Emotion and Entrepreneurial Cognition

Entrepreneurship is a highly emotional endeavor; it has often been portrayed as an "emotional rollercoaster" with multiple ups and downs that impact entrepreneurs' emotional experiences. For example, entrepreneurs may experience passion, joy, satisfaction, flow, enthusiasm, and excitement from work, but also bitter disappointment, distress, worry, anger, and grief (Shepherd et al. 2011; Baron 2008; Cardon et al. 2009; Patzelt and Shepherd 2011; Foo et al. 2009; Boyd and Gumpert 1984; Schindehutte et al. 2006). The psychology literature has long acknowledged that emotions can impact how people think and decide. For example, Affect-as-Information Theory (Frijda 1986; Schwarz and Clore 1983) states that individuals ask themselves (implicitly) how they feel about a particular situation and, based on this information component, make decisions. The Broaden-and-Build Theory (Fredrickson 1998) assumes that positive emotions influence cognition by broadening individuals' thought-action repertoires. On the other hand, it is also well documented that people can use their cognitive resources to influence emotional experiences (Folkman and Moskowitz 2004; Lazarus and Folkman 1984a, b). We will now explore the association between emotions and cognition in entrepreneurship.

POSITIVE EMOTIONS AND ENTREPRENEURIAL COGNITION

Individuals develop passion for their work when they value their work highly, like performing work-related activities, and do so regularly (Vallerand et al. 2003), thus leading them to incorporate work into their personal

identity. For instance, Bill Gates and Steve Jobs were not merely the founders and former CEOs of Microsoft and Apple. Rather, the businesses they founded also partially defined who they were as people, and their work activities became significant parts of their identities. However, managers vary in terms of how much they incorporate work activities into their identity (Cardon et al. 2009; Shepherd and Haynie 2009), which results in either harmonious passion or obsessive passion. While harmonious and obsessive passion are correlated to a degree, both are not the opposite ends of a continuum (Vallerand et al. 2003).

Harmonious Passion and Entrepreneurs' Opportunity Exploitation

Harmonious passion *is an autonomous internalization of an activity in one's identity that causes the individual to decide to pursue that activity* (Vallerand et al. 2003). As a result, people experiencing harmonious work-related passion readily and autonomously undertake work-related activities. For instance, when these entrepreneurs brainstorm new ideas with innovation team members, obtain the resources needed to turn the resulting ideas into products, and create product-development budgets, they engage in these activities with no (or only minimal) obligations attached. In other words, such entrepreneurs' motivation does not stem from their firm's goal to reach specific outputs, from social pressure at work, or from the need to feed the family. In addition, while work plays an important role in the development of these individuals' identity as an entrepreneurial manager, this does not mean that work necessarily dominates other parts of their lives. Rather, these entrepreneurs can balance different elements in their lives when creating their identity. For instance, a harmoniously passionate entrepreneur may incorporate roles as a family member, golfer, and guitar player into his or her overall identity.

By autonomously internalizing work into their identities, harmoniously passionate entrepreneurs are able to flexibly perform work activities and believe that they have control over their entrepreneurial endeavors. These feelings of flexibility and control make such entrepreneurs experience positive emotions. They are absorbed by their work and experience flow (Vallerand et al. 2003). For example, some corporate entrepreneurs have reported putting their entire heart into their work (Shepherd et al. 2011). When entrepreneurs have positive affective experiences, they are more likely to pursue new opportunities they identify.

Moreover, harmoniously passionate entrepreneurs tend to use heuristics less but engage more in analytic strategies because positive emotional experiences enhance cognitive flexibility by enabling entrepreneurs to build on or connect cognitive frameworks in a novel manner (Baron 2004; Ward 2004). For instance, a positive affective state indicates that the decision maker can use mental resources to broaden his or her thought-action repertoire (Fredrickson 1998). Thus, harmoniously passionate entrepreneurs experiencing positive emotions will more likely discover non-obvious alternatives to sidestep challenges associated with exploiting new opportunities (cf. Baron 2008), therefore demonstrating firsthand the creativity underlying successful innovation processes (Bharadwaj and Menon 2000).

Additionally, because of their positive emotional state at work, harmoniously passionate entrepreneurs are more likely to believe there are fewer risks associated with exploiting a new opportunity. When individuals experience positive affect, they are more likely to believe they have control over environmental influences (Alloy and Abramson 1979), thus influencing the level of risk and outcome uncertainty these individuals perceive, both of which can be significant barriers to new opportunity exploitation (McMullen and Shepherd 2006; Mullins and Forlani 2005). Entrepreneurs who perceive they are in control over the uncertainties associated with opportunity exploitation will be more likely to act on a novel opportunity (Mullins and Forlani 2005). This association holds although the entrepreneur might possess incomplete information about the context they operate in (Choi and Shepherd 2004). Overall, harmoniously passionate entrepreneurs will also spend less energy gathering and analyzing information, and they are more likely to act on opportunities than less passionate entrepreneurs who feel they have limited control over their context.

Obsessive Passion and Entrepreneurs' Opportunity Exploitation

Obsessive passion "results from a controlled internalization of the activity into one's identity" (Vallerand et al. 2003: 757). Controlled internalization stems from the perception of a duty to undertake an activity due to intrapersonal or interpersonal obligations related to it. For instance, an entrepreneur could be part of an entrepreneurship club that requires members to create a particular amount of new products/services every year in order to be accepted. Alternatively, entrepreneurs' self-esteem can be connected to the performance of their development projects, causing them to put forth substantial energy into these projects. This intensive

dedication to projects is likely to make work an important part of such entrepreneurs' identities. Entrepreneurs experiencing obsessive passion are generally not able to balance their work, family, and additional roles during identity formation well. This is because entrepreneurial activities take up an overly large part of their overall identity, which can lead to conflict with other roles and activities they pursue in their lives (see Vallerand et al. 2003).

Unlike harmonious passion, obsessive passion does not drive people to act based on positive affective experiences; rather, obsessively passionate individuals have an "internal compulsion" to pursue activities (Vallerand et al. 2003: 757). This felt obligation to work can also lead entrepreneurs to go after new additional opportunities. For instance, entrepreneurs who do not experience obsessive passion about their work may feel that exploiting a certain opportunity would take too much of the venture's resources or would be too risky, thus making them decide not to pursue the opportunity further. However, entrepreneurs high in obsessive passion will think less about resources and risk. Instead, they will consider whether exploiting the opportunity would lead to acceptance within the venture, among stakeholders (e.g., financiers), and/or in the entrepreneurial community. Furthermore, acting on new opportunities may also enable the obsessively passionate entrepreneur to uphold his or her self-image as "being so entrepreneurial that not opportunity is missed," which in turn will help maintain self-esteem. Studies have supported these arguments by demonstrating that in environments in which difficult and distant goals (such as developing a new product opportunity to market) are the norm, people often have trouble resisting the urge to concentrate on a proximal reward (e.g., acceptance in the entrepreneurial community) at the expense of ignoring goals that are more distal (Metcalfe and Mischel 1999).

Obsessively passionate entrepreneurs often experience negative emotions outside work (Vallerand et al. 2003). Because of the obligations related to their business and the necessity they perceive to perform business-related activities, it is frequently challenging or even impossible for these individuals to concentrate on activities outside work (cf. Vallerand et al. 2003). For instance, when spending time with friends and family, entrepreneurs who feel obsessive passion are likely to continually think of and discuss business issues and try to identify novel innovation opportunities. Such entrepreneurs may even pick up hobbies associated with the generation of novel ideas. Entrepreneurs in the information technology (IT) sector, for instance, may visit meetings of computer hobbyists in their free

time in computer clubs and may form close social relationships within these clubs. Talking with these friends about recent happenings in the IT sector can help the entrepreneurs develop new product ideas or validate work ideas outside their normal work-related context. The larger the number of ideas entrepreneurs who feel obsessive passion generate from exchanges with their close personal environment and the better the validation of current ideas within this environment, the greater will be their tendency to act on new opportunities.

Obsessively passionate entrepreneurs' problems to find balance between their roles related to business and outside the business context (e.g., family) could lead them to allocate greater amounts of time to business issues. Indeed, role theorists argue that engaging multiple roles at the same time can cause role conflict that consumes people's coping resources (Allen 2001). As a means to lessen this role conflict, obsessively passionate entrepreneurs often focus their energy on their role in business, neglecting their family life and other non-work-related activities. In addition, these entrepreneurs generally utilize the available work time and energy to focus attention on exploiting new opportunities. As such, the *more obsessively passionate an entrepreneur is, the more likely he or she will choose to exploit an opportunity.*

The Moderating Effect of Non-work-Related Excitement

Although passion for work alters entrepreneurs' emotional state when they undertake work activities, entrepreneurs can also experience emotions stemming from sources external to the work context. Specifically, entrepreneurs may experience affective changes that are—unlike passion for work— triggered subconsciously or unconsciously by happenings outside the business context (Cardon et al. 2009). These emotions can then also be experienced in the entrepreneur's business context (Isen and Geva 1987).

In one study of innovative owner-managers' decisions, we and our colleague (Klaukien et al. 2013) explored non-work-related excitement. Excitement is a strong and positive emotional experience that is likely to influence entrepreneurs' judgment and decisions (Baron 2008; Russel 1980). For instance, excitement outside the work environment may stem from anticipating seeing a new movie or doing another pleasurable activity after work, winning a sports game, looking forward to an upcoming party, or celebrating children's graduation.[1] If this non-work-related excitement spills over to the entrepreneurs' business context, it could

affect their evaluations of new opportunities. As mentioned briefly above, entrepreneurs may also experience excitement due to their passion for work (Cardon et al. 2009). However, as the above examples show, many additional sources of excitement exist. We untangle these sources and, for this section, focus on excitement originating outside entrepreneurs' work context.

Excitement will likely lessen the influence harmonious passion for work has on the decision to act on recognized opportunities. As discussed earlier, harmonious passion encourages entrepreneurs to pursue new opportunities since it causes positive emotions at work. In turn, the positive experiences make entrepreneurs feel that they have more control over possible resource limitations and the competitive environment, both of which could jeopardize new product/service (Mullins and Forlani 2005). In addition, positive affective experiences improve entrepreneurs' creativity as a prerequisite to effectively developing new products (Bharadwaj and Menon 2000). However, experiencing positive affect has an upper limit, after which further stimuli are unlikely to yield additional positive emotional experiences (Westermann et al. 1996). Because excitement is a positive affective experience with a high activation level (Russel 1980), it takes a significant amount of entrepreneurs' emotional capacity, providing less space for positive emotions stemming from harmonious work-related passion. In other words, when entrepreneurs with high harmonious passion experience high excitement levels from outside the business context, they generate lower positive emotions from work-related activities since their overall levels of positive emotions are mainly a result of excitement from non-work-related activities.

