White Rose Research Online

eprints@whiterose.ac.uk
https://eprints.whiterose.ac.uk
Universities of Leeds, Sheffield and York

Deposited via The University of Leeds.

White Rose Research Online URL for this paper:
https://eprints.whiterose.ac.uk/id/eprint/88995/

Version: Accepted Version

Proceedings Paper:
Tunstall, RJ (2015) Creating New Ventures in Organisational Contexts: Emergence, Divergence and Acceptance. In: Proceedings of International Conference for Entrepreneurship, Innovation and Regional Development. 8th International Conference for Entrepreneurship, Innovation and Regional Development, 18-19 Jun 2015, Sheffield, UK. Sheffield University Management School, 8 - 25. ISBN: 978-0-9932801-0-8. ISSN: 2411-5320.

Reuse
Items deposited in White Rose Research Online are protected by copyright, with all rights reserved unless indicated otherwise. They may be downloaded and/or printed for private study, or other acts as permitted by national copyright laws. The publisher or other rights holders may allow further reproduction and re-use of the full text version. This is indicated by the licence information on the White Rose Research Online record for the item.

Takedown
If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.

Creating New Ventures in Organisational Contexts: Emergence, Divergence and Acceptance

Richard Tunstall [1]

[1] *Leeds University Business School, University of Leeds, UK rtunstall@leeds.ac.uk*

This paper investigates the social process through which venture creation takes place in existing organisations by exploring aspects of sensemaking, relationships and experience in a longitudinal case study of a novel new venture within a multinational corporation. Prior studies in corporate entrepreneurship emphasise the cognitive development of the individual without considering wider context. In corporate ventures, context has a particularly important role on the entrepreneurial process.

To support this investigation a new approach is developed through an integrated theoretical framework of organizational sensemaking and structuration theory to examine how shared interpretations and explanations of novel organisational forms emerge in tandem with stakeholders who may hold different perspectives. Building on Gartner et al's (1992) and Taylor and Van Every's (2000) concepts of organisational emergence, it is argued that an individual's experience of organisational emergence takes place through critical events and event clustering as an element of the lived-experience of venture development in an ongoing processual-reality. As a result, ventures are seen to emerge from actors' relationships in social contexts just as the creation of new ventures is explained to others by actors in social contexts, reciprocally shaping the emergent organisation through a politicised joint process.

A novel corporate innovation project, Sigma, was identified within a multinational corporation and field research conducted over a 2 year period as the project went through its development as a potential new independent small firm. As part of this approach, the identification of critical events was facilitated through a series of unstructured critical incident technique interviews, during the two years of research, which allowed for the explanation of context, strategy and outcome over a 10 year period from his perspective. This was then further supported by wider contextualisation and triangulation through the analysis of interviews with multiple key stakeholder participants, field notes and 10 years of documentation at multiple geographic sites, mapped across time over the period of study.

Results of the study illustrate how Sigma emerged as a novel new organisational form through a series of events in which individuals shaped the interpretations of what Sigma was, through reference to different contextual forms of norms, meaning and authority. While official published documents heralded the development of Sigma as a key innovation for the corporate firm and sustainable research project, analysis of participants explanations and associated data suggested that Sigma's development was equivocal and its development never clear-cut. Results show how critical events illustrate wider institutional struggles through which Sigma was identified either as technical research project, innovative corporate product line or potential independent new venture. This combination of events, itself taking place during the merger of the parent organisation with another corporate firm, suggested that the emergence of Sigma was dependent on individual interpretations and practices through relationships, in their shifting socially-situated contexts. In this sense, Sigma was socially constructed through the participation and relationships of a range of individuals involved in its emergence.

Through the analysis of Sigma as a novel contested organisational form, the developed conceptual framework provides insight into the processes through which individual and venture development reciprocally influence each other as part of an ongoing processual reality. It further illustrates how different relationship-contexts shape and influence the development of new business models, while simultaneously shaping individual social roles and organisational forms.

Keywords Corporate venturing; context; process; sensemaking; structuration theory

1. Introduction

This paper investigates the social processes through which internal corporate ventures emerge within multinational firms. Initially, the term internal corporate venturing (ICV) is 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 is identified that an ICV's development is seen to be contingent upon the roles and relationships which individuals pursue within the corporate firm. As a result two related research questions are; what are the roles of individuals involved the venture development process? and; what is the role of wider social relationship-contexts in which venture development takes place?

