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A Practical Perspective on Strategic Alignment - the Case of Internal Corporate Ventures

A Multiple Case Study

by

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Abstract

The purpose of this thesis is to contribute to the existing strategy literature by identifying practical efforts that organisations can make to achieve strategic alignment between their internal corporate ventures and the overall business strategies. The thesis follows an inductive qualitative research approach with a multiple case study of three participating organisations. The empirical data is gathered through in-depth interviews with case representatives. All the selected case corporations have an active internal corporate venture, in the technology sector and are headquartered in Northern Europe. Configuration theory and three related elements; a strategic vision, a pro-entrepreneurship architecture and an organisational reliance on entrepreneurial behaviour, provide the basis for the empirical and analytical parts of this thesis. Several practical efforts are derived from the empirical data and it is shown how the efforts vary in their significance for the achievement of strategic alignment. Specifically, the availability of resources, as well as top-management involvement and diversity among employees are determined to be of high importance. Furthermore, the analysis indicates linkages between the identified efforts. Conclusively, the thesis contributes to the existing literature by demonstrating how configuration theory can be applied to the research on corporate ventures and by identifying practical efforts to achieve strategic alignment.

Keywords: Internal Corporate Ventures, Corporate Entrepreneurship, Configuration Theory, Strategic Alignment, Innovation

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1 Introduction

Chapter 1 introduces the background, problematisation and key concepts of this thesis. The relevance of the research question is shown through previous literature and studies, moreover, the purpose is presented.

1.1 Background

In the 21st century, innovation is widely considered to be imperative for corporations and a key to success. Innovation can generally be described as “the process of making changes to something established by introducing something new” (O’Sullivan, 2008, p.2). While the general description of innovation is rather simple, defining the role of management in innovation is more complex. Innovation management includes organising the needed tools, techniques and methods in a way that motivates individuals to cooperate in defining innovation goals, managing ideas, projects and overview results. Moreover, it is about creating a common purpose and environment for new ideas to grow and change and thereby create value for customers (O’Sullivan, 2008).

A report on leading organisations of the global economy published by McKinsey Global Institute (2018) underlines the importance of innovation. Their research on ‘superstar companies’ has shown a significant shift among the most economically profitable organisations worldwide, which in 2005 were mostly represented by mining and oil and gas corporations. A decade later, these more traditionally oriented corporations were surpassed by highly innovative internet and technology corporations such as Alibaba, Apple and Facebook. The surge in their profitability and the concurrent shift in the rankings was mainly caused by two driving factors. On one hand, the developments can be attributed to market-changing economic factors, on the other hand, ground-breaking innovations, as well as extensive innovation-investment, played a large role in changing the dynamics of global economics.

In addition, literature presents several reasons why innovation is vital for organisational performance. Most literature reckons that pursuing innovation is a sustainable strategy for

maintaining superior performance, yet, how to successfully implement corporate innovation remains vague for most organisations (Ireland, Covin & Kuratko, 2009). Several studies argue that innovation is the true source of competitive advantage (Baumol, 2002; Covin & Miles, 1999; Urbancova, 2013). Additionally, Innovation is widely viewed as a key driver of economic growth (Aghion and Howitt 1992; Romer 1990). Moreover, it is argued that organisations must continuously pursue technological, product, market, strategic, or business model innovation and exploit opportunities to stay relevant to the market. Otherwise, organisations face the risk of being outcompeted by rivals that do engage in innovation (Ireland, Covin & Kuratko, 2009).

Nonetheless, while 84% of executives agree that innovation is crucial for their business to grow and 80% of executives believe that innovation is crucial as their business models are at risk, only 6% are satisfied with the innovation performance of their organisation (McKinsey, 2020). This evidently leaves significant room for improved organisational performance with regards to innovation management as well as the potential to increase profitability. Pisano (2015) also recognises that many corporations fail to innovate and to keep performance levels high. It is argued that the reason for that is the lack of an innovation strategy, which guides the pursuit of innovation and decision-making when it comes to necessary trade-offs within an existing organisational set-up. Furthermore, it is pointed out that the innovation strategy must support the overall business strategy in order to be successful and achieve alignment of priorities across all functions (Pisano, 2015).

Scholars research corporations' pursuits to be innovative under a term particularly interesting for this thesis namely corporate entrepreneurship. Zahra (1995) refers to corporate entrepreneurship as the sum of an organisation's innovation, renewal and venturing efforts where innovation includes the creation and introduction of products, processes and organisational systems. Renewal is explained as the revitalisation of an organisation's operations by changing its core business and competitive advantage. Lastly, venturing includes the entering and expansion of operations in existing or new markets (Zahra, 1995). To establish and maintain a competitive advantage in increasingly more competitive global market surroundings, an extensive number of corporations focus greatly on corporate entrepreneurship to foster the development of innovations (Ireland, Covin & Kuratko, 2009).

The concept of corporate entrepreneurship first appeared in the 1970s. Peterson and Berger (1971) identify corporate entrepreneurship as a strategy for leaders to deal with changing environmental factors. During the past 50 years, corporate entrepreneurship developed from

being viewed as a process of organisational renewal towards a valid growth strategy closely tied to the creation of sustainable competitive advantage (Kuratko & Audretsch, 2013).

The growing literature on corporate entrepreneurship has divided the concept into two fields, corporate venturing and strategic entrepreneurship. This thesis will solely focus on corporate ventures, which is a topic widely acknowledged as a key area of interest among scholars (Gutmann, 2019; Morris, Kuratko & Covin, 2010). The concept refers to innovation activities aimed at the creation of new business either inside or outside a corporation's boundaries (Gutmann, 2019; Morris, Kuratko & Covin, 2010). Corporate accelerators, corporate incubators, and corporate venture capital funds present some of the commonly used forms of corporate ventures. Google, for example, has several corporate accelerator programmes tailored to different regions whose purpose it is to support start-ups by providing access to Google's resources (Google Developers, 2020). Over the past two decades, the modern landscape of corporate venturing has experienced increasingly rapid developments which call for more research (Gutmann, 2019). To narrow down the scope, the thesis concentrates on internal corporate ventures. The focus of venturing is commonly recognised to be the decisive factor for distinguishing between external and internal corporate ventures (Narayanan, Yang and Zahra, 2009). Conclusively, internal corporate venturing is an organisational phenomenon which takes place within the organisational boundaries and is used by corporations with the aim to create new businesses. External corporate ventures, on the other hand, are dependent on external collaborations (Kuratko, Covin & Hornsby, 2014a).

1.2 Problematisation

Corporate entrepreneurship is an organisational phenomenon whose purpose is to result in value-creating innovations (Covin and Miles, 1999; Kuratko, Hornsby & Covin, 2014b; Sharma & Chrisman, 1999). Moreover, research has shown that corporate entrepreneurship, including corporate ventures, presents a valid strategy to create and sustain competitive advantage (Ireland, Covin & Kuratko, 2009; Kuratko & Audretsch, 2013; Kuratko, Goldsby & Hornsby, 2012; Schindehutte et al., 2018). Generally, scholars in the field of corporate venturing argue that it is essential to effectively align a corporate venture strategy with a corporation's overall business strategy to facilitate the creation of a competitive advantage using corporate ventures (Covin & Miles, 2007; Ireland, Covin & Kuratko, 2009). Kuratko, Covin and Hornsby (2014a)

identify implementation issues for corporate innovation in practice. It is claimed that by addressing these issues, corporate innovation can be successfully pursued. However, the issues do not specifically consider corporate ventures and strategic alignment.

A more strategic perspective is taken by Ireland, Covin & Kuratko (2009), who develop a conceptual model of corporate entrepreneurship strategy and base it on three elements that are needed to be successful; an entrepreneurial strategic vision, entrepreneurial processes and behaviour as exhibited across the organisational hierarchy, and a pro-entrepreneurship organisational architecture. Ireland, Covin and Kuratko (2009) argue that corporate entrepreneurship strategy can be integrated within corporations through careful implementation of these elements. Kreiser et al. (2019) build their research on the same conceptual model developed by Ireland, Covin and Kuratko (2009) and investigate the relevance of synergies between the elements. It is concluded that alignment between the elements as well as the level of strategic fit between corporate entrepreneurship and overall business strategies enhances a corporations' performance. However, none of the studies attempted to identify how this was made in practice. Furthermore, strategic purposes of corporate ventures are analysed by Covin and Miles (2007) who identify strategic and financial purposes that can drive corporate venture activities. Furthermore, Covin and Miles (2007) analyse different possible relationships between corporate venture strategy and business strategy. They argue for the need of a better understanding of the effective strategic integration of corporate ventures and what that means in a practical sense.