For instance, an entrepreneur who won the lottery may have a very high excitement level when he or she enters the business the next day. Since the entrepreneur already has high positive emotions, performing business-related tasks is unlikely to add to his or her overall positive emotional experience (cf. Westermann et al. 1996). In such cases, entrepreneurs' work-related passion is unlikely to affect their risk perceptions and perceptions of control over resources and competition as well as their creativity, all of which would enable new product/service development (Bharadwaj and Menon 2000; Mullins and Forlani 2005). On the other hand, entrepreneurs with lower excitement levels may experience considerable positive emotions from their work-related passion since they have "room" for more positive emotions. As such, harmonious passion has a stronger influence on these entrepreneurs' perceptions of risk, control, and creativity and is more likely to trigger the decision to pursue new opportunities.

Unlike non-work-related excitement playing a negative moderating (i.e., substituting) role in the association between harmonious passion and the decision to exploit new opportunities, excitement likely magnifies the strength of the association between obsessive passion and opportunity exploitation. Obsessive passion motivates entrepreneurs to exploit opportunities due to perceived work-related obligations (e.g., social norms within the entrepreneurial community) which is likely to lessen their self-regulation capabilities that are needed to avoid exploitation when the situation at hand is unsuitable for exploitation. Non-work-related excitement can further reduce obsessively passionate entrepreneurs' ability to resist exploiting opportunities. The ability to resist opportunity exploitation and self-regulate is based on entrepreneurs' handling future-oriented (i.e., distant in time) goals and on their in-depth assessment of whether pursuing a potential opportunity aligns with those goals (e.g., whether opportunity exploitation would contribute to venture success or comply with the R&D team's resources). When entrepreneurs encounter a stimulus that focuses their attention on an alternative goal (Simon 1957), these goal-directed actions may be interrupted, and the new goal may become the one pursued (Carver and Scheier 2001).

Excitement can be a strong emotional stimulus (Russel 1980) distracting entrepreneurs' attention from their ventures' distant goals. Rather, excitement often motivates people to take action immediately (Russel 1980). Thus, compared to entrepreneurs with low excitement levels, highly excited entrepreneurs are more vulnerable to immediate work-related obligations and will show a stronger tendency to behave in accordance with those obligations to the detriment of goals that are more distant. For instance, if obsessively passionate entrepreneurs' social context expects them to roll out a significant number of new products/services and not overlook important new opportunities, entrepreneurs high in excitement will focus less on assessing whether a new product/service will benefit their firm in the long run. Instead, they are likely to pay more attention to the social pressures urging immediate exploitation. Entrepreneurs with lower excitement levels, however, are likely to be less focused on action and will put forth more effort in assessing whether exploiting the new opportunity aligns with their firm's distant goals. Thus, the obligations obsessively passionate entrepreneurs attach to their work activities will have a stronger influence on their opportunity exploitation when they are highly excited than when they have low excitement levels.

Managers' Emotional Displays and Employees' Willingness to Act Entrepreneurially

Managers are often seen as economic individuals making rational choices and are unaffected by their emotions (e.g., Chandler 1961). Although researchers have long recognized that managers' rationality is bounded (e.g., Simon 1957), research has only recently started to explore the role of managers' emotions in their decision-making processes (e.g., Fineman 2003; Huy 1999). Yet, emotions and their displays among others are frequently a part of social interactions between people and substantially affect others' cognition and actions (e.g., Hochschild 2012). Therefore, the emotions managers display while interacting with employees impact those employees' behavior (Rafaeli and Sutton 1987). Here, we define emotional displays as noticeable reactions in a person's voice, face, and behavior that appear to indicate his or her currently experienced emotions (Lewis 1998).

Because a primary task of being a manager entails motivating employees to act in the organization's interest (Yukl 2006), it is necessary for managers to display emotions based on the behavior they would like to elicit from employees. Newcombe and Ashkanasy (2002) showed that an individual's facial expressions can more powerfully affect an observer's rating of that person's leadership than the objective information that was delivered, thus highlighting the considerable influence managers' emotional displays can have on employees. Scholars have also revealed that emotional displays change the receiver's interpretation of a verbal message (e.g., Archer and Akert 1977) and that the signaled emotions of an individual can alter the receiver's emotional state (Pugh 2001) and thus influence his or her decisions and actions.

The emotions a sender displays might not mirror his or her "felt" emotions (Ekman and Oster 1979; Hochschild 2012). Take, for example, a server who flashes a welcoming smile to a guest to obtain a larger tip even though he or she is annoyed (Rafaeli and Sutton 1987). Indeed, the distinction between managers' displayed emotions and those they feel gives them the chance to outwardly display only emotions that make employees align their performance with the goals of the organization regardless of the managers' current inner emotions (Dasborough and Ashkanasy 2002). However, managers must be able to control their displayed emotions and show only those emotions that suit their objectives. This ability ultimately reflects managers' *emotional intelligence* (Mayer and Salovey 1997).

The influence of this emotional display on the receiver rests on his or her expectations about the sender's role. For instance, while service personnel generally intend to smile in a friendly manner toward customers, funeral directors are expected to express sadness to a relative of the deceased (Rafaeli and Sutton 1987). Role expectations and emotional displays even change at the individual level. People expect surgical nurses, for instance, to show few emotions in the operating room. On the other hand, during their work with patients and their relatives, the emotions they display should be warm and sociable (Denison and Sutton 1990). We will now concentrate on the manager's role as one who encourages entrepreneurial behavior among employees and, specifically, investigate how these managers' emotional displays improve or reduce employees' willingness to act entrepreneurially.

It is important for firms to increase the willingness to act entrepreneurially for employees for several reasons. First, entrepreneurial behavior is crucial for all organizations to generate knowledge and convert it into novel products (Shane and Venkataraman 2000), an activity that is especially critical given the competitiveness of current business environments. Further, firms need to pursue corporate entrepreneurship projects to respond to environmental hostility and dynamism (Ireland and Hitt 1999). Furthermore, when employees have an entrepreneurial mindset, they are more likely to identify novel business opportunities with high growth potential that the firm could miss if it does not have entrepreneurial employees (McGrath and MacMillan 2000).

Entrepreneurial motivation studies present several factors that influence individuals' willingness to act in an entrepreneurial way. For example, Shane et al. (2003) highlighted people's risk-taking propensity, goal setting, and drive as primary motivators of entrepreneurs. We suggest that the emotions a manager displays about an entrepreneurial project relay signals to employees that shape their perceptions about risk/uncertainty as well as influence project goals and the energy employees are willing to put forth. Finally, emotions can be contagious. Namely, the emotions managers display can spill over to employees, impacting their emotional experiences and motivation for entrepreneurial action. Our specific focus in this section is on the emotions of satisfaction, frustration, worry, bewilderment, and strain. Yet, we also capture confidence, which some authors describe as an emotion (e.g., Barbalet 1996). However, confidence seems to be more based on cognition than the other emotions. As such, confidence may affect the extent to which the other emotions influence employees.

Displays of Confidence

Confidence is an "emotion of assured expectation" (Barbalet 1996: 76) that encourages action (Barbalet 1996)—a feeling that one is able to successfully handle situations given the resources one has at hand (Collins Cobuild 1987). Confidence displays visually indicate that the manager believes in employees' ability to successfully accomplish tasks necessary for innovation, which in turn can inspire employees to act entrepreneurially.

Entrepreneurial projects are highly uncertain for those involved in terms of their financial welfare, psychic well-being, and career security (Liles 1976). An individual will act entrepreneurially if a project's perceived uncertainty is below his or her personal threshold of acceptable risk for that project. Because the confidence managers display signals to employees that specific projects can be managed in a way that leads to success, employees' perceptions regarding the uncertainty of such projects will be lessened. Although confidence indicates that project outcomes are within the team's control, managers and employees may still encounter substantial challenges. In fact, these challenges may lead to emotional experiences and displays. Because employees generally view managers as experts on their projects, managers' confidence displays can be especially a strong inspiration for behavior (Carson et al. 1993). Thus, the confidence managers display shows employees that projects are realistic and the likelihood of success is high.

Positive Emotional Displays

While scholars dispute the definition of emotion, they generally agree that "an emotion is a valenced affective reaction to perceptions of situations" (Richins 1997: 127). Further emotions are signals of individuals' overall well-being (Rafaeli and Sutton 1987). The range of emotions people experience is vast (Averill 1975), and researchers have developed numerous categorizations to try to organize our understanding of these nuanced reactions. Some scholars suggest that there are few "basic emotions" and that all other emotions are derived from these basic emotions (compare Ekman 1992; Frijda 1986). In this section, we investigate managers' displays of five common emotions that are in line with these basic emotions (Ekman 1992; Frijda 1986). Indeed, research has found that they are prominent during processes of organizational change (Brundin 2002) such as corporate entrepreneurship (Guth and Ginsberg 1990).

According to Rafaeli and Sutton (1987) and others (cf. Russel 1980), emotions are either positive or negative. A positive emotion "reflects the

extent to which a person feels enthusiastic, active, and alert" and "is a state of high energy, full concentration, and pleasurable engagement" (Watson et al. 1988: 1063). One positive emotion is satisfaction, which is based on a belief that one's performance is higher than normal or expected (Fisher 2003). Research has investigated numerous forms of satisfaction (e.g., job satisfaction (Fisher 2003) and customer satisfaction (Rafaeli and Sutton 1987; Pugh 2001)), generally finding that individuals feel satisfaction when they have previously received positive feedback.

Managers who outwardly display their satisfaction provide a visual indicator to employees that their project performs above expectations. In turn, this outward display of satisfaction will likely heighten employees' entrepreneurial motivation for three reasons. First, people often assume that past success applies to the future as well, thus believing that returns will be higher and risk lower than objectively the case (Levinthal and March 1993). As such, when managers display satisfaction with a project, employees will feel that the project is likely to succeed. Thus, employees' perceived uncertainty will fall below employees' acceptable threshold. Second, when managers signal high satisfaction and a high likelihood of project success, employees are more likely to meet high personal goals related to the project; high personal goals can be a strong motivation to act entrepreneurially (Baum et al. 2001). Finally, setting challenging goals for themselves can improve employees' drive, or their "willingness to put forth effort" (Shane et al. 2003: 268), which is a requirement for entrepreneurial behavior.