Corporate venturing (CV) may be defined as the development of new business within corporate firms (Narayanan, Yang and Zahra, 2009, Sharma and Chrisman, 1999). During the past 45 years, multinational firms engagement in corporate venturing has occurred through a series of cycles similar to those observed in the venture capital industry (Gompers, 2002). 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). Despite the developing interest in CV research (Zahra, 2005, Narayanan, Yang and Zahra, 2009) and the developments in CV practice amongst multinational corporations, as part of a wider focus on *open innovation* (Chesbrough, 2006) little attention has been paid to the conduct of individuals engaged in the development of ventures within the corporate context.

Focussing on corporate ventures is interesting as the instances of venture creation inside organisations is relatively lower than that of independent startups, suggesting that those which are initiated are unusual. Corporate venturing has been found to be increasingly popular amongst established companies, yet a number of issues have been identified which makes new venture creation in established firms difficult. As a result, focussing on CVs has the potential to both illuminate our understanding of venture processes in circumstances which make this unlikely. In addition the roles of individuals and context in which ventures are initiated would appear to be particularly predictable and influential in the venture development process, yet few studies have considered these issues as part of a process, creating a gap in our understanding.

2. Social processes in the Development of Internal Corporate Ventures

Early research into the development of internal corporate ventures (ICV) adopted a stage-based process view of ICV development (Burgelman, 1988, Venkataraman, MacMillan and McGrath, 1992). Both Burgelman (1983a) and Ventaraman et al (1992) explain the ICV development process as one involving venture development in a market and technical context, against which individuals support the legitimisation of ventures in an organisational context. This suggests that individuals operating at different levels within the organisation may be engaged in multiple processes in supporting the development of ICV's. This requires knowledge of the particular organisation, technologies and the external market while supporting the uncertain experience of venture development, or *rollercoastering* (Venkatamaran et al, 1992).

2.1 *Action and authority in corporate venturing relationships*

In pursuing the development of ICV's within organisational contexts, it has been suggested that venture managers are particularly reliant on the sanction of senior-level champions, who in turn are reliant on the decisions of top management (Kurakto, Ireland and Hornsby, 2004). Burgelman (1983b) argues that these forms of relationship are part of *induced strategic behaviour* within

organisations where strategy is determined at the top of the organisation and is filtered down through managerial authority and support. Azulay et al (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.

Burgelman (1983a) and Venkataraman et al (1992) argue that ICV relationships may also be influenced *by autonomous strategic behaviour* within the organisation. From this perspective, 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 corporate acceptance of the project as a venture, with subsequent influence on corporate strategy (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 within the organisation 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 through altering and implementing strategy (Burgleman and Välikangas, 2005).

2.2 *Social interaction, roles and learning in ICV's*

Dougherty (1992) has argued that in order to make sense of the ambiguity of potential customers and needs for ventures, individuals involved in ICV development 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). These shared understandings mean that each department may have implicitly agreed explanations of their activities regarding the product development process, but conceptualise it in a different way from other departments (Dougherty, 1992).

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 hierarchies 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 an external 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 (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 ICV, 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 internal corporate venture managers may interpret technological solutions through identifying market needs as a sense-making 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 sense-making, 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.

3. Sense-making, Enactment and Emergence in the ICV Development Process

Fletcher (2006) notes that from a social constructionist perspective the focus of investigation into

entrepreneurship is on how individual collective engagement in *sense-making* and *enactment* in developing new ventures, impact on the societal level through a process of structuration. In understanding social processes in ICV development, sense-making and enactment processes would seem to be particularly appropriate in understanding how ICV's develop through social interaction.

Brown, Stacey and Nandhakumar (2008) argue that sensemaking can be conceived as the process through which individuals 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). Rae (2002) conceives of sensemaking as part of the individual entrepreneurial 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.

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 new 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 a 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*, leading to the social emergence of ventures (Gartner et al, 1992; Fletcher, 2006).

3.1 *From Enactment to the Creation of Organisations*

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.

3.2 *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 builds on Burgelman's (1988) model of the interplay of action and cognition in the development of corporate ventures, 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);