As highlighted in the background, very few executives are satisfied with their organisations' innovation performance. A study on innovation efforts issued by Accenture (2013) pointed out that only 18% of managers that took part in the study are of the opinion that their innovation strategies create a competitive advantage for the corporation. Moreover, Innovation Leader's 'Benchmarking Innovation' study sponsored by KPMG (2019) identified a lack of overall alignment as one of the key obstacles that corporations encounter in their pursuit of an innovation strategy. This goes in line with Covin and Miles' (2007) work pointing out the need for researchers to understand how corporate ventures can create competitive advantage in practice. In addition to that, Kuratko and Audretsch (2013) emphasise that research still lacks in-depth insight on how corporate entrepreneurship is executed in organisational settings.

Evidently, corporate entrepreneurship strategy, corporate ventures and the implementation of corporate entrepreneurship have been studied in the past. Yet, it was not until recently that

scholars started contributing to the integration of entrepreneurial activities into the overall business strategy. Hence, it is a research topic still in need of more attention. Additionally, the relation of specific practical integration efforts and achieving the described alignment for corporate ventures still lacks sufficient insights, which is why there is great interest in understanding how alignment can be achieved. Therefore, by conducting a multiple case study and investigating the practical efforts organisations can make to achieve alignment, the thesis contributes to the existing research. In this thesis, practical is referred to as the actual doing or making of something in contrast to referring to theory and ideas, thus practical efforts are tied to real-life events.

1.3 Research Question

What practical efforts are made by corporations to align internal corporate ventures with organisations' overall business strategies?

1.4 Research Purpose

The purpose of this thesis is to add to the existing strategy literature by identifying practical efforts made to align corporate venture strategy and the overall business strategy. By filling the gap, we also want to investigate what impact the characteristics of the corporate venture has on practical efforts. Furthermore, by identifying a set of practical efforts, we hope to make a contribution that helps corporations to achieve strategic alignment.

1.5 Limitations

This thesis faces several limitations. Firstly, the research is limited to internal corporate ventures. Hence, it is difficult to argue that the findings also apply to external corporate ventures. Secondly, the terminology practical efforts lacks a clear definition in a theoretical sense. Therewith, we have chosen to refer to practical efforts as actions that are tied to real-life events instead of referring to theories or ideas.

1.6 Outline of the Thesis

Chapter 1 presents the background and problematisation of this thesis to argue for the relevance of the research question and the purpose of the study. *Chapter 2* addresses the research method, research approach, research design and introduces the cases chosen for this multiple case study. In *chapter 3*, the theoretical framework consists of previous studies related to the key theoretical concepts explored in this thesis. Moreover, the chapter introduces the framework applied in the empirical and analytical parts of the thesis. *Chapter 4* presents and analyses the empirical data which has been collected from three case corporations consisting of six semi-structured interviews. Lastly, *chapter 5* discusses the empirical findings and concludes the entire thesis. In addition, it elaborates on practical implications and provides suggestions for further research.

2 Methodology

Chapter 2 elaborates on the research methods applied in this thesis. The chapter addresses the research approach, research design and introduces the cases chosen for this multiple case study. Furthermore, the empirical method is presented where a qualitative approach was conducted using primarily collected data from semi-structured interviews. The empirical method ends with a discussion about trustworthiness and ethical considerations.

2.1 Research Approach

As the purpose of this thesis is to identify what practical efforts are made to support the alignment of corporate venture strategy and overall business strategy, it could be argued to take a corporate perspective. As identifying practical efforts made to align corporate venture strategy with overall business strategy, is more concerned with ‘what works and how it is applied’, it stems from a more pragmatic worldview (Creswell & Creswell, 2018). However, as this thesis seeks to answer the research question based on the views of the interview participants, there is an awareness that individual perceptions can have an impact on the collected data. Hence, the pragmatic worldview is influenced by an interpretive worldview.

Researchers can choose between three main research methodologies, namely, quantitative, qualitative or a mix of both (Creswell & Creswell, 2018). What differentiates qualitative research from quantitative research is that qualitative studies use words rather than numbers when analysing collected data. As the practical efforts in this thesis are captured by answers from the interviewee respondents, it takes a qualitative approach. Creswell and Creswell (2018) argue that a qualitative approach is useful when you want to understand a social phenomenon that stretches beyond numeric answers. Since this thesis is concerned with developing an understanding of strategic purposes and measures taken to align those purposes, a qualitative research methodology can be argued to be the best fit. Moreover, the aim is to gather data from employees and decision-makers tied to the corporate ventures, interpret the data by analysing

it and lastly develop theory from collected data. Hence, it has an inductive research approach (Bryman, Bell & Harley, 2019).

2.2 Research Design

Case studies are particularly suitable when the research question aims to answer the ‘how’ and ‘why’ of a phenomenon (Yin, 2014). Therefore, studying individual cases can be argued to be suitable to generate an in-depth understanding of what practical efforts corporations make to align their corporate ventures with their business strategies. Moreover, in-depth case studies tend to focus on analysing a program, event, activity, or a process (Creswell & Creswell, 2018). This thesis will, therefore, be based on a multiple case study design. Moreover, multiple case studies allow researchers to compare the findings deriving from each of the studied cases (Bryman, Bell & Harley, 2019). Hence, the case study design is suitable for the chosen research topic as the thesis focuses on more than one corporate venture. One disadvantage of the case study design is that it is hard to generalise the results when only one or a few cases are studied. On the other hand, case studies encourage researchers to consider what is unique and what is common across cases.

Furthermore, case studies could be divided into instrumental and expressive studies (Stake, 2006). While expressive studies are interested in the uniqueness of a case, the instrumental qualitative case studies allow generalisation of identified characteristics from specific cases (Stake, 2006). Consequently, this thesis adopts an expressive qualitative case study approach as the interest of this thesis lies in identifying efforts unique for each case which could help explaining why practical efforts vary based on perceived corporate venture characteristics. It could, therefore, be argued to have an idiographic approach which means that the thesis does not focus on generalising results to an entire population but is interested in the individual results (Bryman, Bell & Harley, 2019). Moreover, by studying two or more cases, the researcher is in a better position to establish the circumstances in which theory will or will not hold (Bryman, Bell & Harley, 2019). Consequently, three case corporations were chosen for this thesis.

2.2.1 Case Selection

The case selection is based on four case criteria. The following criteria were developed and considered when opting for case corporations: (1) active corporate venture activities, (2) the corporate venture had to be internal, (3) both decision-makers and employees tied to the corporate venture had to be accessible, (4) the corporation had to be active in the technology industry.

For the purpose of this thesis, it is assumed that the first criteria, an active corporate venture, is essential as interviewees can most likely share more valuable insights about the present situation than about past events. The second criterion is important as the research of corporate ventures distinguishes between internal and external corporate ventures. Therefore, developed characteristics and conclusions are based on this distinction which could influence the analytical part of this research. As mentioned in the first chapter, the thesis focuses only on internal corporate ventures to put limitations on the research topic. Thirdly, access to interviewees, more particularly of different decision-making authority, will enable a more in-depth analysis of the cases. The fourth criterion is argued to influence the results as the external environment of a corporation is assumed to have an impact on innovation activities. Furthermore, it enhances the comparability of the cases, if applicable. Three different cases that fulfil the criteria are chosen for this thesis to provide a variety of insights.

2.2.2 Case A - Introduction

The organisation of Case A is mainly active in the security technology industry. Its innovation strategy emphasises a strong focus on value creation for its customers through innovation activities. The corporation is located in Northern Europe and runs a separate business unit which focuses solely on the creation of new businesses.

The purpose of this separate unit is to create solutions that relate to the core business to some extent while enhancing the value for the customers, addressing trends in the market and challenging conventions. The organisation states that it is currently expanding into related markets in addition to the core activities.

This separate corporate venture unit fulfils all criteria and is therefore suitable as a case for this research as it is an active programme for internal purposes only of a corporation active within the technology sector.

2.2.3 Case B - Introduction

The corporation behind Case B is an industrial manufacturing corporation which is globally active and headquartered in Northern Europe. The organisation offers a diverse product portfolio and is split into many different business entities.

Generally, the innovation strategy is stated to focus on guaranteeing competitiveness in the future. The innovation culture, on the other hand, focuses on open innovation. The organisation also states that it is opening up internally and externally via collaborations with universities as well as activities in the entrepreneurial sector. However, the case chosen for this research is an initiative focused on digitalisation. The case refers to a department within the corporate structure that was set-up as a lean start-up to commercialise a new business idea. It differentiates from other departments mainly in its way of reporting, budget control and decision-making. The department was given three years to bring this idea to market.

The case fulfils all criteria as it is an active project that solely focuses on the creation of new business within the corporate domain. Moreover, it is part of a technology-focused corporation and interviewees on all levels are easily accessible and agreed to participate in the thesis.

2.2.4 Case C - Introduction

The organisation of Case C is an international engineering corporation, which also has its headquarters in Northern Europe.

