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CHAPTER 1

CORPORATE ENVY AND EMOTIONAL DYNAMICS IN THE INTERNAL SELECTION PROCESS OF CORPORATE VENTURING INITIATIVES

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ABSTRACT

Corporate venturing initiatives, which exemplify corporate entrepreneurial behavior, follow an evolutionary path of variation, selection, and retention. While their external selection is a consequence of their performance, their internal selection is subject to forces of complementarity and legitimacy, and how well competition from other initiatives is overcome. This chapter aims to unfold the dynamics of the internal selection process of initiatives, focusing on its emotional dimensions. Assuming that organizational agents have a deliberate role in guiding the internal selection process of initiatives, the chapter examines how organizational agents’ emotional dynamics influence this process. The chapter draws its theoretical basis from the intraorganizational evolutionary perspective and the literature on emotions in organizations. The case of a corporate venturing initiative and the narratives of four managers involved directly and indirectly in the initiative
are used to illustrate how the emotional dynamics of organizational members evoked envy toward a venturing initiative and directly impacted its degree of competition and complementarity with other interacting initiatives, ultimately hampering its selection.

INTRODUCTION

We know that positive emotions experienced and expressed by entrepreneurs have a facilitating role in the entrepreneurial process (Baron, 2008; Cardon, Zietsma, Saparito, Matheme, & Davis, 2005). However, little is known about the affective dimension of the interaction between the entrepreneur and those who control resources central to the process. As a result, we overestimate the power of the entrepreneur and neglect the emotional influences of these interactions. In the context of corporate entrepreneurship, the entrepreneurs are organizational members who enact on an opportunity within the organizational boundaries. Besides the corporate entrepreneur, top managers and other organizational members controlling resources are central to the entrepreneurial process. These individuals (e.g., the CFO, board members, and champions of other competing initiatives) have an influential role in selecting entrepreneurial initiatives among others by allocating resources to them. While the existing literature has examined the effectiveness of this internal selection process from its cognitive side (e.g., Zollo & Winter, 2002), it has neglected to incorporate the emotional dimension of the interaction between the selectors and the champions of entrepreneurial activities. This is the prime gap this chapter sought to help fill.

We aim to do so by exploring the micro-processes of interaction (a) among champions of competing initiatives and (b) between the champions and the top management. We argue that a more complete understanding on the effectiveness of the internal selection of autonomous and entrepreneurial initiatives will be reached by exploring how emotions, as expressed and experienced by selectors, impact the selection process. While we know, for example, that champions of initiatives are passionate to make their initiatives work (Cardon et al., 2005), we do not know how top management feel about the initiative in question and whether their emotions influence its selection. Further, we do not know how the champions of other initiatives emotionally react toward the initiative in question and whether the expression of these emotions undermines or facilitates the selection of the initiative in question. We attempt to tackle these research questions by exploring the impact of the emotional dynamics evoked and expressed collectively by selectors during the internal selection process of an autonomous and entrepreneurial initiative.
Emotional dynamics are conceptualized as organization-level behaviors expressing (self-directed) and evoking (other-directed) emotional states at the individuals’ level (Huy, 1999).

Huy’s work informs us of the positive role emotional dynamics evoking positive emotional states play in facilitating the process of organizational change, assuming that organizational members behave as emotionally intelligent individuals. However, the role of emotional dynamics expressing negative emotional states remains mute. The experience of negative emotions in the workplace is a reality that has received limited attention by researchers. We argue that the expression of negative emotional states toward an initiative by the involved selectors may result to adverse selection and ultimately elimination of the initiative. Specifically, we are interested in exploring discrete negative emotional states and the emotional dynamics they generate at the organizational level. The chapter makes a conscious attempt to respond to the recent calls for studying discrete emotions in organizational behavior rather than overarching aspects of affect (Barsade, Brief, & Spataro, 2003). It is not our intention to neglect the presence and role of a multitude of emotional states impacting the selection process of initiatives. Rather, we argue that by focusing on a discrete emotion, a more detailed account of the mechanisms linking the emotional state, the emotional dynamics evoking it and their influence in the internal selection process can be provided.

Our proposal that emotions intervene in the internal selection process of initiatives is empirically supported through an instrumental case study. The case unfolds the internal selection process of an autonomous corporate venturing initiative by an organization. Corporate venturing is conceptualized as an autonomous initiative that exemplifies entrepreneurial behavior (Burgelman, 1983a) within an organizational context and introduces a new, for the corporation, approach in combining existing corporate resources and in creating new ventures (Birkinshaw, 2005). A corporate venturing initiative is subject to an internal selection process, facing internal competition from alternative initiatives the top management may choose to invest in its resources and focus on its attention. The discrete negative emotional state on which this chapter focuses on is envy; a social emotion experienced by organizational members when they find their social and economic well-being lower than that of their colleagues (Salovey & Robin, 1984). The emotional state of envy is understudied in the workplace due to the reluctance of employees to admit its experience and resulting post-emotional behavior (Stein, 1997). While the majority of studies in emotions in organizations have been conducted through lab experiments, this case provides contextualized and textured narratives of actual organizational members within an organizational context facing real organizational challenges.
The chapter opens with a review on the internal selection process literature proposing the need for an emotional approach in studying its effectiveness. It continues by introducing the analytical mechanism of emotional dynamics in exploring how selectors contribute emotionally to the selection process. The case study of the internal selection of a corporate venturing initiative follows to illustrate how negative emotional states expressed through cost-generating emotional dynamics at the organizational level prevented the selection of the initiative. The chapter concludes with a discussion on the emotional dimension of the internal selection process and a call for further research in this field.

**IN DIALOGUE WITH THEORY**

*Evolving Relative Efficiency of Internal Selection Process*

Occupying a central role in the variation–selection–retention (VSR) evolutionary model, the selection process involves mechanisms that “differentially select or selectively eliminate certain types of variations” (Aldrich & Ruef, 2006, p. 21). While in the traditional VSR model organizations are treated as the unit of selection, we examine autonomous initiatives as the unit of selection, representing new opportunities for the organization to combine resources and capabilities (Galunic & Eisenhardt, 1996). Aldrich (1999) classifies selection mechanisms as external and internal to an organization. External selection mechanisms treat the external environment (primarily economic) as the main selector of variations, arguing for the alignment or fitness of an organization to its environment. Internal selection mechanisms involve “selective mechanisms that affect the internal dynamics of an evolving system (Campbell, 1974)” (cited in Durand, 2006, p. 84). The focus of this chapter is on the latter, building on Aldrich’s (1999, p. 40) observation that “indeterminacy is a key feature of evolutionary analysis, and human agency is very much part of the explanation” of the internal selection of a variation.