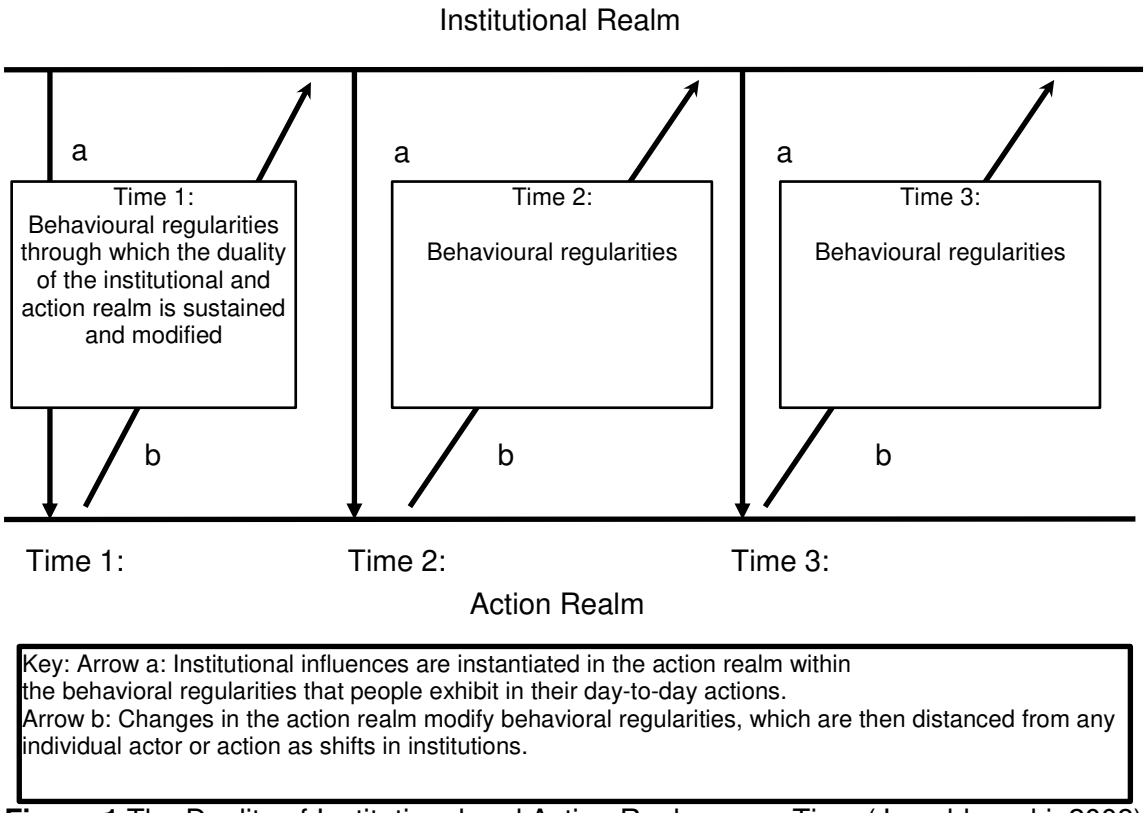


Figure 1 The Duality of Institutional and Action Realms over Time (Jarzabkowski, 2008)

Giddens (1984) proposes that individual actors are restricted by their physical limitations as entities in time and space, or *time-space distanctiation*, 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 a human's 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 (Morris, Kuratko, Schindehutte and Spivack, 2011), 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.

4. The Sigma Case Study - Methodology

In order to support the empirical refinement of the conceptual framework an interpretive case study methodology was adopted. The identification of critical events in the case study was approached using Critical Incident Technique interviews with the venture manager and additional individuals identified as having a key role in the venture development decision process. Interviews were conducted over an eighteen month period and involved reflection by interviewees on activities over a seven-year period. This approach supported the explanation of context, strategy and outcome from the perspective of interviewees. In addition, field notes were taken during site visits which included attendance at meetings and site observations and local geographic maps. Documentation was also collected which related to the venture and wider organisational activities including organisational charts, in-house company magazines, press releases and corporate annual reports over a ten-year period. Together this supported the critical incident interviews through wider contextualisation and triangulation through the collection of interviews with multiple participants and the additional observation and documentary source, and acted as the basis from which a case was developed.

In order to investigate the primary and secondary research questions, a number of forms of

analysis were conducted on the available field sources. During the field research activity, attention was paid both to collecting different individual explanations and perspectives of the project. This involved both searching widely for different sources of information on the key events which occurred in the development of the project, while also seeking to gain insight on perspectives on these key events. On occasions, information overlapped and the researchers role was to both ascertain what events were loosely agreed on, while also ascertaining how these were presented. Following the field research period, an interpretive analysis was undertaken of the CIT interviews, identifying key events and looking for individuals presentation of the situational context to these events, the personal strategies undertaken and the identified outcomes. This supported an analysis of individual roles and perceptions. By comparing these explanations to other sources, it became possible to separate consensus from divergence of opinion, and thus identify interpretive repertoires (Gilbert and Mulkay, 1984; Wetherall and Potter; 1988) from across the sources which were the shared explanations for the project which emerged over time.