It engages in a diverse set of innovation activities. On one hand, the organisation has a strong acquisition history where it invested in interesting start-ups to increase the innovativeness of its product portfolio. On the other hand, in 2019 the organisation invested a relatively large share of its sales into research and development. Furthermore, the organisation established an internal idea generation competition. The competition aims to bring the idea of a start-up into the corporation. All employees can enter the competition and pitch their ideas to senior

management. If they are successful, they get the chance to work on the ideas for three months as lean start-ups.

The idea generation competition meets all case criteria as it is an active internal corporate venture placed within a corporation that operates in the technology sector. Moreover, the organisation often cooperates with universities and is willing to support our thesis.

2.3 Data Collection

In most cases, research papers are based on both primary and secondary data. Primary data is explained as data collected from first-hand sources such as interviews and secondary data is referred to as data collected from studies conducted by other people (Bryman, Bell & Harley, 2019). This thesis mainly consists of primary data collected from semi-structured interviews that are used in this thesis to answer the research question.

2.3.1 Semi-Structured Interviews

Due to the current situation with COVID-19 spreading globally and national regulations being imposed, the first planned in-person interviews were changed to web-based interviews. Exchanging in-person interviews with web-based interviews provided a few challenges. Firstly, it was noted that respondents often cancelled or rescheduled planned interviews. As a result, it was harder than expected to collect a good amount of primary data. Another challenge was to set the right focus for the interview questions. While all questions are open, some interviewees digressed from the topic and had to be redirected again. Consequently, misconceptions seem to be more common in web-based interviews.

On the other hand, web-based interviews have their advantages as they are easier to conduct when the location of the interviewer and interviewee are geographically dispersed (Bryman, Bell & Harley, 2019). As COVID-19 brings restrictions on social distancing, web-based interviews present a suitable solution. Another advantage of web-based interviews is that the interviewer will find it easier to build smooth transitions between the questions or re-formulate the questions as the interview proceeds to create a better flow in the interview. This was particularly noted during the interviews when redirecting the respondents back to the correct topic. Lastly, web-based interviews tend to eliminate the risk of an interviewee being biased by

the interviewer's characteristics when answering the questions which are a risk when performing in-person interviews.

This thesis is mainly based on primary data from semi-structured interviews. Semi-structured interviews allow for the interviewer to ask to follow up questions in order to clarify or extend a respondent's answer (Ahrne & Svensson, 2015). They are especially good when participants cannot be observed directly as the researchers can expect to get more profound and personal reflections (Creswell & Creswell, 2018). One further advantage of semi-structured interviews is that they provide a good breadth and coverage of a topic and respondents have the opportunity to give historical information (Bryman, Bell & Harley, 2019; Creswell & Creswell, 2018). All positive aspects mentioned above were highly noted during the interviews. For example, during the shorter interviews when only 30 minutes were scheduled, it was easy to focus on selected topics and gain more in-depth answers by asking more follow-up questions. A general disadvantage of conducting interviews is that far from all respondents may be equally communicative and insightful. Furthermore, in contrast to direct observations, the provided information will be filtered through the views of the respondents (Creswell & Creswell, 2018). However, the semi-structured interviews were suitable as the interviewer could ask follow-up questions to gain additional insights. Consequently, semi-structured interviews provide a suitable foundation for the thesis since this thesis is concerned with generating an in-depth understanding of the practical efforts applied to achieve strategic alignment through the eyes of decision-makers and employees.

2.3.2 Selection of Participants

According to Ahrne and Svensson (2015), the research question is essential for the selection of participants in an interview. It is of essence that researchers consider homogeneous and heterogeneous aspects of possible participants such as previous experience and position. The reason for this is to get a desired representation of the target group but also due to the fact that respondents are more likely to engage in an interview if they are familiar with the subject (Ahrne & Svensson, 2015). Furthermore, two interviewees from each case corporation with different roles and levels across the organisations were selected as it was expected to result in different insights and experiences.

To understand how different corporations manage the strategic fit of their corporate ventures, all interviewees were required to have some insight into the ventures. A purposive criterion

sampling method was therefore used to select respondents for the semi-structured interviews (Bryman, Bell & Harley, 2019). Purposeful sampling makes it possible for researchers to choose interview participants in a strategic way to ensure that the participants are relevant for the research question. All participants (1) had to be involved in the corporate venture (2) for at least 6 months and (3) be familiar with the corporation’s strategic objectives. One downside with purposive sampling, however, is that it limits the generalisations of the gathered data (Bryman, Bell & Harley, 2019). On the other hand, this thesis puts a greater interest in the uniqueness of each case.

Dialogues with the corporations have mainly been conducted via email where the research question, purpose and criteria for interviewees have been communicated. The three final case corporations have recommended possible interviewees for the semi-structured interviews through web-based interviews and email. After that, contact over email was established to each individual interviewee and interviews have been booked and scheduled.

Case	Fictitious Name	Role	Interview Length	Date
Case A	Gamma	Management	45:13	04.05.2020
Case A	Zeta	Employee	54:49	12.05.2020
Case B	Alpha	Management	33:39	21.04.2020
Case B	Beta	Management	30:24	23.04.2020
Case C	Delta	Top Management	25:30	08.05.2020
Case C	Epsilon	Management	27:56	11.05.2020

Table 1: Interview Participants

2.3.3 Interview Guide

An interview guide (see Appendix A) with open questions was prepared prior to the interviews to provide a structure for the interviews while simultaneously making sure that important topics were discussed. The interview guide follows the suggested structure provided by Creswell and Creswell (2018). Thus, it includes basic information about the interview, an introduction to the interview topic, four opening questions, five main content questions with follow up questions

and lastly closing instructions. The main content questions were developed from the chosen theoretical framework which considers the overall business and internal corporate venture strategy as well as three guiding elements for the identification of practical efforts.

2.3.4 Transcriptions

All six interviews were transcribed and coded into different categories in order to simplify the process of comparing and analysing the collected primary data (Creswell & Creswell, 2018). Ahrne and Svensson (2018) argue that it is of importance that the interviewer analyses the answers during the transcription process in order to eliminate the risk of interpretation errors and ensure that the answers are correctly transcribed. For example, two of the case corporations have more than one innovation initiative and the interviewees sometimes talk about the other initiatives. During the transcription process, we, therefore, had to be diligent to make sure that the analysed information is related to the corporate venture that our thesis is interested in. As the nationality and native language vary both among interviewees and interviewers, the interviews were held in English to reduce communication problems. Moreover, all interviews were recorded, and additional notes were taken by the moderator to make sure that all important information is captured.

2.3.5 Data Analysis

According to Bryman, Bell and Harley (2019), collected data from semi-structured interviews often results in a large and complex set of data with the addition of unstructured language in the form of notes and transcripts. To generate value and make sense of this data, the data must be coded and analysed. One of the more common ways of doing this in qualitative studies is to conduct a thematic analysis (Bryman, Bell & Harley, 2019).

In accordance with Creswell and Creswell (2018), the thematic data analysis follows five steps. Firstly, the collected data was organised and prepared for being analysed by transcribing the semi-structured interviews. As all interviews were recorded, the recordings were manually converted into text. Secondly, the transcriptions were read separately by each researcher to gain individual first impressions of the gathered data. Interesting citations were highlighted individually and connected to an element and an attribute. For example, the citation “*we always have to ask questions and listen to the feedback that we get and adapt to that*” is connected to

the element, strategic vision, and the attribute flexibility. Thirdly, the data was discussed together and the work of finding themes and attributes was initiated. Hence, in this phase, individual impressions were discussed, disagreements were clarified, and similar opinions confirmed. Fourthly, a description of the analysed data was generated to identify themes and categories to create a structure that provides a clear understanding of the primary data. All collected and highlighted citations from the transcriptions were first organised into one of the three elements, a strategic vision, a pro-entrepreneurship architecture, an organisational reliance on entrepreneurial behaviour and secondly assigned to an attribute. Lastly, special considerations were taken when deciding how to present and visualise the gathered data, the established themes, and categories for the data to make sense for the targeted audience. Consequently, the analysis chapter follows a structure where empirical data is presented first and then analysed followed by a visual figure after each element.

2.4 Trustworthiness

Validity and reliability in qualitative research deal with issues as trustworthiness, authenticity, and credibility. Several actions were taken to lower the risks of facing any of these issues. To begin with, interviewees were throughout the thesis process given the option to check the authenticity of the proposed data. The relation to the studied cases is also elaborated to limit the chance of possible biases. Moreover, an external auditor in the form of a supervisor was objectively assessing the project throughout the research. Lastly, the thesis process consisted of continuous peer debriefs, for instance by cross-checking data after separately gaining a first impression of the primary data (Creswell and Creswell, 2018).