Henderson and Stern (2004) argue that internal selectionists view organizations as having a multipart and modular center, while external selectionists view the unit of selection as a monolithic whole. Meyer (1994) argues that the internal selection process does not predict higher performance, but on the contrary initiatives may be selected on the degree of their adaptability to other initiatives. Complementarily among initiatives (Galunic & Weeks, 2002) at the same level of analysis or between different levels (Brown & Eisenhardt, 1997) is proposed to increase an initiative’s
selection chances leading to organizational efficiency (Miller & Friesen, 1984). Moreover, legitimization and adaptability of an initiative in the organizational context are proposed to be the main internal selector mechanisms (Galunic & Weeks, 2002). Aldrich (1999, p. 26) identifies three types of internal selectors “contributing to the loose coupling of internal selection and environmental fitness: (1) pressures toward stability and homogeneity (Campbell, 1969); (2) the persistence of past selection criteria that are no longer relevant in a new environment (Campbell, 1994); and (3) the willingness of some organizational founders and leaders to accept a low performance threshold (Gimeno, Folta, Cooper, & Woo, 1997).” A common characteristic among these three selectors is the degree of inertia based on which variations are internally selected or not.

Durand (2006) argues that the internal selection process is highly political, as organizational members with access to resources interfere with the formation of selection criteria that favor their personal or organizational interests and reject market-driven variations. Zollo and Winter’s (2002, p. 342) introduction of codification as the process through which “individuals codify their understanding of performance implication of internal routines in written tools, such as memos, manuals, blueprints” extends our understanding of “cognitive inertia” in shaping the internal selection environment. The codification process is affected by the perceptions organizational members share, based on their aspirations. It is evident that the internal selection process can be characterized as a cognitive and path-dependent process, in accordance to Aldrich’s (1999) first two types of internal selectors.

Aldrich’s third type of selectors implies the deliberate role of managerial choice in influencing the internal selection process. Miner (1994, p. 77) proposes the role of managers “…to influence the internal evolutionary process.” Goal setting and establishing screening criteria for the initiatives’ survivability are examples of managerial influence in forming internal selectors. Burgelman’s work (1983a, 1991) stresses the role of top management in establishing administrative (strategic planning, control and reward systems) and cultural (situational rituals and behavioral norms) mechanisms, as part of an organization’s structural context, which act as internal selection mechanisms. In the case of autonomous initiatives, Burgelman (1991, p. 247) proposes the role of the strategic context determination process as the process through which an initiative can be “internally evaluated and selected outside the regular structural context, usually through the interactions of various types of ‘champions’ and top management.”

It is evident that this stream of literature positions cognition as having a central role in the internal selection process, while sporadically providing
anecdotes of how the selectors feel about the subject of their selection. Recent literature informs us of the existence of co-evolutionary lock-ins, as sources of strategic inertia which are primarily associated with psychological sources of inertia (i.e., beliefs and feelings) (Burgelman, 2002a). While this literature explores how co-evolutionary lock-ins expressed through the behavior of top management teams toward autonomous initiatives influence the internal selection of the latter, we know little of how these lock-ins are generated.

The existing literature focuses on the interaction between the top management and the champions of initiatives, but it neglects to explore the interaction among the champions of different initiatives and its impact on the internal selection process of the initiative in question. Anecdotal evidence informs us that coexistence with other initiatives is not conflict free (Burgelman, 2002b). Rather, the interactions among champions of competing initiatives involve people and their emotions (Lovas & Ghosal, 2000; Burgelman, 2002b). We propose that this interaction is of critical importance in understanding the efficiency of an internal selection process. Our proposition is based on the rationale that the behaviors of champions of other initiatives toward the initiative in question may provide the top management with information regarding the level of compatibility the initiative in question has reached in relation to other initiatives. The existing literature argues that this type of information could be sufficient to select or eliminate the initiative in question.

Drawing from these observations in the literature, we argue that a more insightful exploration of the efficiency of the internal selection process is required. We propose an emotional focus for research on the efficiency of the internal selection process of autonomous initiatives. We aim to do this by exploring the emotional dimension of the social interactions among the individuals directly (top management) and indirectly (champions of initiatives in question and champions of other competing initiatives) involved in the internal selection process of initiatives within an organization. While the top management selects the fittest initiatives, the information and emotional influences they receive from the champions of various initiatives indirectly impact the formation of the selection criteria and the final outcome of an internal selection process. Even though no analytical linkage between the internal selection process of a variation and the emotional states of individuals involved in the selection process has been established before, recent research in the social psychology field informs us that in the social environment, memes (the informational component of routines) undergo an emotional selection process. Ideas succeed in the social
environment not only based on the information they bear, but also on “their ability to tap emotions that are common across individuals and on their ability to provoke emotions” (Heath, Bell, & Sternberg, 2001, p. 1029). As the intraorganizational ecology of memes has attracted the attention of researchers in the field of the intraorganizational ecology of routines and initiatives (Galunic & Weeks, 2002), the impact of emotions on the efficiency of the internal selection process of variations is a fruitful area to explore.

Internal Selection Process of Autonomous Initiatives and Emotional Dynamics

The Emotional Side of Selection

There appear to be three groups of individuals involved in the internal selection process of an autonomous initiative, and their social interactions are proposed to bear emotions that impact the selection or elimination of the initiative in question. It is worth exploring in detail how each group contributes emotionally in the internal selection process, in an attempt to summarize existing empirical findings and uncover gaps.

Burgelman (1991), based on March’s (1988) work, argues that organizational members are driven by obligatory and consequential logic to champion autonomous initiatives. “Obligatory logic” is related to the self-image of organizational members in relation to driving an initiative. “Consequential logic” is related to their self-efficacy and locus of control efficacy in considering themselves as capable to “build” such an initiative, or as an opportunity for them to enhance their career progress. The engagement in obligatory and consequential logic implies that the organizational members undergo a cognitive process evaluating their self-being, articulating their capabilities, and motivating them to become champions of an initiative. Besides this cognitive side, the entrepreneurship literature informs us that entrepreneurs who undergo a similar process in pursuing an opportunity are also passionate. Cardon et al. (2005) were among the first to analytically introduce the positive impact of positive emotions such as passion, love, and hope in facilitating the entrepreneurial process of growing a venture and establishing it in the market. They went on to use the “parenthood” metaphor to describe the relationship champions develop with their ventures. Baron (2008) proposes the positive influence positive emotions have on the entrepreneurs’ cognition in recognizing an opportunity and in acquiring resources toward it. Assuming that the champions of autonomous initiatives undergo a similar emotional process in identifying and pursuing the creation
of an initiative, it should be expected that they express their passion and hope toward the initiative through determination and drive to success. Consequently, we expect that such emotional expressions give a positive signal to the top management of the level of commitment of these champions toward the initiatives, who in turn positively support the selection process.