Through the analysis of the Sigma case study, three explanations of the project emerged as alternative shared interpretive frames. The first explanation was of Sigma as a research project, through which the technical device was created, developed, produced and successfully tested the health industry, through collaboration between Alpha and the client for which Sigma was a vehicle for these relationships. The second explanation was of Sigma as a new corporate product line, through which the production line was established and attempts made to introduce corporate processes and financial expectations. The third explanation was of Sigma as a potential independent venture, through the expectations of participants and negotiations with venture capitalists. It was suggested that these alternative interpretive frames acted as ways of making sense of wider relationship contexts such as technology, legal and corporate issues. In addition, it was suggested that interpretive frames of reference were utilised in dealing with key events, which in turn generated interpretive frames as part of a sensemaking process. While different sources emphasised different explanations at different points in time, it was often the case that a single source would present multiple interpretations within the same source, sometimes emphasising one and downplaying the other, or comparing two as competing but equally compelling.

Wetherall and Potter (1988) outline interpretive repertoires as a form of discourse, but they are created out of individuals perceptions, priorities and actions (Gilbert and Mulkay, 1984). Similarly, it was noted that events and interpretations were not simply discussed, but arose as they were acted upon through relationships with others through participation in different evolving communities of practice (Wenger, 1998). This included enforcing the concept of Sigma as a potential independent venture and avoiding adoption from the Health Division. Reinforcing activities included arguing with others about production and management expectations.

The interpretive frameworks, relationships and practices of the individuals involved with Sigma were mapped against the conceptual framework to illustrate the social processes which were identified through the analysis (represented in Figure 2).

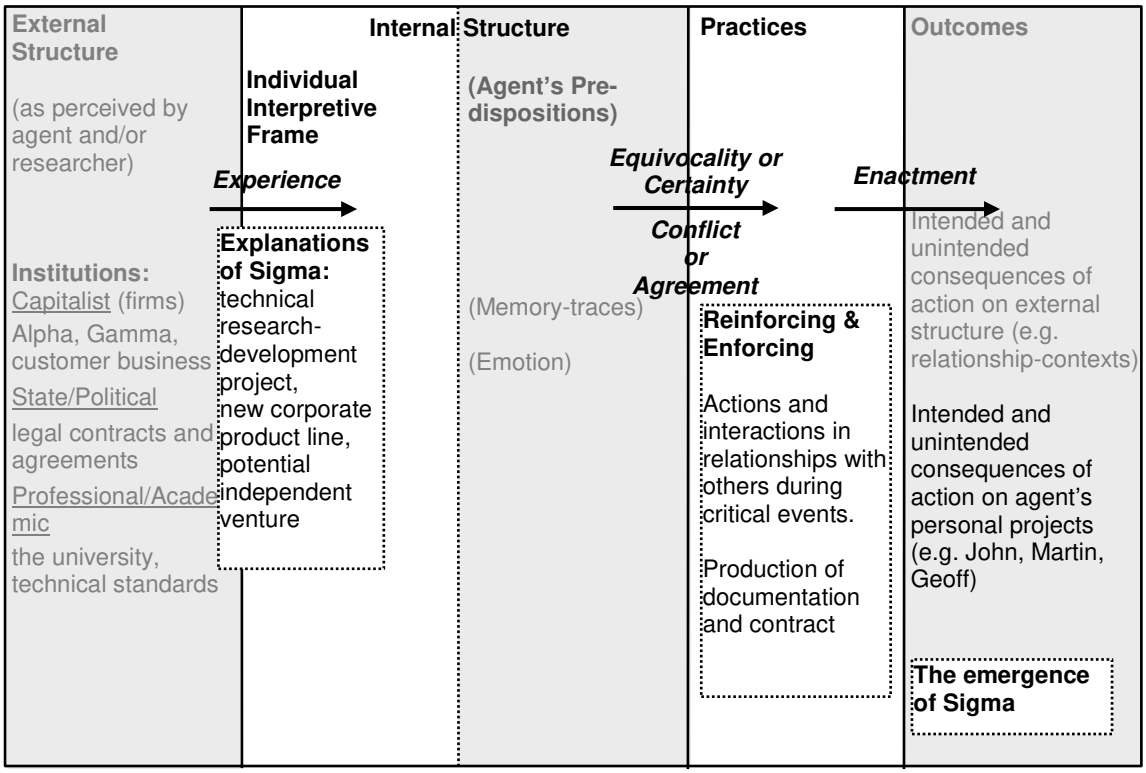
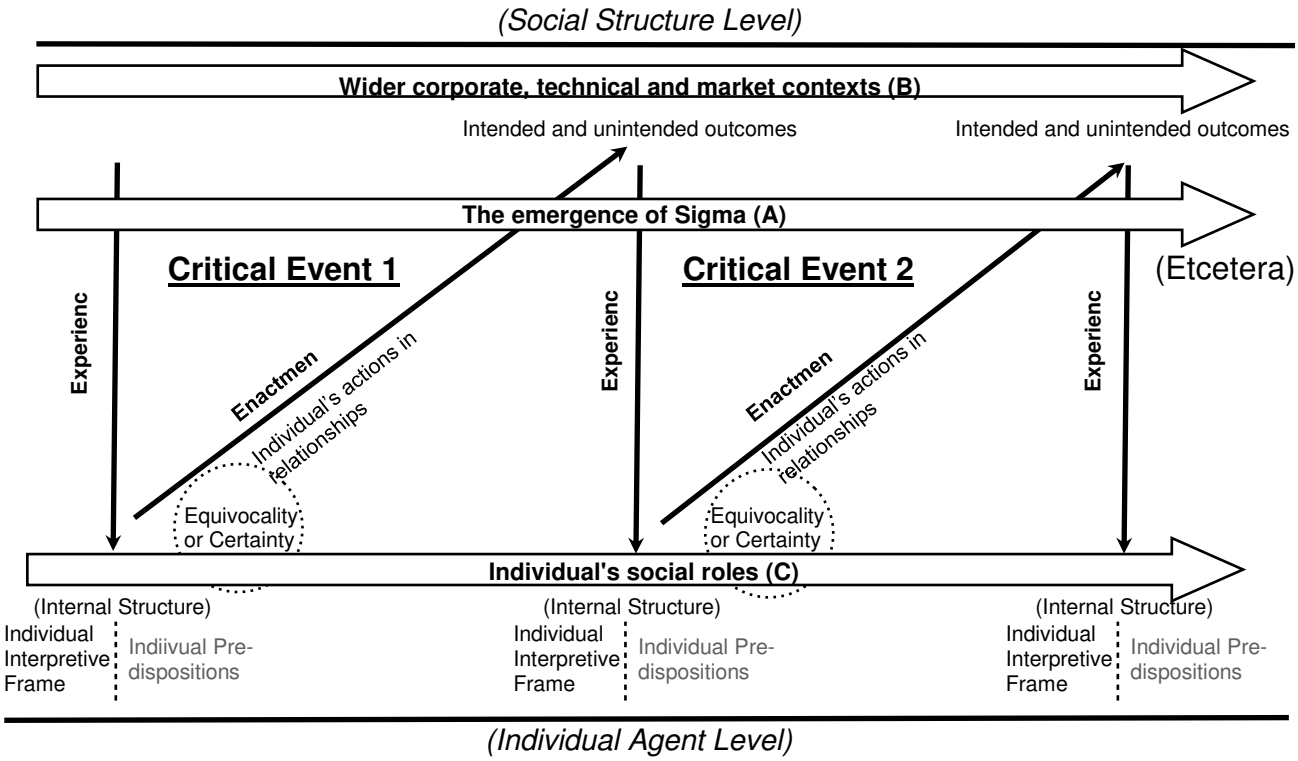