To further reduce the risk of low trustworthiness multiple peer-reviewed empirical sources were used in developing this thesis. The scientific articles are all written by authors with expert knowledge within their respective research field and retrieved to a large extent from Google Scholar, LUB Search and Scopus. To identify the most appropriate scientific articles, keywords (for example, corporate entrepreneurship, corporate venturing, strategy, strategic alignment) and cross-referencing were used increasing the reliability and trustworthiness of the articles. Purposefully choosing articles that are highly cited and published in well-known scientific journals also increases credibility. By reading articles relevant for our research topic, we were also able to identify that the configuration theory provided the best theoretical framework for

our research question as it was recurring in several highly cited articles. The configuration theory, therewith, also influenced the development of the interview questions. Academic books are used as a complement to the scientific articles to construct the thesis, particularly the method chapter. Furthermore, information is always referred to its primary or secondary data source if possible. Arguably, the saturation point was reached when the same articles and authors kept recurring in the search for new empirical literature.

2.5 Ethical Considerations

For ethical purposes and to meet the will of our selected case corporations, anonymity of the interviewees is granted to show respect and regard the privacy of the participants. The case corporations and the participants' names are therefore replaced by fictitious names which still allows the reader to differentiate between the cases and respondents (Creswell & Creswell, 2018).

Moreover, special considerations are taken to avoid the risk of revealing any information that could be harmful to the participants. Descriptions of the case corporations and information given by the interviewees were moderately altered to ensure that organisations or participants cannot be identified (Creswell & Creswell, 2018). However, the greatest respect is given to these alterations so that the content conveyed in the interview is not changed to an undistinguishable extent. Lastly, the ambition is always to communicate the gathered data in a clear, straight forward and suitable language for the desired audience to prevent the presented information from being biased (Creswell & Creswell, 2018).

3 Theoretical Framework

Chapter 3 presents the developments in the fields of corporate entrepreneurship, corporate venturing and strategic alignment. To address the alignment of business strategy and corporate venture strategy, configuration theory is explained and related to corporate entrepreneurship strategy. Thereby, three elements are identified, and attributes for each element are compiled that are used in several different studies to analyse strategic alignment. Furthermore, different corporate venture characteristics are examined to identify typologies for the cases analysed in the following chapter.

3.1 Chapter Introduction

To introduce the key concepts of this thesis and thoroughly answer the research question: “What practical efforts are made by corporations to align corporate ventures with organisations’ overall business strategies?”, an assessment of corporate entrepreneurship, corporate venturing and strategic alignment has been made in the following chapter with the aim to create a bridge between the three concepts.

Research tied to corporate entrepreneurship plays an especially important role for the chosen theoretical framework. As indicated previously, the concept of corporate venturing is a part of the overarching concept of corporate entrepreneurship, which is why the following chapter starts with a short discussion of the research contributions on corporate entrepreneurship.

Referring to the introduction chapter, the thesis focuses on the strategic alignment of corporate ventures and the corporation's business strategy. To gain a thorough understanding of the field, different corporate venture typologies are explored, and different corporate venture purposes are presented. Analysing typologies and purposes are of interest for this thesis as it is aimed to investigate if and to what extent the corporate venture characteristics impact the practical efforts.

In addition to that, the thesis also aims to investigate strategic alignment and the term is discussed from two different perspectives, competitive advantage and organisational alignment. This discussion introduces configuration theory as a relevant perspective on the topic. Configuration theory suggests that organisational success is partly influenced by the level of alignment of certain organisational elements. In combination, the elements represent the key strategic components of an organisation. The following empirical assessment discovers that applying the configuration theory, guided by three elements connected to successful corporate entrepreneurship strategy, is suitable to analyse the strategic alignment between corporate venture activities and business strategy. The identified elements are strategic vision, pro-entrepreneurship architecture and organisational reliance on entrepreneurial behaviours. By combining several studies, a set of attributes related to each element is compiled which builds the basis for the identification of practical efforts. For this thesis, the term practical efforts is considered to relate to actions executed by the corporation throughout all managerial levels.

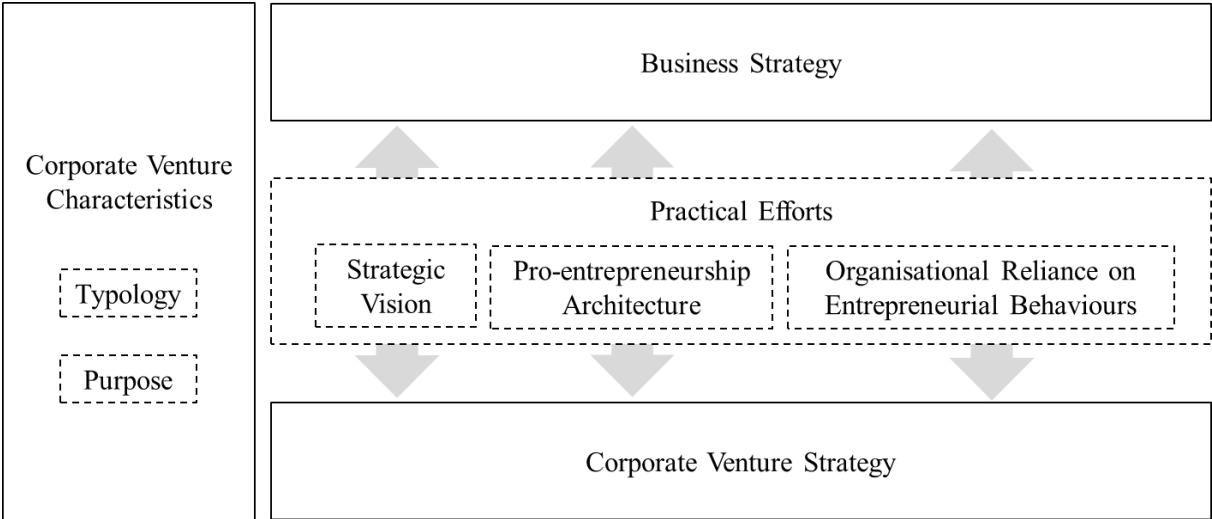


Figure 1: Theoretical Framework

3.2 Corporate Entrepreneurship

Generally, the concept of corporate entrepreneurship attempts to describe entrepreneurial activities. Nevertheless, research relates a set of different phenomena to corporate entrepreneurship. It can, for example, be associated with different attributes, types of activities or is recognised as a process (Schindehutte et al., 2018). One of the most common definitions is the one by Sharma and Chrisman (1999) who reconcile definitions of corporate

entrepreneurship and offer the following: “corporate entrepreneurship is the process whereby an individual or a group of individuals, in association with an existing organisation, create a new organisation or instigate renewal or innovation within that organisation” (p. 18).

Entrepreneurship within established corporations is widely recognised as a valid tool to create competitive advantage and achieve superior financial performance (Schindehutte et al., 2018). It is argued to enable corporations to be dynamic, flexible and able to identify and seize opportunities that can lead to the creation of competitive advantage (Kuratko, Goldsby & Hornsby, 2012). Even though research has identified corporate entrepreneurship as a viable strategy to achieve a competitive advantage, the research still lacks sufficient insights on a clear definition of the concept, successful implementation, assessing and measuring corporate entrepreneurship activities, the people involved, strategic entrepreneurship and corporate ventures (Kuratko, Hornsby & Hayton, 2015).

Corporate entrepreneurship strategy has arisen in the strategic management literature to represent the intersection of strategy and entrepreneurship (Kuratko & Audretsch, 2009). A strategy, at its essence, aims to identify and specify in what direction the corporation is heading and how it plans to get there. Corporate entrepreneurship strategy demonstrates a organisation’s coordinated efforts in becoming entrepreneurial and is an overarching strategic approach that could be suitable for various types of corporations and industries (Kreiser et al., 2019). However, it is of importance that entrepreneurial activities must be carefully integrated into a corporation’s overall business strategy (Morris et al., 2011). The same is argued for corporate ventures and their relation to the overall business strategy (Covin and Miles, 2007).

3.3 Corporate Ventures Characteristics

Narayanan, Yang and Zahra (2009) define corporate ventures as “the set of organisational systems, processes and practices that focus on creating businesses in existing or new fields, markets or industries—using internal and external means” (p. 59).

Many scholars distinguish between internal and external corporate ventures, where internal refers to business creation within the organisational domain of the parent corporation and where external corporate venturing relates to investments that promote the growth or founding of external entrepreneurial activities (Covin and Miles, 2007). External corporate venturing could

also take a collaborative form when two or more parenting corporations share the efforts put into a venture (Covin and Miles, 2007; Morris, Kuratko & Covin, 2010; Narayanan, Yang and Zahra, 2009). In this context, it is often referred to the focus of venturing to distinguish between internal and external corporate ventures (Narayanan, Yang and Zahra, 2009; Sharma and Chrisman, 1999). Internal corporate venturing relates to the creation of new businesses that are fully owned by one single corporation. (Kuratko and Audretsch, 2013).

