of what the venture was, creating equivocal experiences for participants as they grappled with Sigma's emergence and a sense of personal role liminality, influenced by changing wider relationship-contexts.</p> <p><i>Sigma case study:</i> Illustrated how, in this specific context, individual actions were influenced by both changing wider relationship-contexts and the emergence of Sigma. Different explanations were developed by participants of what Sigma was, while drawing on experiences of developing Sigma as the basis of future actions. This created a liminal situation for the venture and equivocal experience for participants, in which what Sigma was remained contested and negotiated. The development of Sigma into a new corporate product line as one of many potential outcomes available and social processes.</p>	<p>Conceptual framework reliant on the philosophies, knowledge and experiences from which it has developed</p> <p>Interpretations based on unique experiences of the researcher, developed through theoretical and empirical analysis.</p> <p>Sensemaking analysis: Results generalised from interviews with 46 participants in different organisations and do not allow for the context in which participant's responses were produced, beyond their explanations and direct use of language, or change over time.</p> <p>Sigma Case Study: Allows for analysis of context and development over time, but findings limited to the events which occurred in a single internal corporate venture. Observations limited by access to the phenomena taking place.</p>	<p>Intended outcomes of venture development activity may vary between those involved, meaning it is important for participants to be aware of these different expectations and how one set of intentions may affect the success of the other.</p> <p>Successful attainment of one outcome may reduce the impact of the other as the developing venture is normalised in relation to particular relationship-contexts.</p> <p>The business model which is presumed and agreed in developing the venture, may have an impact on the outcome, but may also change through the experience of ICV development in changing wider relationship-contexts.</p> <p>The final developed conceptual framework provides an opportunity to investigate other open innovation approaches, as organisations seek to open their processes in relationships with external partners.</p>	<p>Conceptual framework may support the application of structuration theory in the context of entrepreneurship and new venture creation, by explaining the social processes through which wider opportunities are identified and generated by individuals.</p> <p>Future research may utilise this framework to support further studies into the emergence of organisations and new ventures as an ongoing processual reality</p> <p>Future research may build on the conceptual framework to further understand how practices generate organisational strategy</p> <p>Opportunity to investigate the explanatory power of the conceptual framework by using it at the basis for further comparative longitudinal case studies of internal corporate ventures in different corporate settings.</p> <p>The conceptual framework may provide a starting point to develop similar analysis into the development of external corporate ventures and independent ventures in relationships with others</p>