Negative Emotional Displays

A negative emotion refers to "a general dimension of subjective distress and unpleasurable engagement that subsumes a variety of aversive mood states, including anger, contempt, disgust, guilt, fear, and nervousness" (Watson et al. 1988: 1063). Negative emotions appear to have a harmful impact on the relationship between managers and employees by weakening trust between the two parties and thus significantly upsetting their relationship (Liden and Graen 1980). When investigating emotional displays during radical organizational change, Brundin (2002) discovered that frustration, worry, bewilderment, and strain are commonly experienced negative emotions that are obstacles to implementing the intended change.

Frustration happens when "an instigated goal-response (or predicted behavioral sequence) is interrupted or interdicted" (Fox and Spector 1999: 916). Stemming from the basic emotion of anger (Ekman 1992), frustration

frequently causes counter-productive behaviors (Fox and Spector 1999) and poor performance (McColl-Kennedy and Andersson 2002). As a result, managers need to neutralize employee frustration as soon as they notice it (Humphrey 2002). When managers themselves indicate their frustration, they signal that the group is not meeting performance standards for the current project stage. Thus, employees are likely to feel that the project is more uncertain, so only individuals with an exceedingly high propensity for risk taking will see the project as feasible and become involved. Furthermore, if the team does not meet previously set goals for the project stage at hand, these goals may be diminished, which offsets the motivational influence of high goals that trigger entrepreneurial action (Baum et al. 2001). In addition, reducing goals also lessens employees' willingness to put effort into the project (Shane et al. 2003).

Further, *worry* is a negative emotion-laden and uncontrollable chain of thoughts and images (Borkovec et al. 1983). It is a common characteristic of anxiety disorder (Langlois et al. 2000) and often causes feelings of insecurity and intolerance of uncertainty (Francis and Dugas 2004). Worry emerges when people try to resolve problems with uncertain outcomes that could ultimately be negative (Borkovec et al. 1983). Managers displaying worry signal to employees that they feel project development is uncertain and could result in failure. With more worry displayed by managers, the uncertainty employees attach to the project and their negative expectations of the project's future will increase. High uncertainty has a detrimental effect on entrepreneurial motivation (similar to frustration, as discussed above). Moreover, the imagined uncertainty employees feel about the entrepreneurial project's progress will likely cause them to set lower performance goals for the entire project, ultimately reducing their motivation to act entrepreneurially (Baum et al. 2001).

Stemming from insufficient understanding, *bewilderment* is an ambiguity experience that is considered unacceptable by others (Meyerson 1990). Meyerson (1990) showed that bewilderment is a frequent emotional experience among hospital social workers that is regularly kept secret because it is seen as an indication of being weak. Yet, settings that are less formal and more relaxed can constitute "safe havens," where people are free to show their bewilderment openly (Meyerson 1990). Displays of bewilderment indicate that managers are having trouble understanding a project's current challenges due to its complexity. Since employees frequently view managers as experts, in such cases, they are likely to feel that they too will have trouble understanding their own task within the project. Therefore, employees

will perceive the tasks and outcomes associated with the project as ambiguous, so only employees with a high tolerance for uncertainty will become involved (similar to frustration, as discussed earlier).

Strain is another important negative emotion in the managerial context. People experience strain as tiredness, exhaustion, and sometimes even depression with results from overly high job demands (Karasek 1979; Fineman 2003). Researchers have found that continuous strain may result in dangerous physical symptoms including high blood pressure and as a consequence various cardiovascular diseases (Schnall et al. 1994). Displays of strain indicate that managers perceive the current project stage places overly high demands on him or her. Thus, employees are likely to believe the project demands very high effort. These employees are only likely to continue their commitment and motivation in the project when they have high drive (Shane et al. 2003) and tolerance for uncertainty.

The Moderating Role of Managers' Emotional Displays

Brundin et al. (2008) argued that, from employees' viewpoint as receivers of managers' signals, displayed positive and negative emotions interact with displayed confidence in explaining employees' entrepreneurial motivation. Consider, for instance, a manager who signals to employees a particular confidence level regarding a specific project. This signal shows employees that the project's outcome is under their collective control (Barbalet 1996). If the manager additionally signals a positive emotion, he or she indicates that the project is currently performing well. Because people tend to extrapolate past success into the future (Levinthal and March 1993), employees are likely to believe that the project's future is less uncertain. Thus, since the effect of the level of confidence a manager displays on employees' willingness to act entrepreneurially is influenced by the project uncertainty perceived, the additional display of satisfaction strengthens this signal because it lessens the uncertainty employees perceive regarding managerial displays of confidence.

In contrast, managers' displays of negative emotions are likely to have a negative impact on the effect of signaled confidence on employees' entrepreneurial motivations. For instance, bewilderment displays suggest that the manager is having trouble understanding the actual project stage's complexity (Meyerson 1990). When a manager shows bewilderment, his or her employees may think the manager is unable to effectively explain the goals and tasks for this project stage and will thus perceive the project

as more uncertain. Along the same lines, when a manager shows strain, thus signaling that his or her current job duties are at the high end of his or her tolerance (Parker and Sprigg 1999), employees are likely to assume that the project requires more personal effort on their part and will be unsure whether those efforts will be enough for project success. As a result, employees will likely feel there is more uncertainty regarding the actual level of signaled confidence than when there is no display of negative emotions.

Interestingly, and opposite our expectations, we and our colleagues (Brundin et al. 2008) found that managers' displays of frustration boost the positive association between managers' confidence displays and employees' entrepreneurial motivation. In other words, managers' displays of control over outcomes are more positively related to employees' motivation to act entrepreneurially when the managers also signal that present goals are not being met and that the team is underachieving. Therefore, when employees perceive (from managerial signals) below-expectation performance of the project, it is even more important for managers to indicate that they are confident and that the project is likely to succeed in the future. Seeing this confidence despite current underperformance potentially motivates employees to even enhance their efforts in order to turn the project around and realize successful project outcomes. A study of radical organizational change supports this conjecture, showing that perception of frustration among leaders propel change activities when the leaders seem to truly believe the project will succeed (Brundin 2002). It appears that confidence is important in this context not only because it positively affects employees' willingness but also because when it is displayed outwardly, it influences the effect of outward display of other positive and negative emotions. These results add to prior findings reported by Shea (1999) which revealed that highly confident supervisors have a stronger impact on team members than those with less confidence. However, Shea (1999) did not consider contingencies between confidence displays and displays of positive and negative emotions, which, as we and a colleague (Brundin et al. 2008) showed, can have a substantial influence on subordinates' motivation.

Above, we introduced the role negative emotions play in the entrepreneurial context—namely, managers' displays of negative emotions and the impact thereof on employees' entrepreneurial motivation (Brundin et al. 2008). However, negative emotions can also have a more straightforward and impactful influence on entrepreneurial cognition, which we discuss next.

Negative Emotions, Affective Commitment, and Learning from Experience

There has been a significant theoretical movement toward developing a better understanding of organizational knowledge. In this literature, organizational knowledge is viewed as the assumptions and expectations organizational members hold about the cause-and-effect relationship in the domains in which the firm operates (Huber 1991; Walsh and Ungson 1991). While there has been increased research on knowledge at the level of the organization, this stream of work has mainly concentrated on transfer and acquisition of knowledge from sources outside the firm (Ahuja 2000; Hansen 1999). In contrast, scholars have focused less on the ways new knowledge is generated (McFadyen and Cannella 2004). One significant exception is work on how an individual's interpersonal relationships can contribute to knowledge creation (e.g., McFadyen and Cannella 2004; Yli-Renko et al. 2001). Despite these recent studies, however, we know little about how members of an organization create new knowledge that is actionable based on their own experiences. Actionable knowledge in organizations is generated when a member of the organization learns from his or her experience (Huy 1999; Kim 1993) and is then dedicated to act to aid his or her organization based on the newly acquired knowledge (Kanter 1968; Leonard-Barton 1995).

Researchers believe that failure is an experience that can trigger individuals' learning. Project failure is an especially common event, in particular for individuals in innovation (Burgelman and Valikangas 2005; Shepherd and Cardon 2009; Sminia 2003) and research-based firms and organizations (DiMasi et al. 2003). Moreover, project failures are common for people in organizations facing contexts that are quickly changing (Deeds et al. 2000; McGrath et al. 2006) and complex (Gassmann and Reepmeyer 2005; Iacovou and Dexter 2005). Here, project failure is *the termination of an endeavor that was aimed to generate value for the organization but did not meet its intended goals* (Shepherd et al. 2009a). For example, in interviews we conducted and reported in Shepherd et al. (2011), research scientists referred to project failure as the project being "over" (a research scientist in chemistry), "buried" (a research scientist in theoretical physics), and having reached a "dead end" (research scientist in biochemistry). They also reported that the termination of projects is an implicit part of their jobs. Since failure "upsets the status quo" (Chuang and Baum 2003) and causes individuals to seek potential solutions (McGrath 2001; Petrovski 1985), often people

within organizations, including scientific researchers (Popper 1959), engineers (Petrovski 1985), and organizational leaders (Sitkin 1992), learn more from failing than from succeeding. Thus, we refer to *learning from failure* as "the sense that one is acquiring, and can apply, knowledge and skills" (Spreitzer et al. 2005: 538) and in doing so stress people's subjective learning perception (Huy 1999; Kim 1993; Weick 1979), which is in line with sensemaking studies. However, opportunities to learn from failure may not always end in knowledge the organization can act on because the individuals may have trouble effectively processing information revealed by the failure (Weick 1990; Weick and Sutcliffe 2007). In addition, the failure may cause negative emotions that lessen individuals' dedication to acting for the organization's benefit. Indeed, we and our colleague (Shepherd et al. 2011) built on psychology research on coping with loss (Archer and Freeman 1999; Stroebe and Schut 2001; Shepherd 2003) to explore how individuals learn from failure and maintain their affective organizational commitment as a prerequisite to move past project failure. The study used psychological theories of loss (Archer and Freeman 1999; Stroebe and Schut 2001) to theorize a model explaining how individuals within organizations move on after project failure.

