Parenting Strategies for Corporate Entrepreneurship

Monika Lesner

Leuphana University of Lüneburg, Lüneburg, Germany

Institute of Corporate Development

Scharnhorststraße 1

21335 Lüneburg, Germany

Email: lesner@leuphana.de

Parenting Strategies for Corporate Entrepreneurship

ABSTRACT

In this article, I classify existing ambiguous manifestations of corporate entrepreneurship (CE) and advance the understanding of the corporate parent's role in the enhancement of CE by incorporating the widely underexploited concept of parenting advantage. While reviewing existing definitions of CE, I identified four generic forms incorporating the magnitude (radical vs. incremental) as well as the locus (internal vs. external) of CE. I argue that each form of CE implies particular challenges determining appropriate parenting strategies a corporate parent may employ in order to add value to the respective type of CE.

Keywords: Corporate entrepreneurship, corporate entrepreneuring, new dimensions in entrepreneurship, entrepreneurship and business model (design and innovation)

PAPER TEXT

Corporate entrepreneurship (CE) is a key element of corporate strategy as it is a major driver of organizational revitalization, learning, and growth (Dess, Ireland, Zahra, Floyd, Janney & Lane 2003; Narayanan, Yang & Zahra 2009; Zahra 1993b). With the strategic relevance of CE in mind, research has extensively examined its particular antecedent conditions such as the environment (Zahra 1993b; Zahra & Garvis 2000), organizational structure, and strategy (Burgelman 1983b; Covin & Slevin 1991; Russell & Russell 1992). Furthermore, researchers agree that particularly corporate parent's influence is of paramount importance in order to enhance CE (Burgelman & Valikangas 2005; Covin & Slevin 1991; Hornsby, Kuratko, Shepherd & Bott 2009; Phan, Wright, Ucbasaran & Tan 2009; Srivastava & Lee 2005). However, despite this awareness, knowledge on the specific strategies corporate parent's apply in view of CE is not only scarce but treated fairly isolated (Angle & Van de Ven 1989; Burgelman 1983c; Day 1994; Dess et al. 2003; Galbraith 1982; Lange, Boivie & Henderson 2009).

As organizations face increasingly competitive and financially constrained markets, the spectrum of CE as a means to survive has become even broader over the last years, generating new organizational arrangements (Phan et al. 2009). This further challenges existing knowledge on the roles corporate parents play in view of different forms of CE taking place in multi-business organizations. As such, a unifying framework encompassing both the particular manifestation of CE

and the respective role corporate parents play is still missing. This conceptual paper addresses this gap by proposing an integrative framework systematizing the most common conceptions of CE in the literature and presenting appropriate parenting strategies through which corporate parents may add substantial value to CE.

The contribution of this paper is threefold. First, the paper reviews the existing literature on CE and consolidates it into a comprehensive framework while taking into account the undeniable affinity with such popular concepts as innovation, strategic and organizational change. Researchers from these fields have yet barely built on each other's findings. This makes it difficult for practitioners to derive consistent implication from current findings and apply them to their particular situation. Second, the paper contributes to the intersection between the CE and parenting advantage discourses that have rather developed in isolation than in fruitful interaction. The concept of parenting advantage accrued from the observation that multi-business companies not only compete on the basis of their single business units but also on the corporate level through the value corporate parents add compared to any other alternative parents (Campbell, Goold & Alexander 1995; Goold & Campbell 1987). As argued in this paper corporate parent's value adding strategies need to be reconsidered in face of an increasing variety of CE. Third, the paper advances the understanding of the crucial role of corporate parents for CE as one of the key organizational antecedents (Covin & Slevin 1991; Zahra 1993a). This goes beyond the acknowledgement that merely top manager's values and philosophies determine an organization's entrepreneurial posture (Covin & Slevin 1991). This paper is the starting point for the formulation of hands-on parenting strategies for different types of CE with which corporate parents have to cope nowadays. Moreover, it raises the awareness of the need to continuously reflect on existing and learn new parenting skills (Goold 1994).

In short, this paper extends our knowledge on the particular role corporate parents play in terms of different CE forms by applying the yet underexploited idea of parenting advantage in the context of CE.

The paper is structured as follows. First, the literature on different dimensions and types of CE is reviewed and organized within a comprehensive framework taking account of the magnitude as well as the locus of CE. Both categories account for a majority of prevailing concepts of CE discussed in

the literature. Second, the framework is coupled with the concept of parenting advantage indicating a portfolio of strategies corporate parents may apply in order to augment the respective type of CE.