Figure 2 Making Sense of Sigma

It was noted that perceiving social processes in this way was useful in explaining a single event, but was less useful in illustrating the process of experience and enactment over time, in encountering equivocal critical events. In order to to represent this process over time and how they appear to participants as a continuous stream of experience and enactment, the conceptual



framework was integrated with Jarzabkowski's (2008) diachronic framework (represented in Figure 3).

Figure 3 Conceptualising the social emergence of Sigma

The refined conceptual framework was argued to explain how the social emergence of internal corporate ventures occurs over time through shared critical events, individual sensemaking and social actions through relationships. In applying this to the analysis of Sigma, it is noted that this framework may simplify the complex lived-experience of the individuals involved with the development of Sigma, but is presented as a useful analytical tool to explain these social processes.

5. Discussion - The Social Emergence of Sigma

It was identified that the lead internal corporate venture manager, John, appeared to relate his initial involvement in Sigma with his previous experiences working for a small independent venture. His subsequent explanations were suggested to relate to the ventures sustainability, which was never guaranteed, through financial legitimacy and the commitment to develop the venture.

It was noted that John presented his experiences as one in which he developed the venture in the face of challenges through relationships with corporate staff and the client business. John presented himself as a loner, struggling to secure support of other manager while unable to share the situations he faced with venture staff. Where support became available, this was suggested to be due to shared interpretations of Sigma's potential for development, which encouraged John to strive to retain this support when it appeared to be threatened by structural changes in the corporate firm. The challenges that John experienced, were further complicated by the expectations of authoritative norms within the corporate firm. In this sense, John's attempts to develop the venture were affected by his lack of control in situations where he was subject to the decision-making processes of senior corporate staff.