Moving on after project failure requires individuals to view projects as a means to explore held assumptions, approach project failure as feedback to test these assumptions, and make decisions on following projects based on that feedback (McGrath 1999). These actions require individuals to learn from the failure of their previous project and be willing to adapt their beliefs to reach organizational goals. Specifically, we explore how individuals process project failure as feedback—influenced by the time passed since the project has failed, individuals' coping orientation, and their beliefs regarding the extent to which the organization normalizes failure—to facilitate learning from the failed project. We also investigate how negative emotions stemming from project failure can influence individuals' affective commitment to reaching organizational goals, how time passed since the failure and perceptions regarding the extent to which the organizational environment normalizes failure directly impact negative emotions, and how individuals' coping orientations—namely, loss, restoration, and oscillation orientations—impact the association between time since project failure and the resulting negative emotions about the failure event.

Entrepreneurial Project Failure and Negative Emotions

Employees in organizations tend to form feelings of psychological ownership (Pierce et al. 2001) for projects such that they believe they have control over and deep knowledge of the project based on heavy investments of effort, time, and energy. As a result of these feelings of psychological ownership, individuals' self-identities often become interwoven with that of the project and/or project team. When resources are reallocated after a project failure, the team is likely split up and allocated to other projects, thus leading to the loss of close relationships. In such situations, part of an individual's self-identity can be lost; this loss can result in dysfunctional effects for the individual (Pierce et al. 2001).

There are a number of examples of employees who describe project failure to yield substantial negative emotions; these individuals see project failures as the low point of their career (Eggen and Witte 2006), experience bitter disappointment (Cunningham 2004), and feel emotionally devastated (Dillion 1998). Further, research team members have reported feeling a variety of emotions after project failure, including denial, anger, personal pain, sadness, dismay, worry, anxiety, annoyance, frustration, and depression (Dillon 1998; Murray and Cox 1989). In our study with a colleague (Shepherd et al. 2011), interviews with research scientists also revealed several negative emotions caused by project failure. For example, when asked about their feelings after their most recent project failure, the scientists interviewed reported the following: "To see that you and the team were not able to lead it [a project] to a successful completion was altogether disappointing" (economics); "There was this huge effort put into the project, and to accept that is was for nothing was really difficult" (economics); "I was completely frustrated" (chemistry); "It was really painful. … I think we were all equally depressed" (biochemistry); "When the project does not work out, you start thinking whether your work makes any sense or not. … You start doubting [the work] more and more" (mechanical engineering); "It was really frustrating, I was quite furious. … For example, to reduce the anger whenever I got an email [from a project team member], I read it only the next day. I had to sleep on it to deal with all the frustration" (theoretical physics).

However, does every project failure lead to overly negative emotions? Is there variation in the level of negative emotions generated by project failures? With these questions in mind, we employ self-determination theory (SDT) to theorize on how people generate negative emotions from project failure because SDT (1) centers on individuals' psychological

well-being, which has been associated with emotions; (2) focuses on criteria of importance based on the person's context; and (3) has been explored at length in organizational settings. In this context, **psychological well-being** *is the degree to which a person experiences self-acceptance, positive relationships with other people, mastery, autonomy, personal growth, and purpose in life* (Ryff 1989).

The goal of SDT is to explain the psychological processes that enable optimum psychological functioning and well-being (Ryan and Deci 2000; Deci and Ryan 2000: 262). A person's environment provides nutriments that satisfy three needs associated with psychological well-being: competence, relatedness, and autonomy. When these needs are not met, psychological well-being decreases. Meeting these needs varies between project team members and within the individual team members across projects (Sheldon et al. 1996). Overall, people are driven to achieve high performance on projects that will help them satisfy their psychological needs. The motivation behind these performance desires mirrors intrinsic motivation since it entails active involvement in tasks that the person considers as interesting and that enable personal growth (Deci and Ryan 2000).

While projects that help individuals meet their basic needs will lead to higher intrinsic motivation compared to projects that fulfill these needs less, they are also likely to lead to more substantial negative emotions if they fail. This idea of project salience based on how much it fulfills these psychological needs is in line with previous scholarly work on commitment via people's psychological ownership and personal work engagement. Specifically, psychological ownership occurs when a person believes that a specific project belongs to him or her in a way that identity bonding between the person and his or her project has emerged and meaning and emotions related to possessiveness and ownership have formed despite the fact that the person has no legal right to the project (Pierce et al. 2001). Moreover, personal work engagement describes how much of their personal selves people bring to their work roles (Kahn 1990) and the degree to which there is "the simultaneous employment and expression of a person's preferred self in task behaviors that promote connections to work and to others, personal presence, and active, full role performances" (Kahn 1990: 700). Main elements of psychological ownership include autonomy and relatedness, and main elements of personal engagement include relatedness and competence. Kahn (1990) denotes these latter elements as meaningfulness, which occurs when individuals feel useful, worthwhile, and valuable when participating in some type of activity. When projects

satisfy people's needs for autonomy, relatedness, and competence, those people will start to feel psychological ownership for those projects and will be to a great extent personally engaged in the projects. Thus, higher psychological ownership and personal engagement for a project will cause stronger negative emotional reactions in the case of failure.

Project Failure, Need for Competence, and Negative Emotions

A project importance to a person partially depends on the degree to which the project contributes to fulfilling his or her need for competence. Once the project is stopped, this need is unmet (i.e., thwarted). The psychological need for **competence** *is met when a person received feedback indicating that he or she is performing well at a task*, and this need is thwarted when feedback indicates poor performance (Deci and Ryan 2000). The motivation literature provides a large body of evidence linking tasks that fulfill needs for competence and individuals' motivation to complete those tasks (Vallerand and Reid 1984).

Projects help meet employees' need for competence. To start with, projects often allow for the improvement of individuals' learning (Dweck 1986) and generate mastery over feelings (Butler 1992). In turn, these feelings demonstrate the generation of competence (Rawsthorne and Elliot 1999). Further, the culture of a particular project team may contribute to fulfilling competence needs as a productive competitive environment within or across project teams can confirm employees' competence (Tjosvold et al. 2003). In addition, group membership can address competence needs. Namely, a group can itself form confidence in its competence (Gist 1987; Lindsley et al. 1995). Group members will not only value this competence but it can also contribute to their self-identity (Tajfel and Turner 1979, 1986).

Thus, employees' psychological well-being is likely to decrease when they (1) lose a project which they believe is an important source of learning for valued skills and/or for which they perceive to possess high levels of task-related competence, (2) lose a culture within the team that sustains productive competition but is substituted by a culture of caustic competitiveness with individuals who do not support their endeavors and behaviors, or (3) lose the membership in a competent group and are allocated to a group that is less capable. In addition, individuals often view group membership turnovers as losing a central aspect of their identity, thus decreasing his or her feelings of competence and self-worth (Steele 1988). Losing these important elements through the failure of a project and are

not completely substituted by, for example, the next project thwarts the individual's competence need, causing negative emotions. Because projects are likely to differ in the degree they fulfill people's need for competence, they are also likely to differ in the degree to which this need is thwarted in the case of failure.

Project Failure, Need for Autonomy, and Negative Emotions

A project's importance is also affected by how much the project fulfills a person's psychological need for autonomy. **Autonomy** at work *is a form of personal control that offers employees the opportunity to choose when, where, and how they do their work* (Thompson and Prottas 2006). As with the need for competence, projects differ in how much autonomy they offer to those involved. Generally, people tend to value situations they have personal control over more than situations controlled by external forces. Leaders can provide employees autonomy through empowerment (Logan and Ganster 2007; Lok et al. 2005), structures with low levels of formality (O'driscoll et al. 2006), participation in important decisions, and opportunities for extensive self-management (Liden and Tewksbury 1995). Autonomy can also be supported through organizational processes and structures that encourage the sharing of information, independent activities, and decision making within a team setting (Blanchard et al. 1995). Researchers have shown that environments that offer people more autonomy improve well-being (Deci et al. 1989), increase one's satisfaction with the job (Purasuraman and Alutto 1984), and diminish the levels of stress people experience (Purasuraman and Alutto 1984; Thompson and Prottas 2006). However, autonomy can be undercut by incentives and evaluations, which have been shown to reduce creative outcomes (Amabile 1997), finding solutions for problems that are complex in nature (McGraw and McCullers 1979), and processing of information deeply and conceptually (Deci and Ryan 2000).

The processes, structures, and management systems that help fulfill project team members' autonomy needs can become different in the case of project failure. For instance, when management terminates a project, employees may see that project termination as a threat to their sense of control (Dirks et al. 1996). This threat perception is particularly problematic when individuals have felt psychological ownership over or have identified themselves with the project at hand (Pierce et al. 2001); the individuals may feel a sense of loss, frustration, and stress (Pierce et al. 2001). Thus, project failure can thwart the fulfillment of autonomy needs,

thereby causing negative emotional reactions among project members. Because projects differ in the degree to which they fulfill the need for autonomy, there will also be differences in the degree to which this need is thwarted after project failure.

Project Failure, Need for Relatedness, and Negative Emotions

A project's importance is also likely to be affected by how much the project fulfills the psychological need for relatedness. **Relatedness** *entails feeling connected to and understood by others* (Patrick et al. 2007). For instance, there is evidence that people's motivation increases when their environment shows a sense of secure relatedness (Ryan and La Guardia 2000; Ryan et al. 1994). Indeed, studies have also found that people have a need to feel related to other people and behave in ways to fulfill that need. Further, people tend to experience positive emotions from increased relatedness to other members of their group (McAdams and Bryant 1987; McAdams 1985) and more negative emotions with decreasing relatedness (Leary 1990). These negative emotions can include anxiety (Tice and Baumeister 1990; Craighead et al. 1979) and loneliness (Russell et al. 1984). Low feelings of relatedness within one's group can also have negative consequences for their physical and psychological health (De Longis et al. 1988).

Entrepreneurial projects often offer organizational members the chance to fulfill their need for relatedness. This need can be satisfied, for instance, through supervisor and/or coworker support (Caverley et al. 2007; Thompson and Prottas 2006), identification with an organizational group (Richter et al. 2006), and/or identification with the organization itself (Ashforth 2001; Barker and Tompkins 1994). As with the other needs, the need for relatedness can be thwarted by project failure since, for example, it can be associated with losing a specific valued coworker relationship (cf Vince and Broussine 1996). Indeed, this loss and other changes stemming from project failure can harm employees' attachment to other people, which in the past provided the employees a foundation for experiencing relatedness at work (Vince and Broussine 1996) and thus boosted their psychological well-being. Consistently, employees with less-supportive team members and managers have been found to typically have lower psychological well-being (Gilbreath and Benson 2004).