THEORETICAL UNDERPINNINGS

The Concept of Corporate Entrepreneurship

One of the most prominent conceptions of CE is that of defining it by the sum of a company's innovation, renewal, and venturing activities (Guth & Ginsberg 1990; Zahra 1993a). Innovation and venturing refers to the creation of new businesses within or outside the firm through market development, product, process, technological, or administrative innovations (Zahra 1993b). In contrast, renewal comprises activities aimed at redefining an organization's business and the way it competes within its relevant market (Guth & Ginsberg 1990; Stopford & Baden-Fuller 1994).

Notwithstanding, the comprehensiveness of the conception of CE as innovation, renewal, and venturing, there is a broad range of further manifestations being increasingly yet independently discussed in the literature (Covin & Miles 1999; Narayanan et al. 2009; Sharma & Chrisman 1999).

The magnitude of corporate entrepreneurship

It is a common idea to classify change or innovation on a theoretical continuum between radical and incremental manifestations (e.g., Greenwood & Hinings 1996; Hage 1980; Mintzberg & Westley 1992; Tushman & Romanelli 1985). The innovation literature defines radical innovations as fundamental changes in technology that involve clear departures from traditional practices (Dewar & Dutton 1986). In contrast, incremental innovations are minor improvements implying low technological changes or insignificant gains in customer benefits (Abernathy & Utterback 1978).

Besides a few exceptions an incremental-radical categorization has encountered only implicit treatment in the CE literature. For example, the most cited conception of radical CE as corporate venturing is provided by Burgelman (1983a). Accordingly, CE is unrelated or marginally related to the organization's remaining business and thus requires a new combination of resources (Burgelman 1983a). CE mainly depends on the existence of what Burgelman (1983a) calls "autonomous strategic behavior". This indicates entrepreneurial activities which do not fit in the prevailing concept of

strategy and are therefore the basis for radical innovation (Burgelman 1983a). In contrast, "induced strategic behavior" is consistent with the existing categories applied in the organization's strategic planning and generates only incremental innovation (Burgelman 1983a).

Besides, Covin and Miles (1999) in their conception of CE as the pursuit of competitive advantage delineate four distinct but interrelated types of CE: sustained regeneration, organizational rejuvenation, strategic renewal, and domain redefinition. These forms mainly differ in focus, basis for competitive advantage, decreasing frequency, and shrinking magnitude of negative consequences of the entrepreneurial actions (Covin & Miles 1999). The authors implicitly propose a hierarchical classification with sustained regeneration being the most incremental and basic form and domain redefinition pursuing a radical departure from existing practices.

The dimensions proposed here mainly focus on an incumbent firm's internal perception of the CE, not on the evaluation of its outcomes made by the market or external parties, such as the assessment of the degree of innovation. In sum and for the purpose of this article, incremental and radical CE can be characterized by the following categories as shown in Table 1: focus of related change, relatedness of entrepreneurial activities compared to existing organizational operations, and the implicit resources and skills related challenges.

Table 1: Incremental Versus Radical CE

INSERT TABLE 1 ABOUT HERE

The locus of corporate entrepreneurship

As evidenced by a growing number of empirical work, external modes of CE such as corporate venture capital investments, alliances, and joint ventures have become an important element of the CE spectrum (Dushnitsky & Lenox 2005; Keil 2002; Maula & Murray 2002; Miles & Covin 2002; Narayanan et al. 2009). Investing or partnering with smaller firms implies numerous benefits for larger corporations including enhanced innovative and learning capabilities (e.g., Schildt, Maula & Keil 2005), easier access to new markets (e.g., Barkema & Vermeulen 1998), and significant financial and tax benefits (Miles & Covin 2002; Yang, Narayanan & Zahra 2009).

Table 2 provides a summary of the two major categories that define internal and external approaches to CE. The first category, integration, although differently understood in the literature (e.g., Barki & Pinsonneault 2005; Mintzberg 1989; Mintzberg, Lampel, Quinn & Ghoshal 2003; Schweizer 2005), in this context refers to the degree to which the organization establishes a unified entity with the organizational manifestation of CE – be it a new venture or open innovation project - in terms of the coordination of their inherent interdependencies (Sharma & Chrisman 1999). For example, external corporate venturing implies the development of semi-autonomous or autonomous organizational entities that reside outside an organization's boundaries (Sharma & Chrisman 1999). The same applies to other organizational arrangements, such as mergers and acquisitions, where the acquirer grants as much autonomy as possible, in order to preserve the acquired organization's substantial knowledge related qualities its excellence is based on (Schweizer 2005). As firms engaging in external partnerships seek to access external sources of new ideas, technologies, innovations, or practices (Keil 2004; Narayanan et al. 2009; Schildt et al. 2005), the second dimension addresses the extent of deploying and recombining external resources related to the CE arrangement.