The typology developed by Miles and Covin (2002) also considers the presence of investment intermediation. This refers to an independent financing mechanism linking the corporate ventures and the corporation, as for example a venture capital fund. Conclusively, the typology includes four different types of ventures: direct-internal, indirect-internal, direct-external and indirect-external depending on how the corporation chooses to fund the initiatives. Furthermore, it is argued that the choice of investment intermediation is largely correlated to “(1) level of commitment to entrepreneurial initiatives; (2) preferred degree of control over the initiatives; (3) ability to accept and manage entrepreneurial risks; and (4) desired level of market diversification (5) the level of commitment” (p. 23).

Furthermore, corporations use corporate ventures for different purposes. According to Miles and Covin (2002), there are three reasons for a corporation to create corporate ventures: (1) to build innovation capability (2) to enhance value appropriation from organisational competencies or to enhance a corporation’s scope of operations or knowledge into fields of possible strategic importance (3) to quickly generate financial returns. Whereas the first two reasons can be classified as strategic purposes and the third as a financial purpose.

A further differentiation of the strategic purpose of a corporate venture is related to the underlying strategic logic (Hill & Birkenshaw, 2008). It can be either exploring or exploiting, whereas exploring relates to an experimental approach used to find new alternatives and exploiting means utilising existing competencies. Sharma and Chrisman (1999) argue that internal corporate ventures are used as catalysts to drive innovation and thereby create new business opportunities. More specifically, internal corporate venture initiatives are often used with the aim to generate breakthrough innovations and thus target markets that are not yet existing within the scope of the current target market or the corporation’s core activities (Maine, 2008)

There are also various strategic benefits that corporate ventures can entail. On the one hand, the benefits are often related to the strategic change corporate venturing activities can initiate. On the other hand, corporate venturing activities can also enrich organisational learning or the work environment (Narayanan, Yang and Zahra, 2009).

3.4 Strategic Alignment

Research on alignment has been studied in several areas of the management literature over the years, where the term strategic alignment is often also referred to as strategic fit, integration or linkage (Avison et al., 2004; Srivannaboon and Milosevic, 2006). The concept has originally been studied from two different perspectives, competitive advantage and organisational alignment (Powell, 1992). Powell (1992) concludes that organisational alignment of internal elements can result in the creation of competitive advantage.

According to Porter (1996), differentiation is a key element for a competitive strategy. The basis for differentiation is a unique mix of activities that a corporation purposefully chooses and the need for the development of strategies arises out of the existence of multiple possible and particularly valuable mixes. Porter (1996) differentiates operational effectiveness and strategy, where operational effectiveness relates to individual activities and strategy to the combination of activities. In this context strategic fit refers to the importance of acknowledging how activities affect each other. It is considered to be most valuable to the organisation when the fit between activities is strategy specific. Additionally, strategy specific fit affects the imitability and therefore influences how sustainable the competitive advantage is (Porter, 1996).

Within organisational research, the key standpoint of the concept of strategic fit is that the performance of a corporation is determined by the fit between two or more factors such as strategy, structure, technology or environment (Schoonhoven, 1981). Organisational alignment is widely used within the configuration theory which assumes that the level of fit between different environmental and organisational system elements is an essential factor of corporation's success (Doty, Glick & Huber, 1993; Hughes, Hughes & Morgan, 2007; Ketchen, Thomas & Snow, 1993). Consequently, the strategic fit or alignment of a corporation's business strategy and corporate venture strategy illustrates the degree of success.

Conclusively, while Porter (1996) argues from a competitive advantage perspective and focuses on the complementarity of activities within the organisation, the central idea of configuration theory is the relation of internal and external factors. As the thesis aims to analyse the strategic alignment between corporate venture activities and the overall business strategy, the analysis of the strategic fit is based on assumptions established within configuration theory.

3.5 Corporate Entrepreneurship Strategy through Configuration Theory

The discussions on research about strategic fit present configuration theory as a relevant perspective for the research question. The configurations in the configuration theory consist of several elements that when taken together represent the key strategic and organisational components of a corporation (Meyer, Tsui & Hinings, 1993; Vorhies and Morgan 2003). When entrepreneurial activities become a natural component in corporation's everyday operations, it has a direct positive impact on corporate performance as it gets seamlessly interwoven within the organisation's vision, strategies, objectives, structures, and operations (Covin & Miles, 2007; Kuratko, Covin & Garrett, 2009).

There are several contributions to configuration literature extending into corporate entrepreneurship strategy over the years which call for a thorough empirical assessment. One of the more well-known contributions is Mintzberg's (1987) "five P's for strategy" where five dimensions of strategy are conceptualised, namely strategy as a plan, ploy, pattern, position and perspective. Characteristics of the strategy dimensions as well as interrelationships among some of the dimensions are defined to aid researchers to navigate in the research field of strategy (Mintzberg, 1987).

Ireland, Covin and Kuratko (2009) have developed a conceptual model of corporate entrepreneurship strategy based on two of Mintzberg's (1987) "five P's for strategy" dimensions. Ireland, Covin and Kuratko (2009) argue that corporate entrepreneurship strategy is established through three distinguished elements: an entrepreneurial strategic vision, entrepreneurial processes and behaviour as exhibited across the organisational hierarchy, and a pro-entrepreneurship organisational architecture. This belief is reflected in the conceptual model which includes strategy as a perspective and pattern (Ireland, Covin & Kuratko, 2009). Strategy as a perspective represents a shared ideology and vision which promotes competitive

advantage mainly through entrepreneurial behaviour and innovation. Strategy as a pattern symbolises a continuous, consistent reliance on entrepreneurial behaviour regardless of whether it is intended or not. In the conceptual model, the pattern represents entrepreneurial processes and behaviour. Lastly, the organisational architecture aims at ensuring congruence between perspective (the vision) and pattern (the consistent behaviours), more precisely how the shared vision and consistent behaviours interact to create a corporate entrepreneurship strategy (Ireland, Covin & Kuratko, 2009).

Kreiser et al. (2019) focus their research on how entrepreneurial activities must be thoroughly integrated into a corporation's overall business strategy in order to succeed. In doing so, Kreiser et al. (2019) examine and test the theoretical validity in some of the elements in Ireland, Covin and Kuratko's (2009) conceptual model. By adopting the configuration theory, Kreiser et al. (2019) question whether internal elements of corporate entrepreneurship strategy facilitate the fit between corporation's overall business strategies and how this internal fit, in turn, affects organisational performance. In accordance with Ireland, Covin and Kuratko (2009), Kreiser et al. (2019) theorise that the alignment or "fit" of entrepreneurial activities included a vision-related element, consistent behaviour related element and an organisational architecture-related element which were all crucial for achieving organisational performance. In contrast to Ireland, Covin and Kuratko (2009), Kreiser et al. (2019) are interested in the relevance of synergies among the internal elements in order to identify whether corporations are better off optimising the relationship between the elements rather than maximising them individually.

Kreiser et al. (2019) come to the same conclusion as Ireland, Covin and Kuratko (2009) that a corporate entrepreneurship strategy is reliant upon the degree of fit among the three elements. In other words, the elements of a strategic vision, consistent behaviour and an organisational architecture should be suitably aligned in order to synergistically enhance organisational performance and ultimately, the fit between business strategy and corporate entrepreneurship strategy (Kreiser et al., 2019).

3.5.1 Strategic Vision

An entrepreneurial strategic vision is a long-term plan and a navigator for the future of the organisation (Kearny & Meynhardt, 2016). A strategic vision also mediates how a corporation is expecting to create value for its customers and for the corporation in large (Pisano, 2015). The strategic vision related element reflects when an organisation's top-level managers develop

and clearly communicate their strategic vision to the members of the corporation. It also includes the guidance and encouragement needed to support employees' entrepreneurial activities (Kreiser et al., 2019). According to Kearny and Meynhardt (2016), it is essential that the top-level management team creates and sustains an entrepreneurial strategic vision as the top managers are seen as the sources of the strategic vision and the founders of corporate purpose (Bartlett & Ghoshal, 1997; Heller, 1999).

Kreiser et al. (2019) refer to the vision-related element as 'strategic intentionality' and thus borrowed a framework from Hamel and Prahalad (1989). It is theorised that strategy intentionally is proven when corporate managers incorporate an organisation-wide view underlining three areas.

Firstly, flexibility is the degree to which a corporation is willing to adapt its objectives and redevelop its strategies as needed. Pisano (2015) means that one important factor for a successful strategic implementation is that top managers recognise that innovation strategies must co-evolve with markets, technologies, regulations, and competitors as they are dynamic. Just as product/process/service offers must develop over time to stay competitive, so must innovation strategies. In similarity to the process of innovation itself, an innovation strategy entails frequent experimentation, learning, and adaptation (Pisano, 2015). The second area is clarity, the level to which a corporation formally communicates its vision, mission and objectives. Adding to this, Covin and Miles (2007) claim that strategic objectives being communicated in a two-way communication channel has its advantages. It allows the top management team to have direct access to the organisation's innovators whose insights and creations to some extent showcased past strategy and partially visualised future strategy. Lastly, commitment refers to the width to which a corporation regularly re-evaluates its strategies and assesses development in relation to its strategic objectives (Hamel & Prahalad, 1989).

