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## THE IMPACT OF ENTREPRENEURIAL ORIENTATION ON FIRMS' INFILTRATION OF NEW MARKETS THROUGH CORPORATE VENTURE CAPITAL (SUMMARY)

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≈ SUMMARY ≈

## THE IMPACT OF ENTREPRENEURIAL ORIENTATION ON FIRMS' INFILTRATION OF NEW MARKETS THROUGH CORPORATE VENTURE CAPITAL

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### Principal Topic:

It is commonly acknowledged that there is a positive correlation between entrepreneurial orientation (EO) and firm performance. Wales et al. (2013) discovered a mediating effect in the EO-performance relationship when firms pursue new markets or initiate new ventures. The creation of these new ventures can either be achieved internally through R&D but also externally through corporate interrelationships, like venture capital investments, joint ventures or strategic alliances. Academic literature devoted major attention to the EO-performance link, however the immediate causal reason for this dependence has been neglected so far. This study explores these immediate outcomes and sheds light on how entrepreneurial oriented firms commit venturing activities.

### Method:

We build our study on secondary data from the Compustat database, including firms (non-financial institutions) that have permanently been covered by the S&P 500index between 2006 and 2015. For the resulting sample of 258 firms, their EO (independent variable) was investigated by using the scale of Lumpkin and Dess (1996). With the help of computer-aided text analysis we coded firms' letters to shareholders, using forthcoming dictionaries by McKenny et al. (2016) and Short et al. (2010) for the robustness test. To measure the venturing activity of these firms, we collected 476,771 press announcements from Nexis-database (news source: PR Newswire). To handle this huge dataset, we developed a supervised machine learning algorithm with a training sample of 2,500 randomly chosen announcements (prediction accuracy: > 98, 38%). The final sample includes 4,022 press announcements expressing that a sample firm committed a venturing activity.

### Results and Implications:

Applying machine learning to identify press announcements that indicate a venturing activity is highly innovative in this literature stream. This method significantly enhances our understanding to what have already learned by regarding transaction-oriented databases. Preliminary results reveal that EO positively impacts the amount of venturing activity announcements, most pronounced in the second to fourth year (Grühn et al. (2016) after a change in strategic orientation. This indicates that entrepreneurial oriented firms actually carry out entrepreneurial activities. With respect to multidimensionality of the EO scale, we see largest effect size for "Risk taking" but no significant effect for "Competitive Aggressiveness".

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