Table 2: Internal Versus External Locus for CE

INSERT TABLE 2 ABOUT HERE

Toward a typology of corporate entrepreneurship

As shown in the previous sections, CE is highly differentiated including a wide range of interrelated and often simultaneously pursued forms (Covin & Miles 1999). Nonetheless, the most common manifestations of CE discussed in the literature can be organized according to the categories discussed above, namely an incremental or radical magnitude and internal or external locus. Figure 1 presents an overview of the dominant forms of CE.

Figure 1: Locus and Magnitude of Corporate Entrepreneurship

INSERT FIGURE 1 ABOUT HERE

Incremental-Internal CE is best depicted by the concept of sustained regeneration and organizational rejuvenation. Both manifestations of CE are inherently incremental as they pursue rather basic and isolated changes. First, sustained regeneration as the most frequent and least risky form refers to the maintenance of an organization's cultures, structures, and systems. This supports the organization's learning capacity which is necessary to generate new products and occupy new markets. It is a continuous process where – in the words of Burgelman (1983a) - an existing strategic context induces entrepreneurial behavior without departing from the basic assumptions the firm is grounded on. Pixar is a suitable example for this form of CE, as it has aligned its culture and operating principles to the specific needs of creatives (Catmull 2008). The company is the leading pioneer in computer animation continuously releasing huge film hits without resorting to external scripts or movie ideas (Catmull 2008). Second, organizational rejuvenation is concerned with the improvement of a firm's competitive position through the introduction of process and administrative innovations which mainly target secondary value chain activities (Dess et al. 2003; Porter 1980). For example, the adoption of the bar-coding technology has enabled Procter and Gamble not only to improve its distribution and logistics systems, but also to sustain its position as a leading consumer products company (Covin & Miles 1999). Both forms, sustained regeneration and organizational rejuvenation, merely resort to existing organizational resources (Dess et al. 2003). In contrast, strategic renewal has its focus not on the organization *per se*, but on the way it competes within its industry (Covin & Miles 1999; Guth & Ginsberg 1990). With strategic renewal an assignment to an either incremental or radical form of CE is difficult, as a shift in business strategy might be attributable to both sustained regeneration or strategic renewal processes depending on whether the new strategy implies a differentiation approach or fundamentally redefines a firm's strategy by occupying new markets (Covin & Miles 1999).

Radical-internal CE as domain redefinition is the most infrequent form and is characterized by the proactive creation and exploration of a hitherto unsolicited product market position (Covin & Miles 1999). This form portrays what Mintzberg (1992) calls a revolutionary or all-encompassing strategic redirection (Covin & Miles 1999; Mintzberg & Westley 1992). Accordingly, it requires the definition and deployment of new resources and competencies (Dess et al. 2003). In the early 1990s

Nokia redefined its domain by leaving its traditional lines of business – forestry, rubber, and cable – and focused on electronics and telecommunication (Aspara, Lamberg, Laukia & Tikkanen 2011). Another manifestation of this form is internal corporate venturing. For example, R.J. Reynold's, a giant in the tobacco industry, brought out a pharmaceutical business called Targacept now valued more than $100 million (Lord, Mandel & Wager 2002).

Incremental-external CE encompasses entrepreneurial activities that are related to a firm's existing businesses and involve external partners. Accordingly, firms seek to gain access to external sources of knowledge and ideas. For example, open innovation methodologies used by large software firms contribute to the continuous improvement of existing technologies by systematically integrating customer's ideas and desires (Chesbrough 2003). With open source software developers join communities and gain private benefits when writing a code for their own use, share it, and thus collectively contribute to the continuous improvement of the software (Von Krogh, Spaeth & Lakhani 2003).

Radical-external CE occurs when an organization draws on the knowledge, competencies, or technologies of external partners. As this form is radical by definition, it implies new business creation that is rather unrelated to the organization's remaining (Burgelman 1983c). For instance, the burgeoning field of biotechnology is viewed as a competence-destroying innovation far exceeding the scientific capabilities and previously dominant methods of individual organizations within the industry (Powell, Koput & Smith-Doerr 1996). As a consequence, established pharmaceutical firms have increasingly turned to participate in a variety of partnership modes such as R&D based networks (Powell et al. 1996).

The various manifestations of external CE are discussed rather independently than combined with existing research on CE (Narayanan et al. 2009). In this sense, this article offers an initial step toward merging CE as renewal, innovation, and venturing with its external manifestations, as the latter considerably grow in importance.

