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INTERACTIVE PAPER

EFFECTUAL CELLS: FOSTERING INNOVATION-BASED CORPORATE ENTREPRENEURSHIP THROUGH CONDITIONS FOR EFFECTUAL PROCESSES

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Principal Topic

Corporate Entrepreneurship (CE) features many of the same uncertainties as classical entrepreneurship, e.g. the dependency on innovation outcomes which are difficult to predict (Phan et al., 2009). Moreover, both types of entrepreneurship often involve the possibility of constructing an environment rather than only positioning oneself in a given environment, thus calling for approaches to control and shape rather than merely adapt and predict (Wiltbank et al., 2006). The effectuation approach (Sarasvathy, 2001) thereby seems suited to describe CE situations. We focus on innovation-based CE (ICE), as innovation is the preeminent mechanism for creating business that generates new revenue streams and creates value for shareholders (Kelley, Peters & O'Connor 2009; Narayanan, Yang & Zahra, 2009), and analyze the influence of newness in respect to market and technology as an indicator of innovativeness (Hill and Rothaermel, 2003).

This study examines the performance of corporate innovation projects, the characteristics of their respective processes and the antecedents of these processes. We establish that highly innovative CE benefits from effectual processes (as opposed to causative processes) and develop hypotheses regarding antecedents of such processes in established companies. More specifically, we seek to concretize the concept of “effectual cells” (Wiltbank et al., 2008).

Method

We employ a multi-method approach, consisting of an empirical survey amongst innovation project managers and selected guided interviews with survey participants, enriching the quantitative perspective provided by the survey sample with qualitative data. The survey contains, among other items, a self-developed scale (following Churchill, 1997) of the 5 effectuation principles (Sarasvathy, 2008). The 400 responses are analyzed in a SEM using AMOS.

For interviewing, two subsamples were identified that featured strong effectual and causative processes, respectively. Guided interviews on the project's environment in the company serve to discover patterns of antecedents and formulate hypotheses.

Results and Implications

Our analyses indicate that conditions for effectual processes have a positive influence on the success of highly innovative projects. We develop the propositions that structural differentiation, project management autonomy and resource flexibility are key antecedents for these effectual processes, and thereby underline the notion that “effectual cells” can coexist in otherwise causative organization.

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