

6-13-2015

WHAT HELPS AND HINDERS CORPORATE ENTREPRENEURS IN THEIR QUEST FOR FUNDING?

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Recommended Citation

Zhu, Siwei; Bertels, Heidi; Koen, Peter; and Mithani, Murad (2015) "WHAT HELPS AND HINDERS CORPORATE ENTREPRENEURS IN THEIR QUEST FOR FUNDING?," *Frontiers of Entrepreneurship Research*: Vol. 35 : Iss. 13 , Article 20. Available at: <http://digitalknowledge.babson.edu/fer/vol35/iss13/20>

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≈ SUMMARY ≈

**WHAT HELPS AND HINDERS CORPORATE
ENTREPRENEURS IN THEIR QUEST FOR FUNDING?**

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Principal Topic

Previous studies have identified innovation champions as key to obtaining resources for new projects in organizations, but several studies suggest that champions may actually discourage risky ideas (Howell & Shea, 2001; Markham, 1998; Shepherd, Haynie, & Patzelt, 2013). Using self-categorization theory, we argue that champions closely identify with the top management. This is likely to invoke a cognitive frame where proposals consistent with prevailing strategies are more likely to be supported and ideas that challenge the status quo are discouraged. Thus, we propose that champions may in fact be a source of the propagation of inertia by filtering out ideas that are too risky for the organization.

Method

We investigate our hypotheses in the context of low-risk and high-risk project proposals. Employees from companies, executive MBA students enrolled in a corporate entrepreneurship course, tried to obtain funding for a new product or service which was not already in the company's product pipeline and were asked to assess their perception of the riskiness of the project and the degree of champion support. Start-up funding from \$1,500 to \$5,000,000 was approved for 49 out of the 78 projects. Baron and Kenny (1986)'s three-step method was employed to investigate the mediation effect.

Results and Implication

The results shows that champions perform a lower-order screening in which they tend to eliminate high-risk proposals that are unlikely to be accepted and raise the likelihood of success for proposals that are more aligned with the corporate view. Champion support is likely to enhance funding for low-risk projects but to diminish funding for high-risk projects, however, the effect is weaker for high-risk projects. Our findings validate that rather than a catalyst for change, champions function as a mechanism for the institutionalization of organizational inertia.

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