Parenting Strategies and Corporate Entrepreneurship

Corporate parents comprise managers from corporate headquarters as well as managers not assigned to a business unit, but rather division, group, region and other middle management positions

(Campbell et al. 1995). While there are numerous spotty contributions concerning the roles of corporate parents in CE, a unifying framework considering the appropriate management of the variety of CE types is still outstanding (e.g., Dess et al. 2003; Spring & Gillin 2006; Srivastava & Lee 2005). In response to this gap, this article offers a conceptual framework involving a discussion of possible parenting approaches that can be adjusted to the respective challenges of the abovementioned forms of CE.

The concept of parenting advantage

In the 1990s, Goold and Campbell (1991) introduced the concept of parenting advantage. It grew out of considerations pertaining to the principles of corporate strategy that have been so far regarded as an outcome of a company's competitive strategy (Porter 1980). In particular, it is argued that the "real goal for the corporation is that it adds *more* value to its businesses than any other potential parent" (Goold & Campbell 1991: 116). Parenting roles indicate the different ways in which the corporate parent creates value by designing appropriate systems for strategic planning and organizational governance (Goold & Campbell 1987). Generally, corporate parents can affect value in four different ways: stand-alone influence, linkage influence, central functions and services, and corporate development (Campbell et al. 1995). First, with stand-alone influence the corporate parent treats each business unit as a stand-alone profit centre and enhances its performance by financially monitoring them. In contrast, linkage influence refers to the promotion of cooperation and synergies among the businesses. Third, central functions provide business units with functional leadership and cost-efficient services. Finally, the development of the corporate portfolio comprises acquisitions or disinvestments of entire business units (Campbell et al. 1995).

Achieving parenting advantage depends on three conditions. First, a "parenting opportunity" must exist, meaning that corporate parents can only add value if the businesses are not performing at their optimum. Consequently, an opportunity for the parent arises to offer its help. If this condition is fulfilled, the corporate parent has so called "value creation insights" (Campbell et al. 1995). Second, corporate parents need to have special skills and resources in order to improve the business unit's performance and exploit the given parenting opportunity, i.e. they need "distinctive parenting characteristics" (Campbell et al. 1995). Third, the parent must sufficiently understand the critical

success factors of the business it intends to support. Accordingly, the corporate parent has "heartland" criteria (Campbell et al. 1995).

As previous research has confirmed, the role of corporate parents is an important organizational context factor influencing CE (Narayanan et al. 2009; Zahra 1993a; Zahra & Covin 1995). So, this article argues that the concept of parenting advantage by modelling the particular relationship between a corporate parent and its business units provides fruitful guidelines for systematically examining the specific parenting roles needed to add value to CE.

Parenting strategies for corporate entrepreneurship

Based on the CE framework discussed in the previous sections essential challenges for corporate parents can be inferred. Table 3 summarizes the major categories on which the existence of a potential parenting advantage for CE depends: parenting opportunity, skills and competencies, and understanding.

Table 3: Challenges for Corporate Parents Related to CE Forms

INSERT TABLE 3 ABOUT HERE

First, incremental-internal CE offers a low parenting opportunity, as the processes related to this form are inherently focused and linked to the existing knowledge. For example, sustained regeneration is based on an established organizational context, such as flexible and organic structures allowing for rapid decision making and being approved to yield continuous innovations in the form of new products or services, and market entries (Covin & Miles 1999). In other words, these firms are innovation machines facing only marginal risks and negative consequences in case the entrepreneurial activity fails (Covin & Miles 1999). Furthermore, as incremental-internal CE involves existing and related skills as well as a limited focus of change, corporate parents may completely overview the critical success factors. The suggested parenting strategy thus entails minor interventions in the form of stand-alone influence once the innovation machine is running. These interventions include directive tasks implying the detection of the need for administrative or process changes in terms of organizational rejuvenation (Dess et al. 2003). As incremental-internal CE does not strike the strategic

core of the firm, corporate parents can follow a bottom-up model, i.e. the entrepreneurial activities involved are mainly championed by lower hierarchical levels (Day 1994). As in the case of Pixar, the corporate parent is represented by the so called brain trust, who only becomes involved in the creative processes if severe problems occur (Catmull 2008).

The second form, radical-internal CE, constitutes a moderate range of parenting opportunities accruing from the radical and thus unrelated activities driving this type of CE. In the case of internal corporate ventures, for example existing resources have to be recombined according to the needs of the new venture. For instance, Targacept grew out of research carried out with the purpose to study tobacco related safety and product issues. But, this research brought out new combinations of knowledge such as potential therapeutic applications for a wide range of diseases including Alzheimer and Parkinson (Lord et al. 2002). The understanding of the implicit success factors is limited, as radical CE is unpredictable and complex by nature implying information asymmetries and thus poor decision making capacities (Campbell et al. 1995; Day 1994). Nonetheless, direct top-down support is crucial, for radical-internal CE strategically reorients a firm and is fairly risky as well as dependent on substantial organizational resources (Tushman & Romanelli 1985). In sum, the suggested parenting strategy comprises direct intervention by first, extensive synergy management or linkage influence ensuring the provision of essential resources, and second, corporate development, for corporate parents have to decide whether a new venture should be integrated into the corporate structure or spun-out, as in the case of Targacept (Lord et al. 2002). For domain redefinition as the second most fundamental and risky, internal CE type it is solely up to the corporate parent's strategic decision making on how the incorporation of a hitherto unoccupied markets is to be executed (Covin & Miles 1999).