3.5.2 Pro-entrepreneurship Architecture

A pro-entrepreneurship architecture is mirrored in an organisation's willingness to nurture and retain an organisational environment that is beneficial to entrepreneurial activities (Hornsby et al. 2009). Kuratko, Hornsby and Covin (2014b) suggest a tool consisting of five dimensions that can be used to assess entrepreneurial climate.

The first dimension is the level of top management support. In other words, to what extent employees perceive that top managers support, enable, and encourage entrepreneurial behaviours. Urban and Wood (2017) develop further that the top management team should have a strong will to support an entrepreneurial strategy and be active in the process in fostering entrepreneurial behaviour expected of employees. Work discretion is the second dimension which refers to how employees perceive their level of freedom to make decisions without any excessive oversight (Kuratko, Hornsby & Covin, 2014b). This could also be referred to as the level of autonomy which explores decision-making responsibility and authority. Urban and Wood (2017) outline that there must be a balance and a sensitivity among managers on how much discretion can be allowed to nurture entrepreneurial activities. Management should provide a degree of freedom to those who are expected to act independently on the entrepreneurial strategy. However, management also needs to delegate authority to allow for autonomous decision making (Urban & Wood, 2017). Covin and Wales (2019) study what impact decision-making entrusted in venture managers rather than managers at higher corporate levels has on corporate venture performance. They conclude that corporate managers should decide and make decisions for corporate ventures when it impacts the overall strategy of the corporate venture. Nevertheless, the corporate venture should be autonomous and allowed to make its own decisions when it comes to decisions on how to reach those goals (Covin & Wales, 2019). Thirdly, the extent to which employees perceive that the organisation uses reward systems that are based on entrepreneurial activity and success is another dimension (Kuratko, Hornsby & Covin, 2014b). Reward systems could be used to stimulate entrepreneurial thoughts and actions (Urban & Wood, 2017). The fourth dimension is time availability which demonstrates the amount of time employees and groups have that is needed in order to pursue innovations (Kuratko, Hornsby & Covin, 2014b). In accordance with Kuratko, Hornsby and Covin (2014b), Urban and Wood (2017) agree that top management should make certain that employees who are expected to engage in corporate entrepreneurship activity have the time needed to pursue such activities. Lastly, organisational boundaries describe the extent to which employees understand that there are flexible organisational boundaries which are effective in fostering entrepreneurial activity. This is demonstrated through the flow of information between departments or divisions within the corporation (Kuratko, Hornsby & Covin, 2014b).

3.5.3 Organisational Reliance on Entrepreneurial Behaviours

An organisational reliance on entrepreneurial behaviours is the ability to recognise and exploit opportunities (Shane & Venkataraman, 2000). In order to be reliant on certain entrepreneurial behaviours, it makes sense to implement them in a coordinated way as it results in more sustainable outcomes. The solution is to introduce just one or two desired behaviours at a time and thus transforming the routine at a manageable rate which creates building blocks that can be replicated throughout the organisation. This approach concentrates management's focus to the initiative or project and limits the risk of confusing employees (Fine, Hansen & Roggenhoffer, 2008).

Urban and Wood (2017) claim that entrepreneurial alertness is a vital component in the opportunity recognition process. Kirzner (2009) first introduced the term "alertness" to explain entrepreneurial recognition of opportunities. Entrepreneurial alertness has been described as a tendency to identify and be sensitive to information concerning objects, occurrences, and patterns of behaviour in the environment. Individuals with high entrepreneurial alertness recognise how to make use of the opportunities and how to meet market demands (McCaffrey, 2014). Even though most individuals examine their environment, experienced entrepreneurs might be better at detecting opportunities embedded in that environment (Tang, Kacmar & Busenitz., 2012). As more experienced entrepreneurs have had a longer time to develop their entrepreneurial skills and bring more prior knowledge, they perceive and understand entrepreneurial opportunities more quickly (Urban & Wood, 2017).

Kreiser et al. (2019) suggest that organisational reliance on entrepreneurial behaviours could also be manifested through the concept of entrepreneurial orientation. An entrepreneurial orientation describes the process, practices and decision-making behaviours that lead to a new entry where a new entry is defined as entering a new or established market with new or existing goods or services (Lumpkin & Dess, 1996). A superior entrepreneurial orientation is characterised by high levels of innovativeness, proactiveness and risk-taking. In this case, innovativeness is defined as the level to which a corporation is devoted to the development of new ideas, creativity and experimentation in relation to the making of new products, processes and services (Lumpkin & Dess, 1996). Secondly, proactiveness is identified as the extent to which a corporation preserves its opportunity-seeking, forward-looking outlook with the goal to prevent rivals from gaining a competitive advantage, particularly a strategic advantage. Lastly, risk-taking is seen in the degree to which a corporation and its managers are willing to

make large and risky decisions (Lumpkin & Dess, 1996). Urban and Wood (2017) agree that top management should be amenable in their acknowledgement of the potential failure of entrepreneurial outcomes. The corporation should provide resources that allow employees to pursue entrepreneurial opportunities and promote risk-taking and show tolerance for possible failures as they occur (Urban & Wood, 2017). Subsequently, entrepreneurial orientation is characterised by a willingness of employees to act autonomously.

3.6 Chapter Summary

Since the intention of a corporate venture is believed to influence the strategy, it is argued that the corporate venture characteristics are relevant to the research. From the discussions of the different concepts, it can be concluded that configuration theory provides a relevant perspective to answer the research question. The configuration theory assumes that organisational success is partly influenced by the fit or alignment of certain organisational elements which has been examined in several studies.

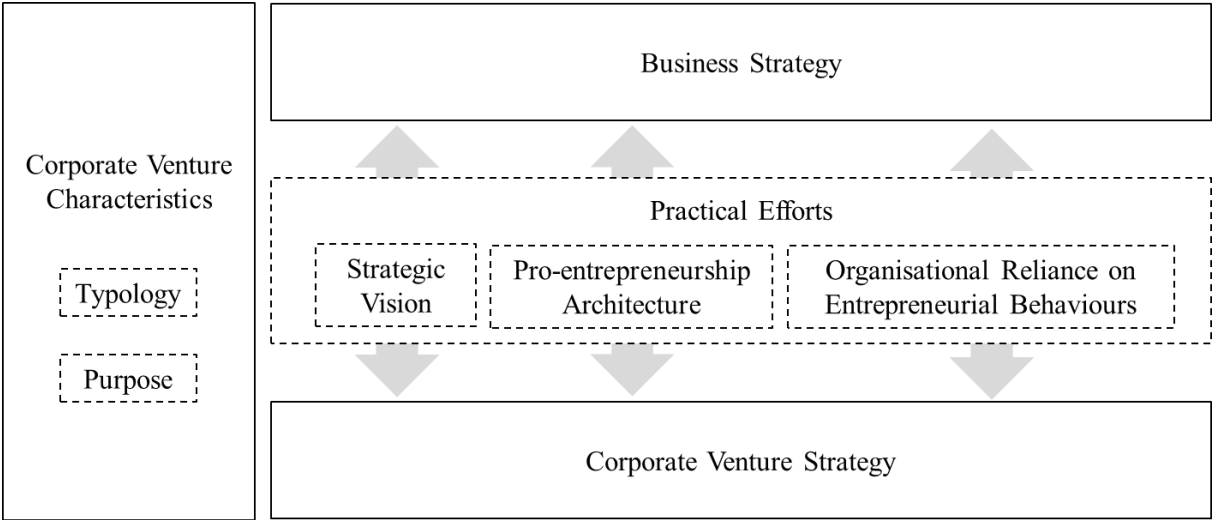


Figure 2: Theoretical Framework

It is concluded in Kreiser et al.’s (2019) study that the configuration theory and the three elements; a strategic vision, a pro-entrepreneurship architecture, and an organisational reliance on entrepreneurial behaviours could be used to evaluate the fit between a corporation’s overall business strategy and its corporate entrepreneurship strategy. As corporate venturing is a type of corporate entrepreneurship, it is therewith also in need of developing a strategic vision, a pro-entrepreneurship architecture, and an organisational reliance on entrepreneurial behaviours.

As specific attributes tied to each element are identified, it is believed that these attributes could be used to identify practical efforts made to achieve a strategic fit between the business strategy and the corporate venture strategy. Thus, it could be argued that the configuration theory and the three elements can be applied and work equally successfully when only focusing on the field of corporate venturing.

