A CLOSER LOOK AT VENTURE CREATION: HOW DO INTRAPRENEURS AND ENTREPRENEURS DIFFER IN SPEED AND SEQUENCING? (INTERACTIVE PAPER)

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Principal Topic

We analyze similarities and differences in the speed and sequencing of key milestones in the venturing efforts of nascent intrapreneurs (NIs) who start a business for their employers, and independent nascent entrepreneurs (NEs). Although researchers seems to regard the sequence of activities constituting the start-up process as rather unstructured (Davidsson & Scott, 2010), we argue that a comparison between NIs and NEs might help explain some heterogeneity in the business start-up process research. Comparing NIs and NEs in terms of the speed and sequencing of their start-up efforts might also improve our ability to enhance corporate performance, especially as intrapreneurship has been shown to positively affect incumbent firm performance (Antoncic & Hisrich, 2001) and corporate renewal (Zahra & Covin, 1995). Our research reveals which venturing mode - NI or NE - allows for faster realization of new business ideas.

Method

We use weighted PSED II longitudinal data to estimate hazard rates for the most prevalent milestones during the nascent venturing process. We analyze the determinants of the timing of these milestones (e.g. the start of production, first contact with clients, and first sales income). We not only compare time-lags until specific activities take place, but also estimate the effects of several covariates on the probability of achieving these milestones by a certain time. Semi-parametric Cox Regression allows us to stratify by NIs and NEs, delineating the effects of each covariate on venturing speed and sequencing for each group separately. We also allow for non-linear specifications. Post hoc tests investigate the reliability of our assumptions.

Results and Implications

Our preliminary estimates suggest that NEs attain virtually all measured milestones faster than NIs. While NEs often undertake activities “in parallel”, NIs tend to work on activities “in sequence”. NEs also appear to emphasize externally-focused activities early on, whereas NIs are more focused on their own venture. Our findings enable practitioners to select the appropriate venturing mode given time sensitivity and relative importance of internal vs. external focus of the venture.

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