Third, incremental-external CE targets isolated organizational parts and therefore local knowledge. Thus the opportunity to add significant value is as limited as in the case of incremental-internal CE. Nonetheless, bringing in external partners and thus new knowledge, parenting opportunities may arise concerning the effective management of the particular network activities and the associated risks (Das & Teng 2001; Kale, Singh & Perlmutter 2000). The development of a new open source software, for example, requires fundamental decisions concerning the degree of

commitment within the community or the setting of overall strategic goals (e.g., Chesbrough, Vanhaverbeke & West 2008; Grand, Von Krogh, Leonard & Swap 2004). On the one hand, this type of CE encompasses a narrow scope of the organization's activities and is principally related to the remaining organizational operations. On the other hand, the involvement of external expertise may outgrow the "heartland" of the firm (Campbell et al. 1995). Thus, considerable value can be added through linking with external partners involving various liaison activities. A common knowledge base and willingness to share expertise among the partners are crucial (Brouthers, Brouthers & Wilkinson 1995; Hamel 1991). Managing a productive community of partners volunteering with the firm in the case of open innovation, for example, is a critical parenting task (Chesbrough et al. 2008).

Finally, radical-external CE implies significant parenting opportunities accruing from the related revolutionary changes (Burgelman 1983a; Tushman & Romanelli 1985), and the involvement of external knowledge and competencies corporate parents have to productively manage. The critical success factors generated by relevant literature dealing with the management of cooperative organizational arrangement such as joint ventures or alliances can be easily transferred to this context (e.g., Inkpen & Dinur 1998; Kogut 1988; Mowery, Oxley & Silverman 1996). Besides, corporate parent's capacity to contribute their own distinctive skills and resources is limited, as this form draws on the exploration of new and external resources. As a result of the high degree of dispersion of critical knowledge, corporate parent's understanding is low. As in the case of biotechnology new discoveries have challenged the prevailing skills and resources of numerous incumbents (Powell et al. 1996). In addition to this, the corporate parent does not have universal control over substantial resources that need to be provided as they are shared among the partners (Das & Teng 2000; Mowery et al. 1996). Therefore, the remaining areas corporate parents can add significant value are the appropriate management of the portfolio of relationships with external partners (Mitchell & Shaver 2003; Wassmer 2010), selecting the appropriate type of cooperation and governance mode (Capron & Mitchell 2010; Oxley 1997; Puranam, Singh & Zollo 2006), and the effective integration of the knowledge related outcomes of the partnership (Grant & Baden-Fuller 2004; Inkpen 1998; Puranam, Singh & Chaudhuri 2009).

Figure 2 depicts the suggested parenting strategies for each CE type discussed above.

Figure 2: Parenting Strategies for Corporate Entrepreneurship

INSERT FIGURE 2 ABOUT HERE

CONCLUSION

The objective of this article was to deduce a conceptual framework contributing to a comprehensive understanding about the management of different modes of CE by corporate parents. The key finding is that prevailing conceptions of CE imply distinctive challenges and roles corporate parents have to face in order to effectively manage those. This finding has two major implications: first, as the distinct manifestations of CE are highly interdependent and tend to occur simultaneously or in recurring cycles (Burgelman & Valikangas 2005; Covin & Miles 1999), corporate parents have to simultaneously master a variety of different parenting strategies; second, it indicates that the prevailing concept of parenting advantage needs to be advanced in view of the management of specific organizational phenomena such as CE, being an essential element of corporate strategy and thus a parent's competitive advantage compared to alternative corporate parents.

The conceptual analysis demonstrated that the discourse on CE should incorporate related research fields such as organizational innovation and change in order to put forward mutual understanding on the side of researchers and practitioners. Instead of examining different forms of CE independently and generating increasingly incommensurable findings, research should more intensely focus on the detection of inherent commonalities among the different manifestations. In this way, researchers would better account for the implicit interdependencies of prevailing CE forms and the deduction of more comprehensive and effective managerial implications.