Elements	Attributes
Strategic Vision	<ul style="list-style-type: none"> • Flexibility • Clarity • Commitment
Pro- Entrepreneurship Architecture	<ul style="list-style-type: none"> • Level of support from top-management team • Work discretion/level of autonomy • Reward systems • Time availability • Organisational boundaries
Organisational Reliance on Entrepreneurial Behaviours	<ul style="list-style-type: none"> • Entrepreneurial alertness • Innovativeness • Proactiveness • Risk-taking

Figure 3: Overview of Elements and Attributes

4 Empirical Findings and Analysis

Chapter 4 presents and analyses the empirical data collected from the three case corporations. Important citations are highlighted to showcase particularly interesting contributions and several practical efforts are identified.

4.1 Corporate Venture Characteristics

Empirical Data Purpose and Typology. Gamma describes that the separate entity that forms Case A was started twelve years ago. The purpose is described as *“to allow us to focus outside of the core business, to be able to put resources aside to focus on new areas and new businesses that have grown”*. Interviewee Zeta adds that the idea is to be able to act faster and more autonomously while at the same time leveraging the technology from the overall organisation. In addition to that, Gamma outlines that innovation is a core competence of the organisation: *“To get back to the question, I strongly feel that innovation and renewing ourselves is very much the core part of our business strategy”*.

Alpha explains that the corporate venture initiated by corporation B is a *“logical consequence”* of the overall business strategy followed by the organisation, which is furthermore described as *“a very comprehensive digitalisation strategy”* by Beta. The venture provides a platform that the corporation’s ecosystem and internal partners, as for example other business units, provide their services and their value-adding applications on. Alpha says *“So, the overall story is really to help the industry to become digitalised and to digitalise their services (...)”*.

The interviewees discuss Case B’s business strategy which required agility and speed, which is why the venture was set-up as a start-up within the corporation. As described by Alpha, the venture has the *“start-up feeling with all the creativity and really young people”* while having *“the back-up of this strong company”*.

For Case C, Interviewee Delta describes that the corporation desires to act like a start-up being fast and agile. The corporate venture is mentioned as a tool to achieve this behaviour and the

related organisational culture. Delta talks about two purposes for conducting the internal idea generation competition twice a year. Firstly, identifying “game changer” ideas that they can invest into and secondly, the cultural development that the corporate venture fosters which is argued to be even more important.

“(…) Case C is about setting that cultural tone within our entire organisation by placing risky bets on ideas that in the normal channel of development would never happen or never be funded because it is too far out in the left field so to speak.” – Delta

When describing the corporate venture, Epsilon mentions that Case C is an internal “*open innovation platform*”.

“I will go into this platform, I will type in my idea, and I think it is limited to a 100 words, something like this and maybe one picture, and at this point, it is just an idea. And this platform is visible to all the employees, so we can basically see the idea that you just put in an hour ago.” – Epsilon

Analysis Purpose. As previously presented, research shows that ventures can be used for various purposes, either of strategic or financial nature (Miles and Covin, 2002).

In Case A, one could argue that the corporate venture enables the organisation to generate higher financial returns based on new businesses created, however, the innovation activities have determined the corporation’s focus in the past and continue to do so. Conclusively, the described purpose of Case A and the emphasis on innovation in general in the organisation lead to the conclusion that the organisation follows a strategic purpose with this internal corporate venture. Moreover, as the corporate venture leverages the organisation’s technologies, the underlying strategic logic of the corporate venture can be described as exploiting, which relates to the utilisation of existing competencies (Hill & Birkenshaw, 2008). The empirical data clearly presents that Case B has a strategic purpose as it enables the corporation to pursue the overall business strategy. Furthermore, the venture serves as a platform and as Alpha states: “*a lot of innovation has to come out of the business units*”. Therefore, it fosters innovation activities within the corporation and can also be categorised as an exploiting purpose (Hill & Birkenshaw, 2008). Since the corporate venture in Case C is seen as a tool to create an entrepreneurial environment and to foster the desired organisational culture, the purpose behind it can be identified as a strategic purpose. Additionally, the organisation is looking for “*game*

changer” ideas that are not necessarily based on existing competencies, which is why the underlying strategic logic in Case C is identified as exploring (Hill & Birkenshaw, 2008).

Analysis Typology. Existing literature discusses a differentiation of corporate ventures based on the focus of venturing (Narayanan, Yang and Zahra, 2009; Sharma and Chrisman, 1999).

As presented above, for corporation A innovation is a major part of its strategy. The corporate venture’s purpose is described by Gamma as generating new ideas and new businesses. Since the corporate venture does not involve any other corporations, the focus of venturing can be described to be internal. Adding the perspective of investment intermediation, in Case A the venture is funded by the corporation without the use of a venture capital fund, therefore classifying as a direct-internal venture (Miles & Covin, 2002). In Case B, the focus of venturing is internal as again no other corporations are involved in the venture. Case B is funded by the corporation alone which is why it also classifies as a direct-internal venture (Miles & Covin, 2002). The empirical data for Case C shows that it is also an internal corporate venture. Like Case A and B, the venture is funded by the corporation. Therefore, Case C can also be classified as a direct-internal venture (Miles & Covin, 2002).

Conclusion. All three cases are direct-internal ventures with a strategic purpose. The only difference can be seen in the underlying strategic logic. Case A and B follow an exploiting underlying logic whereas Case C’s logic is identified to be exploring.

4.2 Strategic Vision

As stated by literature, an entrepreneurial strategic vision is the long-term orientation for the future of the corporation (Kearny & Meynhardt, 2016). A strategic vision is also concerned with how a corporation works to create value for its customers and for the corporation in large (Pisano, 2015). To identify practical efforts, the element includes three attributes: (1) level of flexibility, (2) level of clarity and (3) level of commitment.

4.2.1 Flexibility

The level of flexibility in a corporation and corporate venture refers to the degree that it is willing to adapt its objectives and redevelop its strategies as needed (Hamel & Prahalad, 1989)

Empirical data. When discussing the level of flexibility and the organisations' willingness in adapting and re-developing their objectives over time, Gamma experiences that feedback is a common way to show flexibility and it was communicated as follows: "*we always have to ask questions and listen to the feedback that we get and adapt to that*". Zeta adds that most basic strategy alterations were handled in a very open way in their organisation "*They can be dealt with in a way that is 100% open transparent communication, we just fix it*". Most often, it is a discussion back and forth with the employees and closest managers. As the employees often are experts in their area, there is a high trust and faith element between the managers and the employees. Zeta continues that in some cases, employees can also go directly to the vice president to have an open discussion about future strategies.

"And they put faith in us non-scholars, I'm not in any way schooled in project models but I know what works for me. We take courses in agile development and such but I'm not a project manager, I'm not a manager. (...) they listen to quite a lot and then they try to translate that into, okay, from what he said, it might be that this is the structural problem. Ok, then let's fix it. And we do that constantly, so I don't feel like I am bogged down by structure in that way." – Zeta

However, Zeta also says that when it comes down to major strategy adjustments like the entire business strategies, the strategy re-developments are often handled more exclusively among top managers and carefully selected people.

In Case B, Alpha argues that especially the sales strategy of the corporate venture was poorly adapted to the objectives of the corporate venture. As this particular corporate venture was quite unlike any other business investment previously made within the organisation, the sales strategy had to be adapted accordingly. However, Alpha adds that colleagues in different departments had discussions on a regular basis on how to best approach the customer, how to place the story about the offer, what the sales approach should be and what the expected sales cycle could be. Beta, on the other hand, does not feel the flexibility or willingness to adapt personally but experiences it to some extent via feedback or second-line feedback from colleagues that he/she talked to. Beta is aware that top management is heavily involved in supporting the development of the corporate venture strategy because the venture has always been a completely different business from what the corporation normally does.

In Case C, Delta, who is a top manager argues that one way of communicating this is to reserve funding and financing for some of these “*crazy ideas*” as this shows a willingness to bet on new business strategies. Epsilon expresses that willingness to change can be shown through management's involvement in intentionally setting very broad frames and scopes where employees are allowed to make their own interpretations to some extent, “*So from a very high level, the topic is chosen to address some need in the competition. There is some planning, some forecasting that's used to determine what this topic should be*”.

Delta also mentions one particular point in time when the organisation really struggled with maintaining flexibility in their corporate venture.

“We sold off all of the ideas that were in there, we had to change our business strategy at that time we called it closer to the core which was code for: don't do all that crazy stuff just focus on what we are good at and that shift actually caused a period where Case C really struggled because there was really not an executive push or call for that.” – Delta

Analysis. Even though Alpha experiences that the sales strategy of the corporate venture needed adaptation, the regular discussion among colleagues about the sales strategy could be seen as a sign of willingness to change and improve it. This is in accordance with Pisano (2015) who argues that product, process and service offers have to develop over time as strategies are dynamic and must co-evolve with external factors. Zeta experiences that Case A had a high level of flexibility in their organisation as most operational and innovation strategies were discussed openly among all employees and managers on a regular basis. This is evident as most basic strategy alterations are handled in a very open way in their organisation. Consequently, open discussions are identified to be one practical effort to create a high level of flexibility.