As Sigma developed, the ambiguity of manager perspectives and uncertainty of Sigma's development encouraged John to base his proposals for Sigma on his previous experience at an independent venture. The experience of conflict with various corporate staff members and

apparent restrictions of opportunity with the current single client further encouraged him to attempt to enforce his interpretation of Sigma as a potential spin-out venture. This interpretation was supported by the enthusiasm of external venture capitalists for Sigma's potential as an independent venture and commitment to support the venture, in comparison to the continuing uncertainty of Sigma's potential as a corporate product line amongst corporate staff. Despite this decision, John and his advisors continued to recognise the decision-making authority within the corporate firm in developing alternative scenario's for Sigma, although this was used as an opportunity to enforce the independent option.

It was noted that an unintended outcome of the development proposal to Alpha was the CEO's recognition of the potential of Sigma as an innovation which should remain in the corporate firm. This provided certainty for Sigma's development and led to the reframing of Sigma as a corporate innovation, with an acceptance of corporate approaches to innovation development and role definition. Despite this acceptance, John noted that the interpretation of Sigma as an independent venture was still likely to be relevant if circumstances changed again.

Overall, the analysis of critical events as they were explained by practitioners suggest that Sigma emerged through a series of events in which individuals attempted to shape the interpretations of what Sigma was through reference to different contextual forms of norms, meaning and authority. While official corporate press releases and internal corporate magazine articles suggested that the development of Sigma as a sustainable research project, analysis of participants explanations and associated data suggested that Sigma's development was equivocal and its development never clear-cut. This combination of events suggested that the emergence of Sigma was dependent on individual interpretations and practices through relationships in their socially-situated context. In this sense, Sigma was socially constructed through the participation and relationships of a range of individuals in its emergence.

In addition to the relevance of critical events as a way of explaining the development of Sigma as an internal corporate venture (RQ1), it was noted that these events also provided a way to understand how participants social roles developed in the context of Sigma's emergence (RQ2). It was noted that the roles of some individuals appeared to be related to the corporate firm and subsequently affected by corporate development and merger. It also appeared the emergence of Sigma and related critical events had an effect on those directly involved in it's development. It was noted that John explained his activities both in a general manager role, in legitimising his activities in corporate context and as an entrepreneur, in legitimising his attempts to develop Sigma as a spin-out venture. At the end of the period under investigation, John suggested that he had accepted his role as a general manager, and surrendered his other alternative entrepreneurial role. In this sense he appeared to see himself as an almost-entrepreneur, though he suggested this still gave him the option to take on this role again if circumstances required it.

It was noted that overall, Sigma developed through a continuous process of emergence, though in equivocal circumstances as different interpretations competed of what Sigma was and what it could become. As a result, the critical events were suggested to be illustrative of a state of liminality, in which Sigma and the associated roles of the individuals involved existed in a state of ambiguity and in-between-ness, betwixt and between the different relationship-contexts through which the venture was shaped (RQ3). This liminality was suggested to be formed of the attempt by individuals to use and enact different interpretive frames of reference of Sigma in their own personal projects, leading to liminal roles for participants as they grappled with equivocal circumstances. It was noted that while Sigma developed into an accepted internal corporate innovation at the end of the period of analysis, this was not guaranteed to occur as other interpretations of appropriate development outcomes as a research project or independent venture were in use and may have been obtainable. In this sense Sigma emerged as an internal corporate venture through its social construction in the relationships which individuals pursued through roles, interpretive frames and socially-situated practices.

6. Conclusions

The research aim was achieved through answering three interrelated 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;, informed by the roles of individuals involved in the process, and the role of wider relationship-contexts. Strategic process and 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. 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 process-temporal social constructionist perspective this paper makes 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 (RQ3). The final developed conceptual framework supports 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). This project 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 has 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, with certain relationship-contexts of signification, domination and legitimation coming to the fore in defining the venture at certain points in time.

By integrating Weick (1995), Stones' (2005) and Jarzabkowski's (2008) models, this paper 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 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 supports 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 it's development.

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 restricted 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 the researcher's ability to observe what took place, due to physical and time restrictions. In this sense, observations were limited by researcher 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.

6.1 *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.

6.2 *The future of corporate venturing*

While this project specifically focusses on social processes in the development of internal corporate ventures, the conclusions may also act as a starting point to develop understanding of other corporate venturing and open innovation approaches, as organisations increasingly seek to open up their processes in relationships with external partners.