While the cognitive role of top management teams in forming selection criteria is well established in the existing literature, it is quite unclear whether their enthusiasm or skepticism toward an emerging variation influences their decision-making and codification processes. Based on Burgelman’s (2002b) work on the role of psychological sources of inertia in forming selection criteria, it can be argued that the way selectors feel toward the initiative in question has an impact on the selection process. For example, if they feel enthusiastic toward the initiative in question this will be reflected on the selection criteria they form, favoring the initiative. Adversely, when selectors are frustrated about the emergence of a new initiative, as it upsets the existing population of variations or the distribution of resources, this frustration will be expressed through the selection criteria they form toward the initiative in question. Further, in the corporate entrepreneurship context, Brundin, Patzelt, and Shepherd (2008) enhance our understanding on the positive role of the display of positive emotions from top management to their employees (middle and operational management) in enhancing the enactment of entrepreneurial behavior of the latter. Brundin et al., building on the social function of emotions literature, argue that through the mechanism of contagion employees feel encouraged to behave entrepreneurially when they see their management enthusiastic about their entrepreneurial activities. Extending this proposition to the internal selection process, it is expected that the display of positive emotions by the top management toward a variation is a positive signal of selection to the champions of the initiatives, and a conditional signal of the internal selection environment as formed by them.

For the third group of organizational agents involved in the selection process, the evolutionary theory suggests that variations face political struggle and intraorganizational competition from other variations (Galunic & Weeks, 2002). Pre-existing internal criteria create cognitive “blocks” which tend to skew away new variations. The emergence of new variations may be interpreted as a threat by the champions of other initiatives and as a critical change in the population of initiatives within an organization. The intrafirm competition literature (e.g., Birkinshaw & Lingblad, 2005) informs us that the degree of charter intent’s overlap between two units within the same organizational context and the level of clarity of definition of organizational boundaries of each unit moderate the level of intrafirm competition.
Organizational members’ perceptions and cognitive interpretations of a new initiative as a threat or an opportunity play a key role in the level of perceived competition within an organization. However, the existing intraorganizational evolutionary theory is mute on how the emotional reactions of organizational members triggered by intrafirm competition may impact the development of a collaborative or non-collaborative social logic toward the initiative in question, resulting to its selection by the top management (Galunic & Eisenhardt, 1996). We propose that the emotional states of the champions of other initiatives, as triggered by the emergence of a new initiative which seeks selection, will signal to top management the degree of compatibility of the new initiative with the existing ones, and it will influence the formation of criteria in selecting in or out the new initiative.

Moving from Emotional Reactions to Emotional Dynamics

The chapter has as its theoretical foundation the emotions’ social function literature and, more specifically, the constructs of emotional interactions (George & Jones, 2001) and emotional dynamics (Huy, 1999). Empirical findings from the organizational groups and emotions literature inform us of the social function of emotions and their role in affecting social interactions among individuals and organizational groups. Emotional reactions, as an individual-level construct, describe the initial response to a discrepancy personally relevant to an individual’s goals and interests (George & Jones, 2001). Emotions are about expectations and their violations. The creation of a new situation within an organization may be cognitively evaluated as a threat or as an opportunity to the well-being of organizational members related to the situation (Frijda, 1988). The positive or negative cognitive evaluation of a situation may cause positive or negative emotional states, accordingly, for these organizational members (George & Jones, 2001). Previous empirical research has argued that emotional dynamics expressing or evoking positive emotional reactions have a positive impact on organizational processes (Huy, 1999), assuming that organizational members behave as emotionally intelligent individuals. However, discussion of the role of emotional dynamics expressing negative emotional states from organizational members whose well-being is anticipated to be negatively affected by an introduced change within an organization remains mute.

The display of emotions through behaviors and actions affect the emotional well-being of the receivers of emotions and the facilitation of organizational processes and performance (Rafaeli & Sutton, 1987) in both positive and negative ways. Hareli and Rafaeli (2008), exploring the social influences of emotions in organizations, propose the existence of dynamic
emotional cycles in organizational dyads and groups. The main characteristic of these cycles is the existence of mechanisms through which emotions impact the behavior, cognition, and emotion of others in the same organizational context. The receivers of the original emotion react by developing behavior, cognition, and emotions which will impact future social interactions with the initial senders of the emotion. Jehn (1997) in examining types of conflict in organizational groups argues that emotions are important elements of conflict as they define individuals’ subjective interpretations of reality and reactions to current situations. Her work highlights the importance of negative emotionality and measures the amount of negative affect exhibited and felt during conflict. She proposed that high emotionality leads “members to lose sight of the task and to focus instead on negative affect” negatively impacting group performance and member satisfaction (Jehn, 1997, p. 549).

George and Jones (2001), examining inertia as a micro-level phenomenon, propose a process model of individual change within organizations that seeks to explain how inertia and resistance to change arise at the individual and group levels of analysis. Their model “focuses on the dynamic interplay between human cognition and affect in initiating the individual change process and determining its nature and outcomes” (George & Jones, 2001, p. 421). They propose that “emotional reactions to discrepancies set the whole change process in motion…” keeping managers in tune with the changing circumstances they face. Emotional reactions are the important signals that managers and all members of an organization receive indicating the need to direct one’s attention to a pressing concern, problem, or opportunity” (George & Jones, 2001, p. 438). Interpreting the introduction of a new initiative within an organizational context as a threat may lead to a negative emotional reaction toward the initiative. While George and Jones’ work contributes to understanding the role of such reactions at the individual level of organizational change, this chapter concerns the meso-organizational level, in accordance to Huy’s (1999) work and aims to explore whether resulting emotionally charged behavior (emotional dynamics) impacts the internal selection mechanism of an initiative.

Huy’s (1999) work explores the interaction of emotions and strategic action, assuming that organizational members, as emotional intelligent individuals, address their emotional states triggered by radical change through behaviors. Organizations that are able to acknowledge, monitor, and attend to their members’ emotions as manifested by organizational norms and routines related to feelings are proposed to have developed emotional capability. Emotional states at the individual level and emotional
capability at the macro-organizational level are proposed to be linked at the meso-organizational level with the existence of emotional dynamics. “Emotional dynamics constitute attributes of an organization’s emotional capability and are enacted through a specific set of organizational routines, and, on a smaller scope, they also mirror individual or group behaviors that arouse specific emotional states conductive to change” (Huy, 1999, pp. 333–334). Examples of emotional dynamics can be identification (expressing the emotional state of love), encouragement (expressing hope), and playfulness (evoking fun). Huy links such emotional dynamics with change dynamics such as receptivity, mobilization, and learning, accordingly, which facilitate radical change and link adaptation and change at the individuals’ level with change at the macro-organizational level. This argument raises questions of what kind of emotional dynamics emerges when organizational members are not emotionally intelligent and a negative emotion is expressed, and further how these evoked emotional dynamics impact an event of organizational change, such as the selection of an initiative.