As this article is mainly driven by theory and anecdotal evidence, it has not been empirically validated. This major limitation may be overcome with the next step in feeding the parenting strategies suggested in this article with an appropriate empirical design. Future research, then, is required in two directions. The first thrust should be directed towards further revealing the interdependent and continuous nature of various CE types as inspired by Burgelman and Valikangas (2005). Second, it is of interest to examine what portfolio of parenting strategies is actually applied in order support different entrepreneurial manifestations simultaneously.

REFERENCES

Abernathy WJ & Utterback JM (1978) Patterns of industrial innovation, *Technology Review* 80: 40-47.

Angle HL & Van De Ven AH (1989) Suggestions for managing the innovation journey, in Van De Ven A H, Angle H L and Poole M S (Eds) *Research on the management of innovation*, 663–697, Harper&Row, New York.

Aspara J, Lamberg JA, Laukia A & Tikkanen H (2011) Strategic management of business model transformation: Lessons from nokia, *Management Decision* 49: 622-647.

Barkema H & Vermeulen F (1998) International expansion through start up or acquisition: A learning perspective, *Academy of Management Journal* 41: 7-26.

Barki H & Pinsonneault A (2005) A model of organizational integration, implementation effort, and performance, *Organization Science*: 165-179.

Brouthers KD, Brouthers LE & Wilkinson TJ (1995) Strategic alliances: Choose your partners, *Long Range Planning* 28: 18–25.

Burgelman RA (1983a) Corporate entrepreneurship and strategic management: Insights from a process study, *Management Science* 29: 1349-1364.

Burgelman RA (1983b) A model of the interaction of strategic behavior, corporate context, and the concept of strategy, *Academy of Management Review*: 61-70.

Burgelman RA (1983c) A process model of internal corporate venturing in the diversified major firm, *Administrative Science Quarterly* 28: 223-244.

Burgelman RA & Valikangas L (2005) Managing internal corporate - venturing cycles, *MIT Sloan Management Review* 46: 733-749.

Campbell A, Goold M & Alexander M (1995) The value of the parent company, *California Management Review* 38: 79-97.

Capron L & Mitchell W (2010) Selection capability: How capability gaps and internal social frictions affect internal and external strategic renewal, *Organization Science* 20: 294-312.

Catmull E (2008) How pixar fosters collective creativity, *Harvard Business Review* 86: 64-72.

Chesbrough H, Vanhaverbeke W & West J (2008) *Open innovation: Researching a new paradigm,* OUP Oxford, Oxford.

Chesbrough HW (2003) *Open innovation: The new imperative for creating and profiting from technology,* Harvard Business Press, Boston.

Covin JG & Miles MP (1999) Corporate entrepreneurship and the pursuit of competitive advantage, *Entrepreneurship: Theory & Practice* 23: 47-63.

Covin JG & Slevin DP (1991) A conceptual model of entrepreneurship as firm behavior, *Entrepreneurship: Theory & Practice* 16: 7-25.

Das TK & Teng BS (2000) A resource-based theory of strategic alliances, *Journal of Management* 26: 31-61.

Das TK & Teng BS (2001) Trust, control, and risk in strategic alliances: An integrated framework, *Organization Studies* 22: 251-283.

Day DL (1994) Raising radicals: Different processes for championing innovative corporate ventures, *Organization Science*: 148-172.

Dess GG, Ireland RD, Zahra SA, Floyd SW, Janney JJ & Lane PJ (2003) Emerging issues in corporate entrepreneurship, *Journal of Management* 29: 351.

Dewar RD & Dutton JE (1986) The adoption of radical and incremental innovations: An empirical analysis, *Management Science* 32: 1422-1433.

Dushnitsky G & Lenox MJ (2005) When do incumbents learn from entrepreneurial ventures? Corporate venture capital and investing firm innovation rates, *Research Policy* 34: 615-639.

Galbraith JR (1982) Designing the innovating organization, *Organizational Dynamics* 10: 5-25.

Goold M (1994) Learning new parenting skills, *Long Range Planning* 27: 138-140.

Goold M & Campbell A (1987) *Strategies and styles: The role of the centre in managing diversified companies,* Basil Blackwell Oxford.

Goold M & Campbell A (1991) Brief case: From corporate strategy to parenting advantage, *Long Range Planning* 24: 115-117.

Grand S, Von Krogh G, Leonard D & Swap W (2004) Resource allocation beyond firm boundaries: A multi-level model for open source innovation, *Long Range Planning* 37: 591-610.

Grant RM & Baden-Fuller C (2004) A knowledge accessing theory of strategic alliances, *Journal of Management Studies* 41: 61-84.

Greenwood R & Hinings CR (1996) Understanding radical organizational change: Bringing together the old and the new institutionalism *Academy of Management Review* 21: 1022-1054.