References

1. Azulay, I., Lerner, M., & Tishler, A. (2002). Converting military technology through corporate entrepreneurship. *Research Policy*, *31*(3), 419–435.
2. Brown, A. D., Stacey, P., & Nandhakumar, J. (2008). Making sense of sensemaking narratives. *Human Relations*, *61*(8), 1035–1062.
3. Burgelman, R. A. (1983a). A Model of the Interaction of Strategic Behaviour, Corporate Context and the Concept of Strategy. *Academy of Management Review*, *8*, 61–70.
4. Burgelman, R. A. (1983b). A Process Model of Internal Corporate Venturing in the Diversified Major Firm. *Administrative Science Quarterly*, *28*, 223–244.
5. Burgelman, R. A. (1988). Strategy Making as a Social Learning Process: The Case of Internal Corporate Venturing. *Interfaces*, *18*(3), 74–85.
6. Burgelman, R. A., & Välikangas, L. (2005). Managing internal corporate venturing cycles. *Sloan Management Review*, *28*(4), 26–34.
7. Campbell, A., Birkinshaw, J., Morrison, A., & van Basten Batenburg, R. (2003). The future of corporate venturing. *MIT Sloan Management Review*, *45*, 30–51.
8. Chesbrough, H. W. (2006). Open innovation: A new paradigm for understanding industrial innovation. In H. Chesbrough, W. Vanhaverbeke, & J. West (Eds.), *Open Innovation: Researching A New Paradigm* (pp. 1–14). Oxford: Oxford University Press.

9. Chia, R., & King, I. W. (1998). The Organizational Structuring of Novelty. *Organization*, *5*(4), 461–478.
10. Churchill, N. C., & Lewis, V. L. (1983). The five stages of small business growth. *Harvard Business Review*, *May-June*, 30–50.
11. Cope, J. (2003). Entrepreneurial Learning and Critical Reflection: Discontinuous Events as Triggers for "Higher-level" Learning. *Management Learning*, *34*(4), 429–450. doi:10.1177/1350507603039067
12. Cope, J. (2005). Towards a dynamic learning perspective of entrepreneurship. *Entrepreneurship: Theory and Practice*, *29*(4), 373–397.
13. Cope, J., & Watts, G. (2000). Learning by doing - An exploration of experience, critical incidents and reflection in entrepreneurial learning. *International Journal of Entrepreneurial Behaviour and Research*, *6*(3), 104–124.
14. Covin, J. G., & Miles, M. P. (2007). Strategic Use of Corporate Venturing. *Entrepreneurship: Theory and Practice*, *31*(2), 183–207.
15. Dougherty, D. (1992). Interpretive barriers to successful product innovation in large firms. *Organization Science*, *3*(2), 179–202.
16. Dougherty, D. (1995). Managing your core incompetencies for corporate venturing. *Entrepreneurship: Theory and Practice*, *19*, 113–135.
17. Dougherty, D., & Heller, T. (1994). The Illegitimacy of Successful Product Innovation in Established Firms. *Organization Science*, *5*(2), 200–218.
18. Dushnitsky, G., & Lenox, M. J. (2006). When does corporate venture capital investment create firm value? *Journal of Business Venturing*, *21*, 753–772. doi:10.1016/j.jbusvent.2005.04.012
19. Fletcher, D. E. (2003). Framing organizational emergence: discourse, identity and relationship. In C. Steyaert & D. Hjorth (Eds.), *New Movements in Entrepreneurship* (pp. 125–142). Cheltenham: Edward Elgar Publishing.
20. Fletcher, D. E., & Watson, T. J. (2007). Entrepreneurship, Management Learning and Negotiated Narratives: "Making it Otherwise for Us--Otherwise for Them." *Management Learning*, *38*(1), 9–26.
21. Gaddefors, J. (2007). Metaphor use in the entrepreneurial process. *International Journal of Entrepreneurial Behaviour and Research*, *13*(3), 173–193. doi:10.1108/13552550710751049
22. Gartner, W. B., Bird, B. J., & Starr, J. A. (1992). Acting as if: Differentiating entrepreneurial from organizational behavior. *Entrepreneurship: Theory and Practice*, *16*(3), 13–31.
23. Garud, R., Jain, S., & Kumaraswamy, A. (2002). Institutional Entrepreneurship in the Sponsorship of Common Technological Standards: The Case of Sun Microsystems and Java. *The Academy of Management Journal*, *45*(1), 196.
24. Giddens, A. (1984). *The Constitution of Society: Outline of the Theory of Structuration*. Cambridge: Polity Press.
25. Gilbert, N. & Mulkay, M. (1984). Opening Pandora's Box: A Sociological Analysis of Scientists' Discourse. Cambridge: Cambridge University Press.
26. Gompers, P. A. (2002). Corporations and the Financing of Innovation: The Corporate Venturing Experience. *Federal Reserve Bank of Atlanta Economic Review*, *87*, 1–17.
27. Greiner, L. E. (1972). Evolution and revolution as organizations grow. *Harvard Business Review*, *July-Augus*, 37–46.
28. Heracleous, L. (2006). *Discourse, Interpretation, Organization*. *Discourse, Interpretation, Organization*. Cambridge: Cambridge University Press.
29. Hill, S. A., & Birkinshaw, J. (2008). Strategy–organization configurations in corporate venture units: Impact on performance and survival. *Journal of Business Venturing*, *23*(4), 423–444.
30. Jarzabkowski, P. (2008). Shaping strategy as a structuration process. *Academy of Management Journal*, *51*(4), 621–650.
31. Katz, J., & Gartner, W. B. (1988). Properties of Emerging Organizations. *The Academy of Management Review*, *13*(3), 429. Kuratko, D. F., Ireland, R. D., & Hornsby, J. S. (2004). Corporate entrepreneurship behavior among managers: A review of theory, research, and practice. In J. A. Katz & D. A. Shepherd (Eds.), *Corporate Entrepreneurship (Advances in entrepreneurship, firm emergence and growth, Vol. 7)* (pp. 7–46). Oxford: Elsevier.
32. Maula, M. V. J., Autio, E., & Murray, G. C. (2009). Corporate venture capital and the balance of risks and rewards for portfolio companies. *Journal of Business Venturing*, *24*(3), 274–286.