Psychological well-being can also be decreased when an individual's identity is jeopardized by an entrepreneurial project failure that breaks apart the team, leading to the redeployment of prior teammates within the firm.

This identity threat is especially extensive for employees who perceive that their team is an extension of the self (Belk 1988). After project failure, the threat to the individual's social identity thwarts his or her relatedness need and causes a negative emotional reaction (Aquino and Douglas 2003; De Longis et al. 1988). Like the other needs, projects likely differ in how much they fulfill the need for relatedness and thus differ in how much they thwart this need if they fail.

Negative Emotions and Learning from Project Failure

Research has found that negative emotions hinder people's information processing (Mogg et al. 1990; Wells and Matthews 1994), which is required for learning. We acknowledge that negative emotions can benefit learning. Negative emotions, for instance, indicate that something important is at risk or has been lost (Luce et al. 1997). As a result, people may direct their attention to the cause of the loss (Clore 1992; Pieters and Raaij 1987). This attention allocation is a prerequisite for learning based on enhanced scanning and information processing related to the cause of the loss (Cacioppo et al. 1999; Weick 1979) and for the motivation to initiate change (Lazarus 1993). Yet, in other situations, negative emotions can also limit individuals' information scanning (Gladstein and Reilly 1985; Staw et al. 1981; Sutton and D'Aunno 1989) and disrupt their processing of information that is obtained (Mathews et al. 1990), thus diminishing learning. Furthermore, negative emotions can also redirect individuals' scarce information-processing capacity from the event itself to the emotional reactions to the event (Nolen-Hoeksema and Morrow 1991). Overall, any learning advantages that come from negative emotions are usually overshadowed by its disadvantages, and, in particular, for tasks that are highly complex (Huber 1985).

Effective learning from entrepreneurial project failure starts to materialize when the employee compares the project's actual performance with the initial plan for particular project tasks to improve his or her understanding of the performance gap and failure cause (McGrath 1999: 23). Learning frequently entails the repetition of strategies, routines, and/or practices that previously have been used successfully in one's own or other organizations (e.g., vicarious learning (Kim and Miner 2007)). However, learning can also occur from the study of failures because failures drive people to seek out new models, activities, and/or routines (Kim and Miner 2007). When individuals are able to effectively learn after an entrepreneurial project failure, it gives the organization information about its

assumptions (e.g., about product favorability, strategic direction, etc.) that can improve its decision making going forward (McGrath 1999). Therefore, learning from project failure entails understanding the reasons for the failure, evaluating the core assumptions that drove the failed project to determine whether they are worth keeping, and creating capabilities to alter the strategies, processes, and procedures that resulted in the failure. While entrepreneurial project failure can create useful opportunities for organizational learning (Corbett et al. 2007; McGrath 1999; Sitkin 1992), when such failures are associated with emotional challenges, organizational members are unlikely to discuss them, thus compromising learning (McGrath 1999; Shepherd 2003; Shepherd et al. 2009a, b; Shepherd et al. 2013).

Just like we anticipate heterogeneity in the negative emotions a person experiences across project failures and heterogeneity in emotion levels across team members for a specific project failure, we also expect individuals' responses to negative emotional experiences to vary. The question that arises is why some individuals are better than others at overcoming the negative emotional interference to learning that can occur after a failure experience. We argue that self-regulation (specifically self-compassion) moderates the association between the negative emotions in response to a project failure and the learning benefits for the individual. Based on the social psychology and failure literatures, we explore how different aspects of self-compassion can help employees learn from the failure of their project.

Negative emotions can weaken people's recalling of information about the past and can cause perceptions of disconnection from and avoidance of close relationships with other people in the social environments inside and outside work (Hogan et al. 2001). In particular, negative emotions stemming from entrepreneurial project failure will impact individuals' affective organizational commitment. Affective commitment, or *a person's identification with and involvement in an organization* (O'Reilly and Chatman 1986), represents their motivation to "give energy and loyalty to the organization" (Kanter 1968: 499). Research has shown that employees' affective commitment can lead to better performance at the level of the individual (Sinclair et al. 2005; Vandenberghe et al. 2004) and the organization (Gong et al. 2009). Thus, employees often see project failure as a type of negative feedback regarding their work efforts. The experience of such negative emotions is a mediator in the association between the negative feedback individuals receive and how they regulate their personal goals (Ilies and Judge 2005), indicating that after project failure, goals

congruence between the level of the individual and the organization diminishes as compared to their congruence before the failure event. However, after time, an individual's emotional attachment to a failed project gradually breaks, and his or her thinking about the project or events associated with the failure event cause fewer negative emotions. New projects and social relationships become more central and start to fulfill the individual's previously thwarted psychological needs, thus helping regain his or her affective commitment to the organization.

INTELLIGENT-FAILURE MANAGEMENT THROUGH NORMALIZATION

In environments where failure consequences are especially detrimental, dividing complex tasks into smaller subtasks enables individuals to generate a series of small wins; these small wins in turn drive constructive behavior (Weick 1984). Such wins are likely to generate task-related self-efficacy and thus positively impact task performance for ensuing forms of the task that are more difficult (Bandura 1991). A potential drawback of "small wins" is that due to their "smallness," people may not pay as much attention to the task at hand, leading them to search for less information (Sitkin 1992). As a different strategy, "intelligent failure" recognizes the advantages of failure if "(1) they [the projects undertaken] result from thoughtfully planned actions, (2) have uncertain outcomes, (3) are of modest scale, (4) are executed and responded to with alacrity, and (5) take place in domains that are familiar enough to permit effective learning" (Sitkin 1992: 243). For *alacrity* to arise, individuals must fail without the experience of negative emotions, which can occur when the organizational environment normalizes failure for employees.

Normalization denotes institutionalized processes whereby the extraordinary (in our case, failure) is made more commonplace. More specifically, stimuli that are threatening, uncommon, consequential, or have personal meaning may stimulate deep emotions. A normalization process makes these stimuli less important and less arousing, thus making them more ordinary (Ashforth and Kreiner 2002: 217). Generally, normalization stems from habituation or desensitization processes. Habituation—which can be triggered by interactions with others and is a social process (Ashforth and Kreiner 2002)—involves recurring exposure to the same stimulus that ultimately leads to increasingly weaker responses. Desensitization involves exposure to stimuli of growing unpleasantness. Through desensitization,

the discrepancy between anticipated and actually experienced stimuli is diminished, thus decreasing the emotions experienced (St-Onge 1995). For instance, in several entrepreneurial failures of escalating significance, the discrepancy between anticipated and experienced failures becomes smaller, so the most recent failure causes fewer negative emotions as compared to failures without predecessors.

Normalization can also improve a person's persistence with what he or she initially perceives as a task that is aversive. For instance, when recounting how he learned to deal with disgust at handling corpses to continue the task, a hospital orderly stated, "After a while, I got used to it. Each time it got a little easier. It's just not that big a deal anymore" (Reed 1989: 48). When the failure of projects is normalized, organizational members are more likely to persist with entrepreneurial efforts. That is, because failure does not lead to negative emotions anymore, employees are less likely demotivated to try again in future projects. Farson and Keyes (2002) applied intelligent-failure principles to innovation management and came up with the concept of the "failure-tolerant leader," a manager who "through their words and actions, help people overcome their fear of failure, and, in the process, create a culture of intelligent risk taking that leads to sustained innovation" (Farson and Keyes 2002: 4). Normalizing failure leads to reduced fear of failure. For instance, a failure-tolerant leader handles "steps in the innovation process—those that work and those that don't—with less evaluation and more interpretation. They don't praise or penalize; they analyze" (Farson and Keyes 2002: 5). Similarly, "the best coaches take victory or defeat in stride. 'I didn't get consumed by losses,' said the legendary NFL coach Don Shula, 'and I didn't get overwhelmed by successes'" (Farson and Keyes 2002: 5).

Regardless of whether the normalizing failure just happens over time or is intentionally coordinated by the firm, the intelligent-failure method hinges on getting rid of obstacles to generating new knowledge from failures. However, doing so may be challenging. According to Farson and Keyes (2002: 4), "While companies are beginning to accept the value of failure in the abstract—at the level of the corporate policies, processes, and practices—it's an entirely different matter at the personal level. Everyone hates to fail." In the next section, we discuss the challenges associated with normalizing failure in line with an intelligent-failure approach.

The above discussion on normalizing the failure of entrepreneurial projects to eliminate grief *does not take into account* two important implications. First, although normalization is beneficial in lessening negative emotional reactions that can obstruct learning and negatively affect

performance after the emotional event, it also lessens the learning-related advantages that such negative emotions can bring about. By changing the failure-related emotions from being strongly negative to neutral (or even somewhat positive), the intelligent-failure strategy may have the same limitations Sitkin (1992) pointed out about Weick's (1984) approach of "small wins." More specifically, emotional neutrality can lead to low attention levels and decreased information search since events with more emotionality are higher priority in individuals' information processing compared to events that are emotionally neutral (Ellis et al. 1971). Furthermore, negative emotional events tend to generate higher levels of attention and information processing than those events that are emotionally positive (Wood et al. 1990). Negative emotions highlight an event's significance and thus guide individuals' attention to actions, beliefs, and events precipitating the negative event to scan for important information (Weick 1979) and encourage adaptation (Lazarus 1993). Similarly, as mentioned, grief occurs when an individual believes he or she has lost something important (Luce et al. 1997). Thus, signals indicating that a failure has happened can encourage change and enhance coping by guiding the individual's attention (Schwarz and Clore 1988) to the circumstances of the event (Pieters and Raaij 1987) and to the achievement of learning outcomes from the failure (Cacioppo et al. 1999).

Second, eliminating negative emotions from project failure may also weaken individuals' commitment to subsequent initiation and advancement of new projects. In other words, because grief is a reaction to the loss of something that is important for individuals' psychological and emotional well-being, eliminating negative emotions entails reducing the project's emotional importance for him or her. In turn, this diminished importance enhances the probability of project failure. Decreased creativity (Amabile 1997; Amabile and Fisher 2000) as well as reduced commitment of the leaders (Song and Parry 1997) and employees (Amabile and Fisher 2000) of the project and team members can all lead to lower performance of the entrepreneurial project.

To illustrate these ideas consider a physician with seriously ill patients, which are roughly analogous to an organizational member and his or her entrepreneurial project. If the physician becomes desensitized to patients' death, he or she will engage in depersonalization. When depersonalization occurs, the physician's interpersonal interaction with patients and their families gets less sensitive, more negative, and perhaps highly detached, ultimately resulting in patient care that is less effective (Peeters and Le

Blanc 2001). Similar to physicians who have faced a considerable number of deaths, employees who have gone through numerous failures can eventually become desensitized to the project's failure and may commit less to subsequent projects.