Focusing on a Negative Emotion and its Emotional Dynamics: The Case of Envy

Envy is a negative but prevalent emotion which has been largely overlooked in organizational research (Patient, Lawrence, & Maitlis, 2003), but received significant attention by sociologists and economists. Economists associate envy to be triggered by the thought of the possessions of others (Elster, 1998). Sociologists argue that semantically there is a distinction between jealousy and envy (Salovey & Robin, 1984; Bryson, 1977). The main difference between the two lies in the object of each emotion. Jealousy is triggered on the grounds of the belief or suspicion that a desired relationship is in danger of being lost, while envy is triggered by the desire for another’s attributes, reputation, or possessions.

Salovey and Robin (1984) argue that the triggering of envy involves a process of social comparison carried out by a person between the attributes, possessions, and attainments of him/her and those of another. A negative upward comparison around these variables leads to envy. We feel envy when our self-evaluation is threatened by particularly relevant performances, possessions, and/or attributes of the person we are being compared to. Parrott (1991) argues that envy is directed toward those equal to us or like us, but who are ultimately superior to us. Not all people and their attributes and/or performances can be the object of one’s envy. Envy is targeted at
people who are self-relevant (Salovey & Robin, 1984) to the comparator. In the workplace, envy can occur among co-workers who operate at the same or at higher organizational levels. The latter case is an occurrence of “neighborhood envy,” where each person, as part of a hierarchy, primarily envies the person immediately above him/her (Bos & Tillman, 1985).

Envy is experienced as a realization of inferiority (Goel & Thakor, 2005). It involves the feelings of unfairness and injustice, of anger and frustration caused by the realization of such inferiority, as well as the perception that the other members of the reference group enjoy more than the individual carrying out the comparison. It is experienced as a decline in the enviers’ utility function as their monetary and non-monetary well-being are lower than that of their colleagues (Mui, 1995). The object of envy (i.e., a person’s attributes, possessions, and performance) may be related to the success, happiness, material or financial well-being, job role and responsibilities, job and social status, power (social and economic), intelligence, privileges, and health that someone in a similar domain is enjoying. According to Adams (1963), in the case of organizational relationships and social comparisons, parameters of envy can be the inputs and outcomes of an individual in a working environment. For the purposes of this chapter, envy is perceived to arise from the comparison of monetary and non-monetary benefits to other employees at the same organizational level. Monetary benefits can be wages, bonus, performance intensives, while non-monetary benefits can be job status, easy access to resources, and operational autonomy.

Besides the intra-psychic dimensions of envy, the way it is externalized and expressed is of great significance in the organizational context. The emotion of envy has a social presence and involves at least two groups of agents: the enviers and the envied employees. The displays of the original emotion involve emotional dynamics, facial expressions, moods, and cultural forms (i.e., narratives). The economics and sociology literature inform us that emotional dynamics evoking envy involve degrading the object of envy (their character and/or performance) (Salovey & Robin, 1984); retaliation toward the object of envy (Mui, 1995), rivalry and competition (Lehmann, 2001). Parrott (1991) and Ben-Ze‘ev (1992) argue that envy presupposes social comparison, but not necessarily competition. Relevant studies show that when experiencing envy “man is not made happy by carrying out his urge to destroy the envied object or its possessor” (Schoeck, 1987, p. 69). Elster (1998) moves further to argue that to feel envy is about feeling inferior and as nobody wants to feel inferior, they develop dissonance reduction mechanisms through which they blame someone else (the envied) for their situation or to explain the envied’s superiority.
(1975) reports the expression of envy as a self-limiting dynamic of
resentment and resistance in the diffusion of new work structures in a
Norwegian firm. However, Kets De Vries (1992) reminds us of the
constructive role of envy in the workplace, evoking motivation to excel
and stimulation for fostering creativity and adaptation.

EMPIRICAL CONTEXT

The Evolutionary Path of Corporate Venturing Initiatives

Corporate venturing encompasses the enactment of entrepreneurial behavior
by organizational members within the context and structure of an
organization, resulting in the creation of new ventures for the parent
organization (Venkataraman, MacMillan, & McGrath, 1992). We approach
corporate venturing as an initiative that faces entrepreneurial and managerial
challenges along its evolution, and is subject to an internal selection process
in order to gain legitimacy by the top management. The strategic context
determination is the “political mechanisms through which middle managers
question the current concept of strategy and provide top managers with the
opportunity to rationalize, retroactively, successful autonomous strategic
behavior” (Burgelman, 1983a, p. 1350). Burgelman’s (1983a) work is explicit
about the cognitive dimension of the internal selection process venturing
initiatives are subject to, emphasizing the role of agents and mechanisms in
operation. Primarily, this mechanism involves the strategic determination
context process and the active role of middle managers championing these
initiatives. The champions delineate the strategic contexts of the new
ventures, while negotiating with the existing structural context, and coaching
and managing the venture portfolio. In parallel to this, top management, by
motivating the experimental process toward the creation of new ventures,
authorize the success of the latter, and determine the internal selection
criteria to rationalize and to incorporate the new ventures into the corporate
strategy, committing the corporation’s full support to them.

Corporate Envy as an Emerging Theme
in an Organizational Context

One of the challenges in researching emotions in organizational settings is
“gaining research access to situations in which strong or negative emotions
may arise” (Patient et al., 2003, p. 1017). This study, employing an in-depth
qualitative research methodology (Marshall & Rossman, 2006), in a multi-case-study research design (Eisenhardt & Graebner, 2007; Stake, 2000) as part of an extended study on how venturing initiatives arise and are implemented within large corporations, allowed for the emergence of constructs not being a priori considered by the researcher (Glaser & Strauss, 1967). In the empirical setting we visited this emerging theme was the emotion of envy.

The extended study was organized to study the cases of four corporate venturing initiatives, each of which was located in four multinationals, involved in corporate venturing activities. For each case, we conducted semi-structured interviews with organizational members, directly involved in corporate venturing and senior corporate managers. In one of the cases (from now on mentioned as CV1 initiative), the interviewees referred repeatedly to “envy” as an emotion and as a reason for action (Sabini & Silver, 1986). It was not the aim of the extended study to research why similar emotions were not observed in the rest of the cases, or to explore the occurrence of other specific emotions. However, warned by the literature to be reflective during the data analysis process, we noticed the emergence of envy as a significant construct influencing the evolution of the CV1 initiative. The case of the CV1 initiative and its selection by the top management of its parent corporation (from now on Corporation ALPHA) constitute the instrumental case (Stake, 2000) of this chapter.