33. Morris, M. H., Kuratko, D. F., Schindehutte, M., & Spivack, A. J. (2011). Framing the Entrepreneurial Experience. Entrepreneurship Theory and Practice, 36(1), 11–40.
34. Narayanan, V. K., Yang, Y., & Zahra, S. A. (2009). Corporate venturing and value creation: A review and proposed framework. *Research Policy*, *38*(1), 58–76.
35. Pinchot, G. (1985). *Intrapreneuring*. New York: Harper & Row.
36. Prasad, L. (1993). The etiology of organizational politics: implications for the intrapreneur. *SAM Advanced Management Journal*, *59*(Summer), 35–41.
37. Rae, D. (2002). Entrepreneurial emergence: A narrative study of entrepreneurial learning in independently owned media businesses. *International Journal of Entrepreneurship and Innovation*, *3*(1), 53–59.
38. Rae, D., & Carswell, M. (2000). Using a life-story approach in researching entrepreneurial learning: the development of a conceptual model and its implications in the design of learning experiences. *Education + Training*, *42*(4/5), 220–228.
39. Scott, M., & Bruce, R. (1987). The 5-stages of growth in small business. *Long Range Planning*, *20*(3), 45–52.
40. Sharma, P., & Chrisman, J. J. (1999). Toward a reconciliation of the definitional issues in the field of corporate entrepreneurship. *Entrepreneurship: Theory and Practice*, *23*, 11–27.
41. Stones, R. (2005). *Structuration Theory*. New York: Palgrave Macmillan.
42. Taylor, J. R., & Van Every, E. J. (2000). *The Emergent Organization: Communication as Its Site and Surface.* Mahwah, NJ.: Erlbaum.
43. Venkataraman, S., MacMillan, I. C., & McGrath, R. G. (1992). Progress in research on corporate venturing. In D. L. Sexton & J. D. Karsarda (Eds.), *The State of the Art of Entrepreneurship* (pp. 487–519). Boston: PWS-Kent Publishing Company.
44. Wenger, E. (1998). Communities of Practice: Learning, Meaning and Identity. Cambridge: Cambridge University Press.
45. Weick, K. E. (1995). *Sensemaking in organizations*. London: Sage.
46. Weick, K. E., Sutcliffe, K. M., & Obstfeld, D. (2005). Organizing and the Process of Sensemaking. *Organization Science*, *16*(4), 409–421. doi:10.1287/orsc.1050.0133
47. Wetherall, M., & Potter, J. (1988). Discourse analysis and the identification of interpretive repertoires. In C. Antaki (Ed.), Analysing Everyday Explanation: A Casebook of Methods (pp. 168–183). London: Sage Publications.
48. Whittle, A., & Mueller, F. (2008). Intra-Preneurship and Enrolment: Building Networks of Ideas. *Organization*, *15*(3), 445–462.
49. Willmott, H. C. (1986). Unconscious sources of motivation in the theory of the subject: an exploration and critique of Giddens' dualistic models of action and personality. *Journal for the Theory of Social Behaviour*, *16*, 105–21.
50. Zahra, S. A. (2005). Introduction. In S. A. Zahra (Ed.), *Corporate Entrepreneurship and Growth* (pp. xiii–xxvi). Cheltenham: Edward Elgar.