In the next section, we propose an approach that regulates—instead of normalizing— grief triggered by project failure. We then describe the organizational conditions that will likely lead to superior learning and commitment outcomes using this approach.

Coping Orientations and Project Failure

Two approaches exist that researchers believe aid individuals in coping with the emotions caused by loss, and a third approach combining the two: a loss orientation, a restoration orientation, and an orientation of oscillating between loss and restoration orientation (Shepherd 2003; Stroebe and Schut 2001).[2] We now address how each of these orientations impacts learning from project failure as well as their influence on the way employees utilize the time since their last entrepreneurial project has failed to deal with the negative emotions caused by the failure.

When individuals engage in a **loss orientation**, they *work through and process elements of a loss to break the emotional bonds they have to the object lost* (Stroebe and Schut 2001). For this coping orientation, people must concentrate on what happened prior to the failure in order to form a plausible account for the failure event. Thinking about the process and causes of an entrepreneurial project failure can offer opportunities for constructive learning (Corbett et al. 2007; McGrath 1999; Sitkin 1992) if employees compare project performance when failure occurred to expected performance in the initial plans. Negative emotional reactions to the failure indicate how important the lost project has been, which focuses their attention on looking for and evaluating any failure-related information (Clore 1992; Ellis and Chase 1971; Schwarz and Clore 1988). These activities of scanning and comparing provide employees information about the failure and its preceding events. The individuals can then use this information to update their beliefs about the reasons underlying project failures and what can be done to counteract these causes in subsequent projects. Additionally, exploring why the entrepreneurial project did not end as planned can motivate individuals to consider different activities and strategies that could have been initiated (Kim and Miner 2007). Lastly, employees who detect project routines/processes that led to failure and must be altered for following projects

may recognize a universal need for more flexibility and change. These individuals may then develop new plans to change routines, strategies, procedures, or actions as needed in subsequent projects (Eisenhardt and Martin 2000).

When employees focus on the loss and develop an account for the failure event, the loss begins to take on new meaning, and the organizational members can finally start resolving their emotional attachment to the entrepreneurial project that has failed. This new plausible failure account triggers an adaptation of how the individuals view themselves and the context in which they act (Archer and Freeman 1999), thus enabling them to control their emotions in a way that stops the failure from causing negative emotions (Gross 1998). Employees with a substantial loss orientation begin grief work right away and start forming a more complete understanding of the project failure. For instance, in our study with a colleague (Shepherd et al. 2011), an aerospace engineering scientist recounted the following: "[After a failure,] I look back. … It is certainly necessary to make a rational analysis." Yet, working through the loss is draining. After time, individuals begin thinking less about the events preceding the failure and more about the specific event itself and the resulting emotions, which may ultimately cause additional negative emotions (Bonanno 2004). For example, the engineer went on: "I then start asking myself too often 'was this right' and so on … and I then bedevil myself at points where no concrete conclusion can be drawn … [and then] only entropy [disorder within the system] is produced." As this example shows, having a strong loss orientation for a long time can result in ruminations; ruminations can lead to a vicious cycle of negative thoughts, emotions, and actions (Nolen-Hoeksema 1991). Moreover, when working through grief entails counterfactual thinking, the individual may have feelings of disappointment, regret, and/or anxiety due to missing opportunities for avoiding the failure overall (cf. Baron 2000, 2004; Roese 1997). Rumination-induced emotions can worsen feelings of loss. Thus, although negative emotions are decreased early on, a loss orientation appears to ultimately lead to even more negative emotions after entrepreneurial project failure.

Next, when individuals engage a **restoration orientation**, they *suppress feelings of loss and proactively attend to loss-related secondary sources of stress* (Stroebe and Schut 2001). As the definition implies, a restoration orientation has two dimensions—avoidance (of the primary stressor, i.e., the failed project) and proactiveness (toward failure-related secondary stressors). None of these dimensions helps individuals learn from project failure, but both help them to "keep a lid on" and/or decrease negative

emotions. Avoidance entails distracting oneself to direct attention away from the failed project and the preceding events. For instance, employees may concentrate on dealing with alternative stressors, such as "What is my organizational role now that my project has failed?" and "How can I effectively work with my new project team?" Although dealing with secondary stressors provides employees distraction from the entrepreneurial project failure event and allows them to continue with the their jobs, it offers few learning opportunities as it does not contribute to a more plausible explanation regarding the failure and therefore does not provide insight into the changes and adaptations needed for the next project.

Thus, the likelihood of an association between restoration orientation strength and learning from the failure of an entrepreneurial project is low. However, with a stronger restoration orientation, individuals' negative emotional responses to losing something important are likely to diminish (see Shepherd et al. 2011). That is, by actively avoiding thoughts related to the failure, employees do not consciously acknowledge the failure, and as a result no negative emotional response is triggered (or the response is minimized). Indeed, an individual's focus on non-project-related tasks replaces his or her thoughts and emotions about the failure with other thoughts and emotions. These alternative thoughts, for instance, can include other achievements at work that trigger positive emotions. Moreover, proactively dealing with secondary stressors likely means that when those sources of stress are removed (or reduced), the original loss is no longer as troubling and thus does not cause a significantly strong negative response. Attending to secondary stressors may even generate positive emotions (Ganster 2005). These positive emotions, in turn, can help "undo" the negative emotions (Fredrickson 2001) caused by an entrepreneurial project failure.

Yet, suppressing emotions is usually very draining (Archer and Freeman 1999). As a consequence, suppression may lead to negative psychological (Prigerson et al. 1997) and physical (Gross 1998) issues. In addition, it is often challenging to repress emotions for a longer time period; the negative emotions are likely to come up eventually (Holahan and Moos 1987; Repetti 1992). As a result, more distress and future problems will emerge (Menaghan 1982), which worsen the failure experience overall. Therefore, as with a loss orientation, for a short time after an entrepreneurial project failure, with an increasing restoration orientation, individuals can lessen negative emotions. However, if this orientation persists for a longer time, negative emotions arise, which offsets the benefits of engaging a restoration orientation.

Finally, when individuals engage an **oscillation orientation**, they *move back and forth between a loss orientation and a restoration orientation* (Shepherd 2003; Shepherd et al. 2011; Stroebe and Schut 2001), thus enabling them to realize the advantages of both orientations while reducing the problems associated with engaging in one orientation for too long. Initially experiencing negative emotions from failure activates the autonomous nervous system, focusing a person's attention on what caused the failure (Fineman 1996; Hirshleifer 1993; Weick 1990). Working through the grief they experience, individuals may start ruminating about the failure of their entrepreneurial project and trigger additional negative emotions. These mounting negative emotions may eventually narrow their attention (Derryberry and Tucker 1994; Staw et al. 1981) and hinder the processing of available information (Lyubomirsky and Nolen-Hoeksema 1995; Weick 1990). In other words, the increasing negative emotions caused by a loss orientation that persists for too long can narrow people's attention, diminish their information-processing abilities, and lessen their feelings of control (Carver et al. 1989; Lyubomirsky and Nolen-Hoeksema 1995), all of which are detrimental to effective learning.

Changing to a restoration orientation after a loss orientation can help stop rumination by refocusing a person's attention on activities other than the failure event, including dealing with secondary stressors. After individuals have successfully reduced their negative emotions and increased their capacity to process information (Fredrickson 2001), people with a strong oscillation orientation can revert back into a loss orientation to further understand the failure event. Thus, with a stronger loss orientation, employees are likely to learn more from entrepreneurial project failures as a result of this intensive evaluation of the failure event interwoven with periods of healing and concentrating on addressing secondary stressors. On the other hand, employees with a weaker oscillation orientation are likely to remain in either orientation for too long. If this occurs, the individuals will either become cognitively overwhelmed from thinking about his or her negative emotions (loss orientation) or be unable to adequately form a believable explanation for the failure event (restoration orientation).

Additionally, an oscillation orientation may also improve a person's ability to decrease negative emotions caused by the project failure by harnessing the advantages of both orientations for handling those negative emotions, thus decreasing the cost of staying in either orientation for too long. When a loss orientation helps a person form a more plausible explanation for an entrepreneurial project failure, it may give meaning to the loss and thus

reduce negative feelings (Archer and Freeman 1999). As discussed earlier, engaging a loss orientation for too long can activate multiple and diverse negative emotions, leading the individual to recall negative thoughts about him- or herself and their environment (Lyubomirsky and Nolen-Hoeksema 1995; Nolen-Hoeksema 1991). These negative thoughts can in turn initiate a harmful spiral in which negative emotions escalate. When reflecting on the failure event starts to cause negative emotions, employees with a strong oscillation orientation start engaging a restoration orientation, taking initiative to deal with secondary stressors, which can lessen the emotional significance of the project failure. During this time, the individual has the chance to recuperate emotionally, and switching back to a loss orientation after this recuperation (without instantly beginning to ruminate over negative thoughts and emotions) can further diminish the individual's emotional bond with the failed project. Thus, engaging in oscillation orientation can—over time—lessen the negative emotional experience caused by entrepreneurial project failure. However, a limited oscillation orientation is only marginally effective since employees are likely to remain in either orientation for too long.

GRIEF, COPING SELF-EFFICACY, AND SUBSEQUENT ENTREPRENEURIAL PROJECTS

Researchers have recently used social cognitive theory (Bandura 1986) to gain stronger insights into human functioning, with a particular emphasis on self-regulation in individuals coping with trauma (Benight et al. 1999). Similar to failure, trauma involves an event that causes a negative emotional response that may impede people's normal functioning (Janoff-Bulman 1992). Coping entails the thinking and acting individuals utilize to handle the internal and contextual demands of specific stressful circumstances (Lazarus and Folkman 1984a, b). Coping is initiated "in response to the individual's appraisal that important goals have been harmed, lost, or threatened [generating] negative emotions that are often intense" (Folkman and Moskowitz 2004: 747). When the entrepreneurial project represents the loss, it generates grief that is likely to be powerful and internalized. Thus, coping with project failure *involves the thoughts and actions employees utilize to recover from negative emotions experienced in response to project failure*.

