6-9-2007

STRUCTURAL SEPARATION AND CORPORATE VENTURING: THE MODERATING EFFECTS OF FORMAL AND INFORMAL INTEGRATION MECHANISMS (INTERACTIVE PAPER)

J. Henri Burgers  
*RSM Erasmus University, hburgers@rsm.nl*

Justin J.P. Jansen  
*RSM Erasmus University*

Frans A.J. Van den Bosch  
*RSM Erasmus University*

Henk W. Volberda  
*RSM Erasmus University*

---

**Recommended Citation**

Available at: [http://digitalknowledge.babson.edu/fer/vol27/iss12/6](http://digitalknowledge.babson.edu/fer/vol27/iss12/6)
INTERACTIVE PAPER SESSION

STRUCTURAL SEPARATION AND CORPORATE VENTURING: THE MODERATING EFFECTS OF FORMAL AND INFORMAL INTEGRATION MECHANISMS

J. Henri Burgers, RSM Erasmus University, The Netherlands
Justin J.P. Jansen, RSM Erasmus University, The Netherlands
Frans A.J. Van den Bosch, RSM Erasmus University, The Netherlands
Henk W. Volberda, RSM Erasmus University, The Netherlands

Principal Topic

Corporate ventures and existing businesses require fundamentally different and inconsistent competences that create paradoxical challenges. Accordingly, scholars have argued for structurally separating venturing activities (Burgelman, 1985; Drucker, 1985; Hill and Rothaermel, 2003), since it increases flexibility and frees corporate ventures from inertial effects of mainstream businesses (Burgelman, 2002; Dougherty, 1995). Organizations, however, need not only to allow for variety and local adaptation in corporate ventures, but also facilitate knowledge sharing and strategic coherence with ongoing business activities (Katila and Ahuja, 2002; O’Reilly and Tushman, 2004). Although previous research has suggested that organizations need to combine structural differentiation and integration mechanisms to create loosely coupled systems (cf. Smith and Tushman 2005; Westerman et al., 2006; Gilbert, 2006), the joint effects of both structural attributes on corporate venturing have remained unclear. Moreover, these studies are either conceptual or case studies. With this paper we study the effects of combinations of differentiation and integration mechanisms on corporate venturing by means of a large sample.

Method

We investigated our hypotheses by executing two mail surveys in 2005 and 2006. Our final sample consisted of 240 companies in a variety of industries. We decomposed integration mechanisms into informal and formal integration mechanisms on organizational and top management team level.

Results and Implications

Our findings suggest that structural differentiation has a positive effect on corporate venturing, but this effect can be significantly increased if organization’s use a shared organizational vision to create a so called loosely coupled system. Moreover, cross-functional integration and top management team social integration appear to have a negative moderating effect on the relation between structural differentiation and corporate venturing, indicating that management should align cross-functional integration and TMT social integration with the level of structural differentiation to avoid sending mixed signals. In particular this last finding is interesting, as it seems to contradict some of the arguments made in ambidexterity literature that structural differentiation should be offset by a tightly integrated senior team.

CONTACT: Henri Burgers; hbigers@rsm.nl; (T): +31 10 408 1126; (F): +31 10 408 9013; Department of Strategic Management & Business Environment, RSM Erasmus University, P.O. Box 1738, 3000 DR, Rotterdam, The Netherlands.