CORPORATE INVOLVEMENT AND THE PERFORMANCE OF INTERNAL CORPORATE VENTURES (INTERACTIVE PAPER)

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CORPORATE INVOLVEMENT AND THE PERFORMANCE OF INTERNAL CORPORATE VENTURES

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Principal Topic
We theoretically derive and empirically analyze various forms of corporate involvement and discuss how they influence the performance of internal corporate ventures (ICVs). Prior research shows ICV autonomy within parent organizations (Burgelman, 1984; Miles & Covin, 2002); organizational design, decentralization, and formalization (Foss, Lyngsie, & Zahra, 2015); and the receipt of management support (Garrett & Neubaum, 2013) as important influencers of ICV performance. Nevertheless, as “substantial knowledge gaps exist” (Covin et al., 2015: 749) and only little is known about how corporate involvement influences ICVs (Burgers, Jansen, Van den Bosch, & Volberda, 2009; Garrett & Covin, 2015), we draw on participative management as a theoretical lens to develop a new framework that delineates the impact of corporate framework setting (e.g. early strategy development), corporate engagement (e.g. support for ICVs), and corporate mandates (controls and monitoring) on ICV sales performance.

Method
We confront our hypotheses with novel data from a hand-collected sample of Spanish corporations hosting 86 ICVs. These data differentiate and operationalize different types of corporate involvement in ICVs and record ICV sales performance. Using data on 86 ventures, managed by 59 ICV managers, we develop a double hurdle craggit model (Cragg, 1971) inclusive of ICV and personal level controls to analyze the impact of corporate involvement on generating any ICV sales and growing the same.

Results and Implications
Preliminary findings suggest that corporate framework setting helps ICVs generate positive sales, but it does not help increase these sales. Conversely, corporate engagement is needed to increase ICV sales and corporate mandates are counterproductive for both. Theoretically, we introduce the concept of participative management (Erez, Earley, & Hulin, 1985; Lam, Huang, & Chan, 2015) into the ICV setting and use it as a basis for building new theory on how corporate involvement impacts ICV performance. We contextualize and extend prior research that has examined impacts of only one or two types of corporate involvement on ICVs through simultaneous investigation of multiple types of corporate involvement. The relative importance of different types of corporate influence helps practitioners to reduce the risk of confounding distinct types of corporate influence with each other and guides them to focus early efforts on framework setting, reserving corporate engagement for sales increase over time.

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