The data used in this chapter involve narratives from four interviewees: the champion of the CV1 initiative (Manager A), two operational members of the CV1 initiative’s team (Manager B and Manager C) and a senior corporate manager (Manager D). Table 1 summarizes the attributes of the interviewees. The quotes from the interviewees presented are textual references to emotional episodes of envy, containing the circumstances that led up to envy, the emotion itself, and subsequent events and actions. Parrott (1991) argues that an emotional episode is a narrative of an emotional event and he treats it as a natural unit of analysis for understanding human emotions. Secondary data in the form of corporate annual reports and media releases were used to construct the case and verify the validity of the primary data.

Envy may be experienced at the dyadic interpersonal and intergroup level of analysis (Stein, 2000; Smith & Kim, 2007). This analytic differentiation had implications in the way the narratives were analyzed. Early on in the analysis, it became apparent that the narratives referred to emotional episodes of intergroup envy; organizational members of other initiatives felt envy toward the members of the venturing initiative. However, the narratives revealed how the envied champions of the venturing initiative recognized and experienced envy toward them. Consequently, the level of
perceived envy identified in the case was formulated considering the frequency of occurrence of the construct of envy in the narratives of each interviewee, and the interpretations provided by each interviewee on the significance of envy in the selection of the venturing initiative. Manager D’s narrative is quite influential in this instrumental case, as her role and position in the organizational structure allowed her to be an observer of the emotion of envy and she provided a textured narrative which illustrated how envy was expressed by some organizational members and groups, and their resulting behavior toward the initiative. Examples of other studies on emotions which use both self-reporting and observers’ account of individuals’ emotional states (e.g., Bartel & Saavedra, 2000) provide analytical and methodological support for utilizing the narratives from observers of the emotion of envy in this instrumental case.

Integrating Empirical Findings

Corporation ALPHA and the CV1 Initiative

Corporation ALPHA is a leading corporation in the information and media industry with a range of business-to-business customers and a high volume
of individual users of its services globally. Corporation ALPHA, at the time of the research, had an operational profit of £126 million and employed approximately 15,000 people in 86 countries. Its business operations have been dependent on information technologies, and historically, Corporation ALPHA had been keen in following “disruptive technologies, partly to see if we can be on the crest of the wave of the next big breakthrough, and partly to make sure that we are not overtaken by somebody else” (Manager D).

By the mid-1990s, small, Internet-based start-up companies specializing in networks software were seen to have the potential to be the new leaders in the information and media industry. Silicon Valley-based start-up companies, such as Netscape, could operate at low operational cost and overtake traditional large companies, such as Corporation ALPHA. The network technology used by Corporation ALPHA was similar to Internet protocols, and in a scenario where the Internet was becoming commercially successful the threat was direct and significant for the corporation. However, the corporation did not have access to Internet-related software and technologies, as its in-house technology office had not developed similar technologies to keep up with the potential competition.

This gap in technological know-how was spotted early on in 1992 by Manager A who, with a sales background, had developed technical expertise in network-related technologies. He believed that Corporation ALPHA needed to start investing and gaining access to these technologies, and secure a first mover’s competitive advantage in the new technological era. Silicon Valley was the cluster of such technologies. In 1994, Manager A persuaded his boss, the CFO of Corporation ALPHA, to create a fund and invest in start-up companies through minority equity investments. He moved to California to carry out the first corporate venturing investment on the Delta venture. In 1996, the Delta venture was floated and Corporation ALPHA achieved significant financial gains (it made an IPO of $848 m market capitalization in the first week) making the headlines. What started informally in 1994 as the corporate venturing activities of one manager became more formal in 1997. During this period, Manager A was the only individual in the corporation actively identifying external companies and investing in them. He was passionate and determined to lead his initiative to success: “it was my thing; it was my project, my idea, my responsibility and my opportunity.”

In 1997, Manager A, after a successful investment period in the USA, returned to the UK to set up a small but formal corporate venturing team. The macroeconomic conditions of the late 1990s benefited the performance of his team’s portfolio and the market value of its quoted investments reached £438 million at the end of 1999. The CV1 initiative occupied a page
in the 1999’s corporate annual report, highlighting its successful activities and financial performance. As Corporation ALPHA’s top management team was becoming progressively aware of the venturing activities of Manager A, a strategic interest in Internet technologies was developed. This led to a period of restructuring and re-organization for the corporation trying to incorporate the application of the Internet into its operations. As part of this restructuring process, the top management team of Corporation ALPHA decided to formalize the structure and activities of the CV1 initiative by setting up an organizational unit to host it. In 1997, a venture capital fund was created by the CFO and allocated at the CV1 initiative to conduct its investments. This fund was doubled in 1999, to reflect the funding needs of the initiative, and the positive expectations formed from its financial performance. In late 1999, an executive director was given strategic responsibilities in exploiting Internet technologies and a new business division responsible for “investing in new initiatives in the internet and e-commerce areas” was created.

By early 2000, the new corporate “strategy for the Internet age” was announced, placing Internet at the core of the corporation’s interest. However, in 2001 the market value of the CV1 initiative’s venture portfolio declined significantly, resulting at a net loss of £145 million. Since the mid-2000, Corporation ALHA’s management team started to consider an IPO for the CV1 initiative involving external investors. In early 2001, the initiative was spun out, as “it had reached a stage where its size and investment capacity exceeded [Corporation ALPHA’s] strategic needs.” Previously, the CFO, the CV1 initiative’s main political supporter, had resigned.

The Internal Selection Environment of Corporation ALPHA
It was culturally accepted and expected within Corporation ALPHA for corporate employees such as Manager A to be creative and proactive in noticing trends and changes in the external environment, taking risks and venturing into novel activities as “nobody stopped you from being creative and doing things, and the company had the money to invest and do all those sorts of things” (Manager B). “So as long as you played the game where you just went off and did it and got on with it.” Experiential learning and competition between internal projects were encouraged within the corporation being “a great place to learn all [about] your mistakes and things and build a process and so forth” (Manager B). Manager D described the corporate culture as anarchic, being adventurous and open to uncertainty, allowing corporate managers to be involved in new activities, but expecting them to contribute back to the corporation. There was a commonly shared
belief among corporate employees that such behavior would be rewarded through tangible financial rewards, but most importantly through intangible means such as hierarchical status and promotion:

[there was a] lot of encouragement to take risk, but also a lot of control to stop the risk being too much risk … but you have to wait for the case sensibly and responsibly and you have to do your lobbying to get people to agree. (Manager A)

There is that piece of liking of adventure and uncertainty and kind of wild crazy ideas that might come home to roost fantastically well. (Manager D)

For an autonomous initiative to get the attention and rewards from the top management it required political lobbying (Durand, 2006), clear delineation of the initiative’s intent (Burgelman, 1983a) and achievement of a level of performance in the external market. The corporation had resources to finance such initiatives at their experimentation process but further access to recourses would have required tangible outcomes and contribution to the corporation.