Guth WD & Ginsberg A (1990) Guest editors' introduction: Corporate entrepreneurship, *Strategic Management Journal* 11: 5-15.

Hage J (1980) *Theories of organizations: Form, process, and transformation,* Wiley New York.

Hamel G (1991) Competition for competence and interpartner learning within international strategic alliances, *Strategic Management Journal* 12: 83-103.

Hornsby JS, Kuratko DF, Shepherd DA & Bott JP (2009) Managers' corporate entrepreneurial actions: Examining perception and position, *Journal of Business Venturing* 24: 236-247.

Inkpen AC (1998) Learning and knowledge acquisition through international strategic alliances, *The Academy of Management Executive (1993-2005)*: 69-80.

Inkpen AC & Dinur A (1998) Knowledge management processes and international joint ventures, *Organization Science* 9: 454-468.

Kale P, Singh H & Perlmutter H (2000) Learning and protection of proprietary assets in strategic alliances: Building relational capital, *Strategic Management Journal* 21: 217–237.

Keil T (2002) External corporate venturing: Strategic renewal in rapidly changing industries, *Westport, CT*.

Keil T (2004) Building external corporate venturing capability, *Journal of Management Studies* 41: 799-825.

Kogut B (1988) Joint ventures: Theoretical and empirical perspectives, *Strategic Management Journal* 9: 319-332.

Lange D, Boivie S & Henderson AD (2009) The parenting paradox: How multibusiness diversifiers endorse disruptive technologies while their corporate children struggle, *Academy of Management Journal* 52: 179-198.

Lord MD, Mandel SW & Wager JD (2002) Spinning out a star, *Harvard Business Review* 80: 115-121.

Maula M & Murray G (2002) Corporate venture capital and the creation of us public companies: The impact of sources of venture capital on the performance of portfolio companies, in Hitt M A, Amit R, Lucier C E and Nixon R D (Eds) *Creating value: Winners in the new business environment*, 164-187, Blackwell, Oxford.

Miles MP & Covin JG (2002) Exploring the practice of corporate venturing: Some common forms and their organizational implications, *Entrepreneurship: Theory & Practice* 26: 21-40.

Mintzberg H (1989) *Mintzberg on management: Inside our strange world of organizations* The Free Press, New York.

Mintzberg H, Lampel J, Quinn J & Ghoshal S (2003) *The strategy process* Prentice Hall, New Jersey.

Mintzberg H & Westley F (1992) Cycles of organizational change, *Strategic Management Journal* 13: 39-59.

Mitchell W & Shaver JM (2003) Who buys what? How integration capability affects acquisition incidence and target choice, *Strategic Organization* 1: 171-201.

Mowery DC, Oxley JE & Silverman BS (1996) Strategic alliances and interfirm knowledge transfer, *Strategic Management Journal* 17: 77-91.

Narayanan V, Yang Y & Zahra SA (2009) Corporate venturing and value creation: A review and proposed framework, *Research Policy* 38: 58-76.

Oxley JE (1997) Appropriability hazards and governance in strategic alliances: A transaction cost approach, *Journal of Law, Economics, and Organization* 13: 387-409.

Phan PH, Wright M, Ucbasaran D & Tan WL (2009) Corporate entrepreneurship: Current research and future directions, *Journal of Business Venturing* 24: 197-205.

Porter M (1980) *Competitive strategy: Techniques for analyzing industries and competitors,* The Free Press, New York.

Powell WW, Koput KW & Smith-Doerr L (1996) Interorganizational collaboration and the locus of innovation: Networks of learning in biotechnology, *Administrative Science Quarterly*: 116-145.

Puranam P, Singh H & Chaudhuri S (2009) Integrating acquired capabilities: When structural integration is (un) necessary, *Organization Science* 20: 313-328.

Puranam P, Singh H & Zollo M (2006) Organizing for innovation: Managing the coordination-autonomy dilemma in technology acquisitions, *The Academy of Management Journal* 49: 263-280.

Russell RD & Russell CJ (1992) An examination of the effects of organizational norms, organizational-structure, and environmental uncertainty on entrepreneurial strategy, *Journal of Management* 18: 639-656.

Schildt HA, Maula MVJ & Keil T (2005) Explorative and exploitative learning from external corporate ventures, *Entrepreneurship Theory and Practice* 29: 493-515.

Schweizer L (2005) Organizational integration of acquired biotechnology companies into pharmaceutical companies: The need for a hybrid approach, *The Academy of Management Journal*: 1051-1074.

Sharma P & Chrisman JJ (1999) Toward a reconciliation of the definitional issues in the field of corporate entrepreneurship, *Entrepreneurship Theory and Practice* 23: 11-28.

