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## CROWDING OUT EFFECTS OF STAR PERFORMERS IN CORPORATE ENTREPRENEURSHIP (SUMMARY)

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## ≈ SUMMARY ≈

**CROWDING OUT EFFECTS OF STAR PERFORMERS  
IN CORPORATE ENTREPRENEURSHIP***Elham Asgari, Virginia Polytechnic Institute, USA**Richard Hunt, Virginia Polytechnic Institute, USA***Principal Topics**

This study focuses how the apportionment of resources and rewards promotes or inhibits the identification and exploitation of entrepreneurial opportunities within existing firms. We pose the following questions: Are firms better off focusing on the achievements of a few star performers who may be highly innovative, or should project-level funding and the disposition of financial rewards be more broad-based? The presumption that star performers are indispensable to corporate entrepreneurship (CE) is largely unchallenged and, prior to this paper, substantially untested. Our study addresses this gap through an empirical design that examines corporate entrepreneurial activity with and without star performers. Since game-changing innovation is, by definition, destabilizing (Christensen 2013), a star-centric approach to innovation may successfully generate innovations but in so doing disable the organization's capacity to implement those innovations. Moreover, a star system for CE may constrain the emergence of other innovative employees in a firm (Kehoe & Tzabbar, 2015). Our study addresses these gaps in the CE literature by developing and testing theory-based hypotheses regarding the impact of star systems on the long-term fate of CE initiatives and culture.

**Method**

Using a population of 625 intra-industry entrepreneurial spinoffs from manufacturing and service-sector industries, our study design compared the parent-firm impact of "stars" departing versus the departure of "non-stars." Star status was determined through an indexed value that included employee-level organizational responsibility, ascendance rate within the organization, education, intellectual property contributions, and project-level responsibility. Dependent variables for the performance of the parent-firm were regressed over the star/non-star distinction, pre and post-departure of the employees.

**Results and Implications**

Preliminary findings from our study support the assertion that the promulgation star performer approach to CE crowds out the value-enhancing contributions of non-stars. Significantly and surprisingly, parent-firms that lost stars to entrepreneurial spinoffs suffered less of an adverse impact than firms that lost non-stars. Our findings suggest that CE initiatives based on a star system may unintentionally crowd out value-enhancing contributions of men and women who have much to offer but are given comparatively little to work with.

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