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COMBINING CLOSENESS AND CULTURE: PARENT-VENTURE SIMILARITY AND PERFORMANCE IN INTERNAL CORPORATE VENTURES (SUMMARY)

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≈ SUMMARY ≈

COMBINING CLOSENESS AND CULTURE: PARENT-VENTURE SIMILARITY AND PERFORMANCE IN INTERNAL CORPORATE VENTURES

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Principal Topic

Scholars generally agree that internal corporate ventures (ICVs), defined as firm-level entrepreneurial activities which develop new businesses for an organization (Burgelman, 1983), are important for organizational renewal and strategic innovation. Yet, there is much less agreement on how to configure ICVs for optimal outcomes (Burgers, Jansen, Van den Bosch & Volberda, 2009; Garrett & Covin, 2013). We contribute to this ongoing discussion in two ways. First we investigate whether a curve-linear, inverted U-shape describes the relationship between parent-venture similarity and ICV outcomes beyond what previous scholarship has found. Second, we analyze how organizational entrepreneurial culture moderates this relationship. We are testing our hypotheses with novel primary employer-employee data from Spanish organizations.

We find initial empirical support of an inverted U shaped relationship between parent-venture similarity and ICV outcomes. Moderately distinct structural and operational setups favor ICV outcomes whereas configurations stressing large degrees of either similarity or difference suppress ICV output. We also find that the nature of this relationship differs under distinct organizational entrepreneurial cultures, as expressed through tighter and looser management structures.

Theoretically, our differentiated (curve-linear) and large scale understanding complements and extends findings on operations independence in ICVs (Garrett & Covin, 2013; Burgers et al. 2009; Briody et al. 2004). Further, we newly introduce organizational entrepreneurial culture into the discussion. The latest data from our survey work suggest that culture plays an extensive role in ICV outcomes. Our data highlight that culture (beyond management structure) is perceived to be critical to ICV development and execution. This indicates an important stream of research between organizational culture and ICVs which should be explored in the future.

Results and Implications

For practitioners, our study provides two actionable outcomes. First, we advise corporate decision makers on how to design ICV configurations that complement entrepreneurial cultures in their organization. We explain the need to be similar, without being identical and clarify how much similarity is productive in which cultural setting. Second, this study leads to improved diagnosis and guidance for organizations on the potential impact their existing culture will have on ICVs. For example, rigid processes and procedures may suggest the need for cultural intervention before ICVs are undertaken. Otherwise efforts and resources are wasted when focusing on the operational components of ICVs alone. Our study then helps organizations improve their approach to ICVs and their overall performance.

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