The Strategy Determination Process of the CV1 Initiative

It was within such a selection environment that in 1994 Manager A started to form the intent of his initiative: to invest in external ventures and gain access to their technological capabilities. He knew that he had the capabilities (self-efficacy) to conduct such activities (Harper, 2003). More significantly, his close relationship with the CFO allowed him an informal but direct access to resources and to communication avenues in order to delineate the intent of the initiative. He was determined to succeed in championing this initiative, as his motivation to have his own enterprise. His own interpretation of the situation the corporation was facing was that there was an opportunity to be explored. This process guided the formation of the CV1 initiative’s strategic intent, which was “to understand innovation” by conducting “minority investments to protect an existing franchise … taking small stakes that were very speculative that would bring the little company closer to [Corporation ALPHA].”

However, after 1997 and following the high financial performance of the CV1 initiative, the intent changed. According to Manager D “the original plan was about acquiring technology… It was not financial at all. As it turned out, because of the dot com boom, it turned out to be hugely successful financially, but that was without doubt, not the original intention.” The financial performance of the CV1 initiative had a direct positive impact on the financial performance of the corporation, both in terms of return on investment rate and of generated profits. Individually each investment and
the overall portfolio had a significant financial impact on the corporation. At the end of 1999, the portfolio reached its highest value ever (its market value was £438 million). The CV1 initiative was perceived as a “money machine” unit and associated with high financial gains.

The passion of the venturing management in leading the CV1 initiative contributed positively in defining the intent and organizational boundaries of the new unit (Cardon et al., 2005). Managers B and C argue that their determination to be successful forced the team formed around the initiative to develop its own capabilities and social network within and outside the organizational boundaries. The team developed sophisticated practices and increased its efficiency in conducting minority equity investments, identifying potential investors, and growing these ventures into successful IPOs. The organizational charter of the initiative was crystallized and its members perceived their team’s efficiency and performance as superior to other initiatives.

The positive financial performance of the CV1 initiative, coupled with the overall good performance of the corporation in 2000, led to the emergence of a positive emotional energy:

in 2000 actually, there was a shift in [Corporation ALPHA]’s culture to be much more adventurous, experimental and our share price was very high, and there was a sense of tremendous energy and ‘anything is possible’... and anyway the [CV1 initiative] was an element of that, but it wasn’t the driver of it, it was the whole market. (Manager D)

The dissemination of this positive emotional energy to the top management enhanced the legitimization process of the CV1 initiative, as the strategic intent of the initiative was articulated to them and could now identify with it. Huy (1999) argues that identification is one of the emotional dynamics that can facilitate organizational change. The instrumental case supports this proposition as enthusiasm, expressed through articulation and identification, enhanced the strategy determination process of the initiative in question. Manager A argues that between 1997 and 1999, other organizational members also “were excited by [the CV1 initiative], it was considered to be fun and creative and fast moving and successful” creating opportunities for intraorganizational networking to support his initiative.

**Corporation Envy and Emotional Dynamics**

**Competition and Linkages with Other Initiatives**

The organizational charter of the CV1 initiative was progressively crystallized, and the initiative increased its visibility to the top management and gained further access to financial resources. Simultaneously, other organizational members involved in other initiatives became aware of these
developments, as they observed an informal and small initiative that became quite significant and important for the corporation. An evidence of this was the Internet strategy the corporation was adopting after 1999. Among these organizational members were the employees of the Technology Office, the in-house R&D vehicle of the corporation, who traditionally would have been involved in developing new technologies for the corporation. Manager A’s activities, in acquiring externally developed technologies, were perceived by the employees of the Technology Office as a direct competition to the Office’s organizational charter (Birkinshaw & Lingblad, 2005). They felt that it was “done deliberately … but that is actually quite difficult to live with, if you are one of the people who is being challenged by this” (Manager D). They felt intimidated and challenged, and started to interpret the emergence of the CV1 initiative as a threat to their unit’s activities and survivability. Their expectations for exclusivity in delivering new technologies were violated, and their future appeared uncertain.

Besides this trigger of intrafirm competition, it became public knowledge within the corporation that Manager A and his team were enjoying monetary and non-monetary benefits, such as high bonuses, options in the ventures they were creating, and developing a high profile within the organization. Other organizational members started to compare their well-being to that of the CV1 initiative’s team members, finding their situation lower than that of the latter: “well my desk is here, and this person’s desk [the CV1 initiative’s employees] is there, and they have gone with the new business and they have been given options and they are going to become billionaires, and I am sitting here doing my boring job with company APHA options, and that is not going to get me anywhere” (Manager D). As Manager D recalls, the outcome of this comparison resulted in the emergence of the emotion of envy toward the CV1 initiative’s team members.

The CV1 initiative’s team members became the object of envy, as they were perceived to violate the existing organizational justice perceptions on the distribution of income and remuneration rewards (Adams, 1963). It is evident that perceptions of equity and equality within a corporation are shaped on the basis of corporate policies regarding income distribution within the organization. Pre-existing practices that are followed by a corporation regarding the remuneration system shape hierarchies within the corporation and their violation triggers a process of social comparison (Salovey & Robin, 1984). The CV1 initiative “was actually a special case,… that is when people in the organization started to be less amenable” (Manager D) and the legitimization process followed by the top management appeared to upset other organizational members, jeopardizing any possibility for
compatibilities and synergies among the CV1 initiative and other initiatives to emerge.

On the other hand, Managers A, B, and C, all core members of the CV1 initiative’s team, came to realize that their financial success had become the object of envy. They were experiencing envy as hostility and resentment to co-operation, as resistance, degrading of capabilities the CV1 initiative had developed, and through competition and isolation:

Corporate venture capital is compensation and jealousy: ‘why should I [non-venturing manager] help them [corporate venturing managers], because I am just helping them make money’, right? (Manager C)

... when we did have problems, later on, was when [the CV1 initiative] became very successful and all of a sudden making significant salaries, people got jealous and then they stopped being co-operative. (Manager A)

I actually think success within a corporate can breed jealousy, and therefore breed isolation. And it is not just ... it is anything if one business unit is particularly successful, then everyone is jealous of everyone who is in that unit, right? It doesn’t matter what the thing is, and you know, the way organizations are, you have little empires and there is a “wasn’t invented here” type mentality. (Manager B)

The emergence of negative emotional dynamics is suggested by the resentfulness of the Technology Office’s employees to assist the CV1 initiative’s activities. The CV1 initiative was dependent on the Technology Office for the successful acquisition of the ventures they were investing in. Some of these ventures required the co-operation of internal champions in order to grow, but as Manager D recalls, the Technology Office’s employees were denying any assistance and support in growing the CV1 initiative’s ventures as:

it was a combination of ‘non-invented-here’, and ‘why should I help [Manager A], because if I help him and his businesses do well, he becomes personally rich and I don’t’, and ‘I don’t particularly need to be disrupted by this new technology, actually I have got plenty on my plate doing what I am doing’.