A core component of social cognitive theory is that "people tend to avoid activities and situations they believe will exceed their coping capabilities, but they readily undertake challenging activities and pick social

environments they judge themselves capable of managing" (Wood and Bandura 1989: 365). This judgment of one's capabilities relates to self-efficacy. Specifically, self-efficacy denotes "beliefs in one's capabilities to mobilize the motivation, cognitive resources, and courses of action needed to meet given situational demands" (Wood and Bandura 1989: 408). Many scholars argue that self-efficacy is specific to a particular task (Bandura 1997). In the specific context of entrepreneurship, self-efficacy has been defined as "the degree to which individuals believe they are capable of performing the tasks associated with new venture management" (Forbes 2005: 628). In the specific case of corporate entrepreneurship, coping self-efficacy "refers to the beliefs in one's capabilities to mobilize the motivation, cognitive resources, and courses of action needed to recover from major setbacks arising from the organization's entrepreneurial activities" (Shepherd et al. 2009a: 593).

Individuals with low coping self-efficacy feel there is a large gap between their coping capabilities and harmful elements of their context. The belief of being unable to cope often intensifies the threat's severity and increases anxiety over other dangers. Someone with low coping self-efficacy in addition believes that he or she is incapable of clearing their minds of invasive thoughts (Bandura 1997; Lazarus and Folkman 1984a, b). People with high coping self-efficacy, on the other hand, believe that they can avoid cognitive overload, have control over intrusive thoughts, and proactively shape situations to make them less threatening (Bandura et al. 1985). For instance, Benight et al. (1999) reported that for Hurricane Opal survivors, perceived coping self-efficacy had a significant mediating effect in explaining who did not have lasting distress from the trauma (Benight et al. 1999).

In addition to helping individuals cope with trauma, self-efficacy also appears to mediate the association between experiencing a substantial loss and recovering from grief. For example, Benight et al. (2001) conducted a study of 102 widows whose husbands had died within the last year, finding that those higher in coping self-efficacy regarding their loss had experienced lower levels of distress and higher overall psychological and physical health (Benight et al. 2001). Recovering from grief enables individuals to continue with their lives and commit to new courses of action (Fisher 2001). As Benight and Bandura (2004: 1133) noted, "a robust sense of coping self-efficacy is accompanied by benign appraisals of potential threats, weaker stress reactions to them, less ruminative preoccupation with them, better behavioral management of threats, and faster recovery of well-being from any experienced distress over them." Thus, coping

self-efficacy has an important function in explaining people's reactions to stress, the usefulness of the strategies they employ for coping with hostile circumstances (Bandura 1997), and their persistence when faced with challenges (Bandura 1986).

Building on findings related to coping self-efficacy in the face of traumas caused by the loss of loved ones and natural disasters, my (Dean) colleagues and I (Shepherd et al. 2011) argued that individuals' coping self-efficacy is heterogeneous, which helps explain variation in how effective organizational members are at managing the failure of an entrepreneurial project.

Individuals' thinking, feeling, and acting at work are directly affected by the internal firm context they face (Brief and Weiss 2002). Bereavement scholars have given numerous examples of firms that enable social support by creating rituals and support groups designed to help mourning employees manage their grief (Archer and Freeman 1999). Through these rituals and support groups, firms provide their employees the chance to meet other people who have also experienced a loss. Through interactions with those people who have had similar grief, the employees can mimic coping behaviors and improve their own coping self-efficacy.

With the goal of helping individuals regulate their emotions, support groups are used in numerous contexts, especially in the case of losing a family member. More than 50% of all US hospice providers provide support groups to aid people manage their grief after losing a loved one (Foliart et al. 2001). According to Balk et al. (1993: 432), typical goals of support groups are as follows:

> The goal of the social support group meetings was to facilitate coping with grief and to assist in resolving the difficulties associated with mourning through education regarding adaptive tasks and coping skills pertinent to life crises and through opening channels of communication between groups.

Self-help groups, also called peer or mutual support groups, are the type of social support group that is most frequently used due to their low cost and because participants view such groups as providing high-safety environments (Caserta and Lund 1996). In practice, self-help groups are generally headed by a peer who has previously experienced a substantial loss and coped with it successfully. In the self-help context, leaders are not therapists or counselors but instead organize and facilitate the processes within the self-help support group (Caserta and Lund 1996). For instance, self-help support groups provide members emotional support and a positive environ-

ment that encourages information sharing. As a consequence, these groups enable their members to overcome grief more effectively (see Hopmeyer and Werk 1994). Thus, support groups are one example of a social support mechanism firms can use to help failed employees enhance their coping capabilities and (re)build the confidence required to take on future tasks (Caserta and Lund 1993).

Organizations generally have support groups to help participating employees deal with issues from *outside the workplace* that influence performance in their job (e.g., divorce, death of a loved family member) (Kahnweiler and Riordan 1998). Sometimes, organizations also provide support groups to help members cope with *traumatic events* that occur inside the organizational boundaries, such as large-scale corporate changes and downsizing (Esty 1987). Organizational members can further obtain social support from informal relationships they form with colleagues (Riordan and Griffeth 1995). In their study of 816 medical care providers in the Netherlands, Peeters and Le Blanc (2001) found that providers who obtained social support from the coworker could better cope with the emotional challenges of their work without developing insensitivity, indifference, or detachment from the patients' difficult situations; that is, they did not have to rely on depersonalization. Thus, whereas coping self-efficacy represents individuals' beliefs in their ability to cope, organizational social-exchange mechanisms can offer opportunities for employees to support one another and, as such, are important for improving their coping self-efficacy. In other words, social support can be a facilitator: "supporters model coping attitudes and skills, provide incentives for engagement in beneficial activities, and motivate others by showing that difficulties are surmountable by perseverant effort" (Benight and Bandura 2004: 1134). As a facilitator, social support can improve individuals' self-efficacy. In their review of mediation studies across a broad range of situations and samples, Benight and Bandura (2004) established that social support is advantageous only when it enhances individuals' perceived self-efficacy for handling environmental demands. If social support facilitates employees' development of self-efficacy for overcoming grief caused by the failure of an entrepreneurial project, such support is also likely to help members learn from this failure and stay motivated on later projects.

Organizations also create and use rituals to enable organizational members to offer each other social support. Rituals are "standardized, detailed sets of techniques and behaviors that the culture prescribes to manage anxieties and express common identities" (Trice and Beyer 1993: 80).

Advantages derived from funeral rituals, for instance, can go beyond the death of a close family member or friend and be applied to losing something important in the organizational context. After investigating 11 parties, picnics, and dinners taking place in six dying organizations, Harris and Sutton (1986) theorized on parting ceremonies for (former) employees following firm death. They contended that the purpose of parting ceremonies is to offer emotional support for workers and help them learn from their experiences. When firms die, (former) employees tend to mourn over the loss, but they are also likely to benefit from the emotional support offered through parting ceremonies' rituals. These rituals are particularly beneficial as they improve people's coping self-efficacy.

Organizations could utilize a similar process for the emotional challenges associated with entrepreneurial project failures. That is, they could provide some type of funeral or parting ritual when a project fails. In fact, many organizations have already developed rituals to help their members deal with failure (see McCune 1997). For instance, Ore-Ida, a subsidiary of H. J. Heinz, shot off a celebratory cannon whenever a project failure occurred (Peters and Waterman 1982). Similarly, Eli Lilly hosted "perfect failure" parties to honor outstanding scientific achievements that ultimately were associated with the failure of a project (Burton 2004: 1). Shooting off cannons or performing other rituals that signify a project's death can effectively improve learning from failure by helping build employees' coping self-efficacy. Rituals do this by offering a space for social support with regard to the grief-recovery process. When employees know that they will always have social support (because it is a ritual), their confidence in their ability to cope with grief over entrepreneurial project failure will increase.

Social support often results in enhanced well-being, and firms are in the position to create spaces for compassion being received and given (Kanov et al. 2004). This compassion can include empathetic listening to other organizational members' problems (Frost 2003), sympathetic emotions (Carlo et al. 1999), and executing large-scale reactions to unanticipated traumatic events (Dutton et al. 2006). Mostly seen as an important and positive force in firms (Kanov et al. 2004), scholars have explored compassion at numerous levels of analysis; these levels include individuals' compassion for others (Nussbaum 1996), compassion as an interpersonal, people-connecting process (Kanov et al. 2004), and the ways people unite to deliver an organized compassionate organizational response (e.g., compassion organizing (Dutton et al. 2006) and compassion venturing

(Shepherd and Williams 2014; Williams and Shepherd 2016)). Compassion is the manifestation of the instinctive human need to respond to others' suffering in order to ease that suffering. In this context, suffering includes some form of loss or pain that jeopardizes individuals' sense of meaning about their existence (Dutton et al. 2006). Here, compassion represents people's reaction when their self-meaning or psychological health is threatened. Additionally, compassion entails responses to others' suffering, so it is not emotion-based but also involves action (Dutton et al. 2006).

Self-Compassion, Negative Emotions, and Learning from Project Failure

Just like other-directed compassion entails recognizing, feeling, and taking action in response to another individual's suffering (Dutton et al. 2006), **self-compassion** captures *being aware that one is personally experiencing feelings of loss, determining the cause of that feeling (*i.e., *project failure in this case), and responding by taking action to do something about it* (Shepherd and Cardon 2009). Employees who are self-compassionate are moved by their own negative emotions over project failure, are mindful of their discomfort, want to ease this suffering by healing themselves instead of avoiding or detaching from the negative emotions' origin (Neff 2003a; Wispe 1991). Unlike other-directed compassion, the relational process of self-compassion (Kanov et al. 2004) happens through the relationships people have with themselves.

We propose that there are three aspects of self-compassion—self-kindness, common humanity, and mindfulness—and we connect them to (1) the strength of individuals' negative emotional responses to project failures and (2) the altering of the association between experiences of negative emotions and people's learning related to the failure event. We make several assumptions with this approach. First, we argue—and empirical evidence shows (Neff 2003b; Shapiro et al. 2005)—that people can learn self-compassion over time. Further, self-compassion is a required (yet insufficient) condition for people to achieve learning outcomes from project failure. Finally, when individuals are self-compassionate, they have less anxiety about negative events and, as a consequence, can better sustain their psychological health (Neff and Davidson 2016).