Spring S & Gillin M (2006) Evaluating the impact of' top management team' focus on large company corporate entrepreneurship, *Regional Frontiers in Entrepreneurship Research*: 780-792.

Srivastava A & Lee H (2005) Predicting order and timing of new product moves: The role of top management in corporate entrepreneurship, *Journal of Business Venturing* 20: 459-481.

Stopford JM & Baden-Fuller CWF (1994) Creating corporate entrepreneurship, *Strategic Management Journal* 15: 521-536.

Tushman ML & Romanelli E (1985) Organizational evolution: A metamorphosis model of convergence and reorientation, *Research in Organizational Behavior* 7: 171-222.

Von Krogh G, Spaeth S & Lakhani KR (2003) Community, joining, and specialization in open source software innovation: A case study, *Research Policy* 32: 1217-1241.

Wassmer U (2010) Alliance portfolios: A review and research agenda, *Journal of Management* 36: 141-171.

Yang Y, Narayanan VK & Zahra S (2009) Developing the selection and valuation capabilities through learning: The case of corporate venture capital, *Journal of Business Venturing* 24: 261-273.

Zahra SA (1993a) A conceptual model of entrepreneurship as firm behavior: A critique and extension, *Entrepreneurship Theory and Practice* 17: 5-21.

Zahra SA (1993b) Environment, corporate entrepreneurship, and financial performance: A taxonomic approach, *Journal of Business Venturing* 8: 319-340.

Zahra SA & Covin JG (1995) Contextual influences on the corporate entrepreneurship performance relationship – a longitudinal analysis, *Journal of Business Venturing* 10: 43-58.

Zahra SA & Garvis DM (2000) International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility, *Journal of Business Venturing* 15: 469-492.

APPENDIX A: TABLES

Table 1: Incremental Versus Radical CE

	Focus	Relatedness	Resources and competencies
Incremental	Narrow, single operations or part of the organization, isolated	Related to existing business	Existing resource pool and competencies
Radical	All-encompassing	Unrelated to existing business	New resources and competencies

Table 2: Internal Versus External Locus for CE

	Integration	Incorporation of external resources and competencies
Internal	Integrated within organizational structure	Low
External	Autonomous, partly or wholly outside incumbent's structure	High

Table 3: Challenges for Corporate Parents Related to CE Forms

Corporate Entrepreneurship	Challenges		
	Opportunity	***Resources and Skills***	***Understanding***
Incremental-Internal	Low	Deploy internal	Complete
Radical-Internal	Moderate	Recombine and generate new	Limited
Incremental-External	Moderate	Deploy external	Limited
Radical-External	High	Explore new	Incomplete

APPENDIX B: FIGURES

Figure 1: Locus and Magnitude of Corporate Entrepreneurship

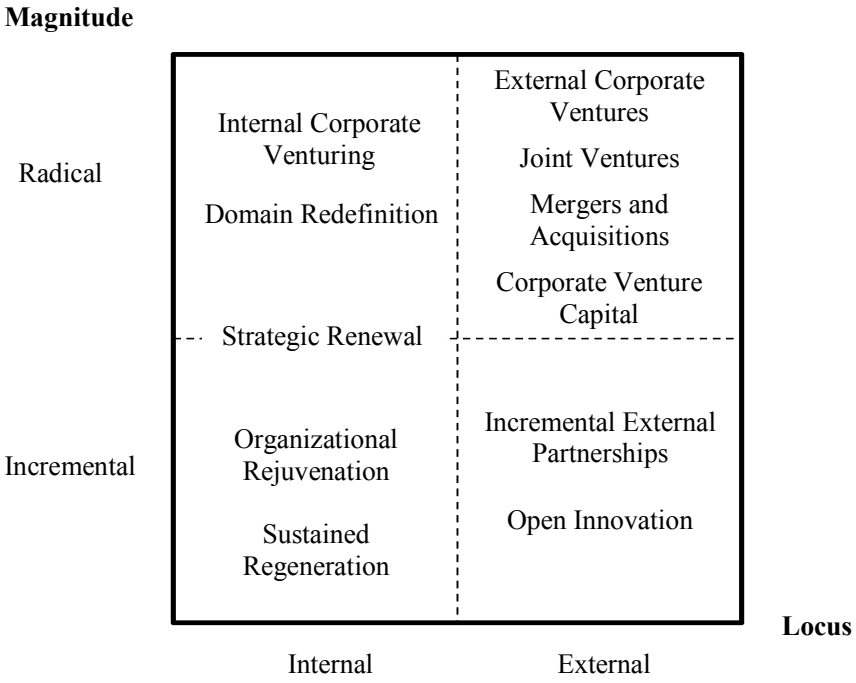


Figure 2: Parenting Strategies for Corporate Entrepreneurship