This quote describes the comparison process an individual from the Technology Office carried out and the cognitive and behavioral consequences resulting from the emotion of envy the individual felt. We can consequently argue that, through emotional contagion (Bartel & Saavedra, 2000) envy was experienced within the Technology Office and expressed at the group level as resentfulness, skepticism, devaluation of performance of and competition toward the CV1 initiative. Collectively, a negative perception was created
toward the initiative and the top management team, such as Manager D started to become more and more aware of it.

The Internal Selection Process of the CV1 Initiative

The data indicate that Corporation ALPHA’s top management team was more interested in and enthusiastic about the financial performance of the CV1 initiative, rather than associating its activities with other initiatives and increasing its complementarity. Interestingly, the initial intent of the CV1 initiative was the acquisition of external technological know-how and business models. However, there is no evidence of the establishment of integration or complementarity mechanisms to facilitate their internalization (Burgelman, 2002b). The inability of the top management to integrate the CV1 initiative, due to the lack of clear strategic vision of how to use it, triggered further feelings of uncertainty to those members who were in direct competition with the CV1 initiative’s actions. In turn, seeing their internal selection not being efficient, the CV1 initiative’s team focused on its financial performance, as this would have satisfied their external selection. Their rationale was that as long as internally the initiative could not achieve fitness with other induced initiatives, a positive contribution to the organizational performance would have ensured its survivability. The champions and members of other organizational initiatives perceived this change of focus as an arrogant and elitist behavior by the CV1 initiative, perceiving it as an independent venture capital company, creating further distance between it and other initiatives.

This was more than a perception, as progressively by 1998 “[the CV1 initiative’s employees] compared themselves against external venture capital companies – and they were therefore not prepared to be bound by the restrictions, as they saw it, of being part of a big corporation” (Manager D). By that time, venture capitalists had joined the CV1 initiative’s team and the comparison between the financial incentives of the venture capital industry and the corporation’s remuneration policy was inevitable. This comparison altered the venturing managers’ sense of perceptual justice. Manager C argues that “corporate venturing generally has a negative impact on culture, because it creates the culture of greed, of making a quick buck, of ‘what am I worth’, and ‘what is my time worth to you’ and short-termism.” As the corporate remuneration scheme was not satisfactory for the CV1 initiative’s members, a distinctive scheme similar to the one of venture capital companies had to be established to compromise both parties. The top management was quite quick in satisfying the CV1 initiative’s remuneration needs.
However, this amendment of the corporate remuneration policy for the special case of the CV1 initiative disrupted the pre-existing cultural norms and perceptions of justice within Corporation ALPHA. Perceptions on justice motivate social comparison (Tyler, 1991). Norms regarding distributive (equity) (Adams, 1963) and procedural (equality) (Cohen-Charash, Mueller & Goldman, 2004) justice monitor the occurrence of envy within an organization (Cohen-Charash & Byrne, 2008). Manager D observed that the escalation of envy toward the CV1 initiative and its members led to rather destructive culture of competition and skepticism toward the level of the initiative’s fitness to the rest of the corporation, resistance to co-operation, but more significantly declining political support in retaining the initiative:

As the fortunes or the returns of the [CV1 initiative] changed, there was a fairly high degree of skepticism. Some people who actually could have made a big difference, a couple of main people, some of the people who are in our Technology Office, which is kind of central office that deals with Technology generally – they were very negative about it, sort of skeptical and more so. And they poisoned quite a lot of people’s attitudes toward it [CV1 initiative]. I always thought that was partly to do with envy and partly to do with just not believing in it. (Manager D)

Selection agents who had the political power to re-establish the strategic intent of the CV1 initiative may have been influenced directly or indirectly by the “culture of envy” surrounding the venturing initiative. This influence is suggested to have led to the formation of selection criteria which eventually selected out the venturing initiative.

DISCUSSION AND CONCLUSION

Efficiency of the Internal Selection Process and Emotional Dynamics

The case of CV1 initiative as presented in Fig. 1 illustrates how emotional dynamics influenced its evolution: its conceptualization as a new combination of recourses for Corporation ALPHA (variation), its initiation and authorization of allocation of recourses from the top management of the organization (selection), and its transformation from a small team into an organizational unit (retention). Manager A’ enthusiasm and affect toward the opportunity he identified in early 1992 guided the political lobbying and intra-organizational networking to gain attention and trust by the top management, and to delineate the intent of his initiative (Burgelman, 1991). He perceived his initiative as an avenue for achieving
Fig. 1. Corporation ALPHA’s Domain.
career progress (consequential logic), deriving from a strong self-belief in his capabilities and skills to do so (Harper, 2003). These emotions were expressed and exemplified as identification with the initiative and motivation (Huy, 1999) to drive it to growth and success; two dynamics which the data indicate to have facilitated the strategy determination process of the CV1 initiative. The financial success of the initiative created euphoria among the top management, who started also to identify and financially and politically support the new initiative. The CV1 initiative gained attention and other organizational members were enthusiastic to join its activities and become members of it.

However, the emphasis of the top management team on the economic performance of the initiative and its enthusiasm solely on the initiative’s financial contribution to the corporation led to an amendment of the strategic intent for the CV1 initiative. While Burgelman (1991) emphasizes that the effectiveness of the selection process of variations is on the correspondence of the internal selection process to the external selection pressures, in the case of the CV1 initiative its financial performance was its only selector. Internal selectors such as compatibility and fitness with other initiatives were absent.

Moreover, the internal selection environment formed between 1997 and 2000 within Corporation ALPHA had a negative, eventually, impact on the selection of the CV1 initiative. Influenced again by the enthusiasm of the initiative’s financial performance, the top management team was keen in retaining the initiative and primarily its good performance. In response to this, the top management amended the corporate budgeting and remuneration structures to satisfy the needs of the CV1 initiative’s managers. However, this amendment of the internal selection environment was rather catastrophic for the organization and the initiative. Other organizational members, working for initiatives that were also competing for attention from the top management team, perceived these changes as injustice and unfairness, while being uncertain and confused over how one initiative (CV1 initiative) achieved such a favorable selection. These organizational members felt a drop in their economic and social well-being, and started to feel envious toward the privileges, the attention, and the big bonuses the CV1 initiative was enjoying (Adams, 1963).