In this section, we focus on how self-regulation can help individuals handle or counteract threats stemming from project failure and improve their learning from these events. In our theorizing, we suggest that people who

are caring toward themselves when evaluating project failure (high levels of self-kindness) view project failure objectively in relation to other individuals (high common humanity), maintain an emotional balance (high mindfulness), have fewer negative emotions from project failure, and are more capable of using the failure as a chance for learning. In the following, we discuss these three aspects of self-compassion that aid employees in self-regulating their negative emotions from project failure in a manner that facilitates learning. We do not provide an exhaustive summary of mechanisms that enhance self-kindness, common humanity, and mindfulness; rather, we simply believe that these mechanisms exist and play a crucial role in explaining variance in people's negative emotional responses to project failure and the extent to which they learn from the experience (based on Shepherd and Cardon 2009).

Self-Kindness, Negative Emotions, and Learning from Project Failure

Self-kindness *refers to being kind to and understanding of oneself instead of extending harsh judgment and self-criticism (Neff* 2003a*: 89) after project failure.* Individuals demonstrate self-kindness—at least partly—when they (1) attempt to understand and have patience with personal traits they do not like, (2) are caring to themselves when suffering from project failure, (3) provide themselves with the tenderness required to handle the difficult aspects of project failure, (4) tolerate their own imperfections and shortcomings potentially having contributed to project failure, and (5) try to be loving toward themselves when they feel negative emotions (Neff 2003b) from project failure.

Self-kindness is unlikely to lessen the emotional significance of the failed entrepreneurial project for those involved; yet, it does help deter individuals from deeming themselves "bad" because of the failure. People who are highly self-kind and go through project failure are less likely to callously be critical of themselves for not being able to achieve optimal project standards (Neff 2003a), which safeguards them against anxiety when they reflect on their weaknesses (Neff et al. 2007). In addition to lower anxiety, self-kindness can keep people from engaging in ruminations, which—as we discussed earlier—can cause increased negative emotions (Nolen-Hoeksema 1991). Thus, having the ability to separate the project failure event from assessments of the self, an employee with high self-kindness can diminish his or her negative emotional response to the failure of a project.

Self-kindness depends on discriminating wisdom, which "clearly evaluates the positive or negative quality of actions but does so with a compassionate understanding of the complex, dynamic situational factors that impact these actions, so that particular performances are not taken as indicators of self-worth" (Neff et al. 2005: 264). We are not suggesting that people overlook such failings or accept them without resistance. Rather, self-kindness facilitates the elimination of failure-related learning obstacles. Only when individuals judge themselves harshly, the ego's protective mechanisms kick in. While these mechanisms conceal inadequacies from individuals' self-awareness to maintain self-esteem (Neff 2003a), they ultimately diminish how much people learn. Self-kindness offers an emotional safety net that enables higher self-awareness by providing an objectively more accurate perception of the project's failure (Shepherd and Cardon 2009). In other words, self-kindness stops people from allowing their subjective reactions to go too far (Neff 2003a), possibly initiating ruminations (Nolen-Hoeksema 1991), and/or worsening negative emotions (Nolen-Hoeksema 1991). This higher level of negative emotions generally obstructs learning (Nolen-Hoeksema 1991; Shepherd 2003) because when individuals concentrate on their negative emotions, they have less capacity to attend to and process information about their failure experience. Furthermore, employees' awareness of their own flaws and mistakes is a crucial input for learning; self-kindness can improve this self-awareness. Thus, having the ability to evaluate entrepreneurial project failure separate from self-worth assessments, those with self-compassion face fewer barriers in their learning process.

Common Humanity and Learning from Project Failure

Common humanity *refers to viewing one's experiences as part of the greater human experience instead of viewing them as separate and isolated* (Neff 2003a: 85). That is, employees with common humanity see their failure experiences in relation to the common human experience in their firm, recognizing that failures are an inevitable element of innovation and that everyone, including themselves, deserves compassion (Shepherd and Cardon 2009). This perspective enables individuals to stay connected to other organizational members. Based on these connections with others in the organizations, the employees can forgive themselves for any of their flaws contributing to project failure.

It is doubtful that mechanisms stressing commonality will lessen the importance of any one entrepreneurial project among employees; rather,

when a project fails, they help individuals put their resulting feelings into context. In other words, acknowledging that they share their feelings of grief over project failure with other individuals within the firm helps them be less self-critical (Rubin 1975) and facilitates forgiving themselves for prior shortcomings (Neff 2003a). Thus, these individuals are less likely to perceive project failure as threatening their self-esteem. With decreasing common humanity, on the other hand, employees are more likely to view project failure as threatening since they tend to feel isolated and less related to others, reducing personal well-being. Moreover, individuals perceive the resulting threatening situations negatively, leading to higher anxiety and stress (e.g., Leary et al. 2001).

Higher levels of common humanity will also influence people's ability to learn from entrepreneurial project failure. More specifically, when employees realize that all organizational members experienced the negative emotions caused by the failure, they are more likely to participate in the necessary impartial diagnosis of the failure's cause and provide possible accounts for the failure (Shepherd and Cardon 2009). By blaming themselves less, organizational members will externalize blame attributions less as a means to defend their ego. Externalizing sources of blame is frequently an effective way to protect one's self-esteem (e.g., Brockner and Guare 1983). However, externalizing blame offers few opportunities for learning because there is not much to learn because the individual feels that the failure was due to factors completely outside his or her control (e.g., Diener and Dweck 1980). In this case, common humanity may actually result in a collective desire to determine who or what should be blamed for the failure. Indeed, an employee may ascribe entrepreneurial project failure to numerous causes (e.g., the organizational management or the economic context). Yet, real learning from failure—namely, attempting to understand what went awry and how to avoid similar issues in subsequent projects—requires an impartial and honest evaluation of the failure's primary causes. Leary et al. (2007) called such evaluations impartial attributions as opposed to self-attributions. According to Neff (2003a), self-compassion effectively safeguards employees' personal well-being from negative events irrespective of them causing the event. Further, Leary and colleagues (2007) showed that self-compassionate individuals put forth higher effort to be kind to themselves when they attributed negative events to themselves. In this study, self-compassion was beneficial no matter what the attribution of blame.

Organizational members partly demonstrate common humanity when they try to remind themselves that most people have feelings of inadequacy

following entrepreneurial project failure, attempt to see their mistakes as part of the human condition in an organizational environment, remind themselves that there are many employees in their own and other organizations who feel dejected in the case of project failure, and remember that everyone goes through challenging situations (adapted from Neff 2003b). Without connecting to others in this way, people can feel isolated, lessening informal learning and information access as well as decreasing their ability to initiate action (Martinko and Gardner 1982). When employees have higher common humanity, they do not stay connected to the failure of the entrepreneurial project because they have forgiven themselves for any mistakes they contributed to the failure and have also forgiven other project team members who may have been blamed for the failure (Shepherd and Cardon 2009). In turn, this forgiveness deactivates the defensive mechanisms that obstruct learning.

Mindfulness and Learning from Project Failure

Mindful organizational members keep emotions caused by entrepreneurial project failure in check, handle emotions regarding project failure with curiosity and open-mindedness, and maintain a balanced understanding of the failure event by keeping things in perspective (adapted from Neff 2003b). Employees who are less mindful tend to be strongly influenced by personal feelings (Neff 2003a: 88). For instance, when a person concentrates on an entrepreneurial project failure, his or her focus can move away from the failure itself to the negative emotional experiences stemming from the event, thus increasing his or her negative emotions (Nolen-Hoeksema 1991).

We are not suggesting that mindful organizational members do not show emotional reactions to entrepreneurial project failures. Instead, mindful individuals can place these emotions in a larger context and see the significance of these emotions with a broader perspective (Neff 2003a: 89; Teasdale et al. 2000). Because this larger context is unlikely to jeopardize individuals' self-esteem, there are likely few ego-protective obstacles to learning. It appears that mindfulness helps people end the cycle of self-absorption as well as escape ruminations. For instance, Shapiro et al. (2005) showed that an intervention over eight weeks, which was based on mindfulness and aimed at reducing stress, effectively improved health-care professionals' self-compassion and decreased their stress. In the organizational context, mindfulness helps in reducing the significance of the negative

results from entrepreneurial project failures and thus reduces individuals' negative emotional reactions to it (Shepherd and Cardon 2009).

Instead of concentrating on the negative thinking and emotions associated with project failure, employees with high mindfulness do not connect project failure to their own self-worth. These employees can accept the event for what it is (i.e., a chance for learning) and become consciously aware of it (Hayes et al. 1996) without severely judging or criticizing themselves. Mindfulness enables individuals to view emotions as a signal that a failure event is an important learning opportunity (Lazarus 1993; Weick 1979) without letting negative emotions overtake their information-processing capacity (Matthews et al. 1990; Wells and Matthews 1994), which would diminish their learning abilities related to the failure. The balancing of emotions in such a way is an essential element of self-regulation and the core aspect of mindfulness. As explained earlier, an individual can balance failure-related negative emotions and improve learning, for example, by oscillating between a loss orientation and a restoration orientation (Shepherd 2003; Stroebe and Schut 2001). Of course, people are heterogeneous to the extent to which they can control their emotions (Tugade and Fredrickson 2004); thus some individuals can better utilize emotion knowledge (i.e., mindfulness) to handle stressful situations (Barrett and Gross 2001).

By keeping ruminations and overidentification under control, mindfulness helps individuals more effectively discern important information regarding project failure and then interpret and learn from that information (Shepherd and Cardon 2009). At one level, mindfulness represents a type of detachment like the non-judgmental perspective therapists take when interacting with clients (Bohart 1993; Neff 2003a). However, it is not independent of evaluation; instead, mindfulness entails separating one's assessment of a particular event from assessments of the self.

Conclusion

In this chapter we have explored the influence of emotions across different stages and tasks of the entrepreneurial process. We illustrate that emotions play a key role in understanding entrepreneurs' opportunity exploitation decisions. Further, we also find that supervisor-managers' emotional displays can impact the motivation of employees to engage in entrepreneurial action. Particularly when entrepreneurial projects within organizations fail, employees often experience substantial negative emotions which

diminish motivation and learning from the failure experience. However, we also show that these effects are contingent on the organizational environment normalizing failure, as well as individuals' coping orientations, self-efficacy, and self-compassion.

Notes

1. This notion of excitement is also in line with how we induced excitement using visual stimuli in this study's experimental approach. Although there are likely to be differences in how excited entrepreneurs become when viewing excitement-inducing pictures, a strong research stream has validated that such pictures do induce excitement in observers.
2. These orientations are independent of each other such that a person can concentrate on one orientation but not the other, or be high or low in both orientations. In addition, people who are high in both orientations can be high or low in an oscillation orientation. The analyses that follow demonstrate the independence of these orientations.

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