RISK, UNCERTAINTY AND PARTICIPATION IN CORPORATE ENTREPRENEURSHIP: THE MODERATING EFFECTS OF ORGANIZATIONAL IDENTIFICATION AND ENTREPRENEURIAL ORIENTATION (SUMMARY)

Erik Monsen
Max Planck Institute of Economics, Germany, monsen@econ.mpg.de

Todd Saxton
Indiana University, USA

Jeffrey S. Hornsby
Kansas State University, USA

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SUMMARY

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Erik Monsen, Max Planck Institute of Economics, Germany
Todd Saxton, Indiana University, USA
Jeffrey S. Hornsby, Kansas State University, USA

Principal Topic

Recent studies experimentally examine employee decisions to participate in new corporate ventures (Monsen, Patzelt, & Saxton, in press; Monsen, Saxton, & Patzelt, 2007), however, they do not distinguish between risk and uncertainty. Entrepreneurial decisions are more often made under uncertainty rather than “risky certainty” (Alvarez & Barney, 2005). Therefore, using risk-related theories, including agency (Jones & Butler, 1992), utility maximization (Douglas & Shepherd, 2000, 2002), and expectancy theories (Gatewood, Shaver, Powers, & Gartner, 2002) is questionable. Extending corporate entrepreneurship studies (Monsen, 2005; Monsen & Boss, 2009), we examine corporate venture opportunities from the social identity perspective (Ellemers, de Gilder, & Haslam, 2004; Tajfel & Turner, 1986) to explain an employee’s willingness to accept more uncertainty and to act more entrepreneurially for their employer (compare, Sauner-Leroy, 2004; Wright & Cordery, 1999).

Methods

We experimentally manipulate five types of corporate venture uncertainty: reward, team, time, strategy, and structure. In our metric conjoint-based experiment (Shepherd & Zacharakis, 1997), participants evaluate 32 corporate venture opportunities following an orthogonal fractional-factorial design and complete questionnaires on their organizational identification (Mael & Ashforth, 1992) and their firm’s entrepreneurial orientation (Covin & Slevin, 1990). Controlling for framing biases, respondents are either informed that management has asked them to participate or that management has sent an email to the entire company asking for volunteers. We analyze the data with hierarchical linear modeling (Hofmann, 1997; Raudenbush & Bryk, 2002).

Results and Implications

To date, we have data from 125 full-time employees, 110 of which are part-time MBA students. Part-time MBA students have been used as respondents in past studies (Monsen, et al., in press), however, this is one of the first studies to compare the both groups. Our findings will suggest how risky and uncertain aspects of corporate new ventures (e.g. reward, team, time, strategy, and structure), an individual’s organization identification, a firm’s entrepreneurial orientation, and the corresponding multi-level interactions impact the design of and participation in corporate new ventures (compare, Hayton, 2005; Ireland, Covin, & Kuratko, 2009; Kuratko, Ireland, Covin, & Hornsby, 2005).

CONTACT: Erik Monsen; monsen@econ.mpg.de; (T): +49 3641 686 736; (F): +49 3641 686 710; Max Planck Institute of Economics, Kahlaische Str. 10, 07745 Jena, Germany.