On the other hand, the establishment of a distinctive remuneration system to reward the CV1 initiative’s managers was in alignment to their obligatory logic which made them to believe that there was a distance between them and the rest of the corporation. Perceiving their group as of superior capabilities and performance in comparison to other group did not facilitate any degree of complementarity and integration with other initiatives. The
distance with other initiatives had begun to grow, as their members feeling envious toward the CV1 initiative were reluctant to collaborate with the latter and establish any linkages with them (Lehmann, 2001). This resulted in further isolation of the CV1 initiative. When the external environment selected out the CV1 initiative due to its poor performance in 2001, the absence of internal selectors indirectly led to the termination of the initiative for the corporation. The emotional “fallout” as experienced by the emotions of envy created round the CV1 initiative continued to skew out its selection and fitness with the rest of the corporation (Walton, 1975).

The case of Corporation ALPHA and the selection case of CV1 initiative highlight three areas in which emotions may interfere in the internal selection process of autonomous initiatives: (a) in the strategic context determination process of a new initiative; (b) in the alignment of structural and strategic context in forming the internal selection environment of an initiative; and (c) in the establishment and maintenance of linkages between autonomous and induced initiatives. The instrumental case informs us of how negative emotional dynamics evoking negative emotions toward an initiative may undermine its internal selection. These negative emotions were generated by the top management’s mismanagement of the strategic context determination process of the initiative and by creating an ineffective internal selection environment (disruption of organizational justice norms and negligence of linkages among initiatives), resulting in high levels of autonomy and distance between the CV1 initiative and the rest of the corporation to develop.

Theoretical and Managerial Implications

The chapter unfolded through an instrumental case the role emotional states and resulting emotional dynamics have in the internal selection process of autonomous initiatives. It focused on the prevalent but overlooked emotional state of envy to examine how it emerges during and influences the internal selection process of an initiative.

Existing literature in the ecology of routines indicates that the internal selection process can be deliberate (Burgelman, 1983b; Miner, 1994) with organizational members participating in it influencing the process of “selecting for” or “selecting against” variations. This stream adopts a rational approach toward the role of these members. The role of the emotional organizational member in affecting the internal selection mechanism was introduced in this chapter. The chapter responds to recent calls in the intraorganizational evolution field which beg for a closer attention to the role
emotions have in shaping intraorganizational cognition and institutions (Fiol, 2002; Elsbach, 2002). The impact of post-emotional responses on cognition and consequently on behavior has been well researched by organizational psychologists. Its extension to the intraorganizational ecology of routines is anticipated to extend our knowledge on how routines emerge, are selected and retained. Contrary to the modeling of the internal selection process of new variations as the outcome of the interaction between the middle management of a focal variation and the top management, this chapter proposed a three-party interaction model which influences this process. The chapter incorporates the notion of intrafirm competition among variations and argues that the interaction among competing variations and their champions is emotionally charged, influencing the adoption of a co-operative or competitive behavior among them to guide their evolution, and ultimately affecting the efficiency of the internal selection process of variations at the intraorganizational level of analysis.

The chapter suggests that the emotions (i.e., passion and enthusiasm) experienced by the individuals championing an autonomous initiative have a crucial role in its strategy determination process. This can be considered as a positive dynamic for these individuals in selecting among their personal options to be involved or not in entrepreneurial activities, confirming Cardon et al.’s (2005) propositions. At the intraorganizational level of analysis though, the chapter unfolded the role of emotional dynamics as negative dynamics in the selection process connecting cognitive inertia at the micro (individual) and macro (organizational) level, extending Huy’s work on the role of positive emotional dynamics in facilitating organizational change.

The instrumental case also suggests that the emergence of envy through out the internal selection process of an autonomous initiative is contingent on the strategic implementation of the initiative in question, including the remuneration structure and resource allocation system of the initiative, and on the social processes developed among the championing teams of co-existing initiatives. Further, the case unfolds the dynamics of the social influence of the emotion of envy and its resulting cognitive and behavioral consequences at the organization level in increasing the level of resentment for collaboration and the level of competition among initiatives. The case also highlights the role top management needs to pay in managing the emotional reactions across the organization triggered by amendments in the control and rewards systems, when selecting and retaining new initiatives. The expression of envy through negative emotional dynamics from organizational members toward a new variation might explain the existence of cognitive inertia in forming selection criteria.
For researchers, this chapter builds on the sociological perspective in treating emotions as the link between agency and structure (Barbalet, 2002, p. 3), with emotions providing not only feedback and instant evaluation of circumstances, but also “influence the disposition of the person for a response to those circumstances.” In the internal selection process, agency and structure meet, with the former having an influential role in forming selection criteria and setting goals for the organization, and the latter providing pre-existing selection criteria and environmental factors which create inertia in the selection process. Emotions, such as envy, toward a variation can be influential as signals of the dynamics and efficiency of the internal selection process. This proposition is of great importance in the corporate entrepreneurship context, as it provides an alternative explanation to the entrepreneurial and managerial challenges that entrepreneurial initiatives are faced with within an organization. Envy toward the rewards of enacting entrepreneurial behavior implies a negative feedback by the structure toward the entrepreneurial agency and its behavior.

For top and middle management, this chapter highlights their critical role in detecting emotions such as envy toward initiatives and in utilizing them as indicators of resulting behaviors toward them, considering their high risk and outcome uncertainly. Leadership may be a significant moderating factor in managing effectively the display of the emotion of envy by being sensitive about the formed expectations toward equity and equality among organizational members. Further, top and middle management may play a role in transforming envy into a positive emotional dynamic, such as motivation and creativity rather than solely as a negative dynamic (i.e., resentment). In the corporate entrepreneurship context this is crucial considering the managerial challenge in preserving the corporate identity of the employees, but at the same time creating incentives to allow them to develop entrepreneurial behavior.

The chapter acknowledges its empirical and analytical limitations. A single case study and a single visit at the empirical setting are not sufficient to provide generalized propositions. Further research is required in designing research projects which will examine the interference of emotions and emotional dynamics in the internal selection process of initiatives. The purpose of the chapter was rather to analytically propose the existence of such interference, and make the first step in highlighting its theoretical and managerial significance. Further, future research needs to explore other discrete emotions such as passion, enthusiasm, hope, frustration which might be experienced by organizational members directly and indirectly involved in the evolution of initiatives. This will provide
insight to a different range of emotional dynamics such as identification and learning to be explored and linked with the internal selection process. The study of a range of discrete emotional states in relation to the evolution process of initiatives will progressively allow for a better understanding and more coherent formation of propositions on the role of affect, aside other cognitive factors, in the internal selection process to be developed.

NOTES

1. The identity of the initiative, its parent corporation and of the interviewees remains confidential.

REFERENCES


Corporate Envy and Emotional Dynamics


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