Beta is aware that the top management is greatly involved in strategy development. Bartlett and Ghoshal (1997), Heller (1999) and Kreiser et al. (2019) recognise that top management involvement is of great importance in the mission of creating a sustainable strategic vision as they are considered to be the source and founders of the corporate purpose. On the other hand, Delta, who is a top manager, reserves funding and financing for some of the new innovation and business ideas as a way of signalling to the employees that Delta is all for betting on new business strategies. This is in accordance with what Bartlett and Ghoshal (1997), Heller (1999) and Kreiser et al. (2019) argue for, namely top management involvement. Moreover, Delta refers to a situation when managers did not push for change within the organisation which

resulted in struggles for the corporate venture. Thus, downstream communication from top management could arguably be another practical effort to increase the level of flexibility in a corporate venture.

Gamma feels that the main way in which flexibility and willingness are practically communicated from top management is from feedback. Management listens to the ideas of the employees in the corporate venture and observes the entrepreneurial activities and follows up with feedback on how the strategy could improve and thus align with the corporate strategy. This could be reflected in Pisano's (2015) research which finds that good innovation strategies, in fact, are similar to the innovation process itself. It includes frequent experimentation, learning and adaptation (Pisano 2015). When the top management listens to and observes the environment within the corporate venture, they learn about what works and what does not work. Based on that, the top management provides feedback on how they believe that the corporate venture could improve and then the corporate venture could adapt accordingly. Beta shares the same experience as Gamma since employees in Beta's corporate venture often asked questions to top management and received feedback that they had to adapt to. This also shows the practical importance of feedback to maintain flexibility in an organisation.

4.2.2 Clarity

The second attribute tied to a strategic vision is the level of clarity. Clarity is concerned with the extent to which a corporation communicates its vision, mission and objectives (Hamel & Prahalad, 1989).

Empirical data. In Case A, Gamma mentions that their vision, mission and objectives are communicated on internal formal forums or sometimes they are directly communicated through individual meetings with regional directors. The corporate venture also has an internal marketing department that is pushing out messages internally. Zeta says that their visions are presented in accessible and official road maps, on yearly kickoffs and monthly department meetings in the corporate venture. Zeta continues that vision and objectives are not always presented in a bullet point form on a slideshow but more often as goals and subgoals that link back to the corporation's and corporate venture's vision, mission and objectives.

“There are the corporate venture goals that get translated into subgoals and everything trickles down. So every department gets goals, every team gets

goals that are aligned with department goals that are aligned with corporate venture goals so it trickles down in that way.” – Zeta

Zeta outlines that even though the environment in Case A is fast-moving, management really makes an effort to clearly communicate vision, mission and objectives to each individual so they are understood even on the lowest operational level.

“Like in the end it is me that gets told to ‘alright, stop what you are doing now Zeta and do this instead’ which would have been horrible if that came time and time again for no reason. But now I don't feel like a) it is not time and time again and, b) I get reasons for it which are fine.” – Zeta

When it concerns vision, mission and objectives on a more general and overarching level that will have an impact on the corporation and corporate venture at large, managers and top managers usually choose to communicate it more formally “*so when they stood up and presented it at the grand hall, ‘this is the reason for it, this is why we need to do it’, everything was pretty clear”*”.

Gamma clarifies that beside communicating the mission, vision and objectives internally, the organisation makes an effort to communicate externally as well.

“We will basically get slots on important events, on trade shows or do presentations for partners when we gather our partners or customers and so on. Either we are invited physically to be there and present what we're doing and talk about it and meet customers individually or we have someone, one of our colleagues to do it from the management or in the region.” – Gamma

Talking on events, giving presentations on trade shows and having individual discussions are examples on how an organisation could practically communicate its message. However, Gamma says that it can be really hard to get information all the way to the end-customer as there is a large amount of information that is communicated to people on a regular basis.

Beta says that in Case B, vision, mission and objectives are often “*communicated through events, team meetings or intranet. Maybe not to the level of detail but some core objectives are also communicated very very clear”*. According to Beta, the main channel to communicate it externally is through shareholder meetings. Alfa explains that “*a clear direction was given by the top management”* and further mentions that the corporation’s mission is not only

communicated to the corporate venture, but, the mission of the corporate venture is also communicated to the employees at the main corporation. However, Alfa also mentions that up to a certain level, the management has a hard time going too much into detail as the mission and objectives of the corporate venture itself are not totally clear.

Analysis. The first practical effort identified is the use of events and forums. The interviewees provide several examples of events and forums where vision, mission and objectives of the corporation and corporate venture are communicated in a way that allows for two-way communication. Some examples mentioned are through individual meetings, team meetings, department meetings, kickoffs, or other types of events which includes managers as well as employees. Covin and Miles (2007) address that strategic objectives that are communicated in a two-way communication channel have their advantages as it gives top managers direct access to the organisation's innovators whose insights should be considered most valuable as their insights to some extent reflect past strategies and visualise the future strategy. These events could be considered as channels where two-way communication is possible. On another note, the interviewees agree that there are some forums that are practically better suited for clearer communication. Both Beta and Gamma mention that different events, team meetings, regional meetings and internal forums are good platforms for practically communicating the message in contrast to formal forums where messages easily get neglected.

Hamel and Prahalad (1989) however, believe that it is the level of clarity of the messages itself that has the biggest influence on whether the message will get stuck or not. Both Alpha and Gamma express that there are sometimes difficulties in communicating the vision, mission and the objectives in a clear way. Alpha believes that it is not always possible for the management to clearly communicate a message such as the vision in a corporate venture as the objectives of the corporate venture in Alpha's case are unclear. Gamma on the other hand believes that communicating the vision, mission, and objectives clearly is challenging as the amount of information a person faces daily is too high.

Zeta, however, feels that the corporation's and corporate venture's vision, mission and objectives become clear in Case A as management induces them into all corporate goals and subgoals. Additionally, Zeta argues that they are clear as management in Case A often makes an effort to communicate the vision, mission and objectives to the lowest level of employees, hence, the message permeates the entire organisation. Moreover, according to Zeta, employees often get an explanation from the top managers or middle managers concerning the reasons

behind potentially changing mission and objectives abruptly, thereby improving the level of clarity regardless of those changes being implemented on an operational or an overarching level. Moreover, according to Zeta, employees often get an explanation from the top managers or middle managers concerning the reasons behind potentially changing mission and objectives abruptly, thereby improving the level of clarity regardless of those changes being implemented on an operational or an overarching level. Thus, the second practical effort identified is management's direct communication of vision, mission and objectives downstream to the employees. This is argued to have a significant impact on the message's clarity.

4.2.3 Commitment.

As mentioned in the theoretical framework chapter, commitment is concerned with the width to which an organisation regularly re-evaluates its strategies and assesses development in relation to its strategic objectives (Hamel & Prahalad, 1989).

Empirical data. Gamma describes that renewal is in fact a part of the organisation's and Case A's history.

“So basically, we have a long history of innovations in one area and then renew ourselves and innovate in another area. I think we have it in our DNA to some extent from the top management to everyone involved. We are all trying to change our behaviour and change our direction. To get back to the question, I strongly feel that innovation and renewing ourselves is very much the core part of Case A's business strategy.” – Gamma

Zeta who works in the same organisation as Gamma confirms that the organisation has a history of continuously renewing themselves and their business strategy. Zeta also adds that their corporation was a big actor in the digitalisation journey within their particular industry. Furthermore, Zeta experiences that the corporate venture is committed to involving all levels of employees within the organisation to be a part of developing and forming their strategy.

“I would say that all I have to do is raise my hand and tell my manager ‘I don't think this is working’ and then I get the level of attention that I need. Of course I can't just say, this is bad, fix it. It needs to be to a certain level

and it needs to be evaluated, so I need to make sure it is not just a temporary thing but that it actually is a structural problem.” – Zeta

Alfa argues that commitment has been shown over the years as Case B started as a free initiative without too many formal measurements. As explained previously the corporate venture got increasingly more regulated and controlled by traditional KPIs that did not fit the type of business they were running.

Delta explains that Case C has gone through a transformation from being purely about the idea and more towards cultural development. Delta further elaborates that *“the way the process works, or it has developed over time, but most recently the leadership team first sets a call to action agenda that basically puts a scope around the types of ideas that we are looking for”*. Epsilon has a similar perception as Delta on how their corporate venture shows that they are committed to changing the organisation’s and corporate venture’s objectives. Epsilon explains: *“So usually there is a theme for each competition and it rises out of a business need or business opportunity. So from a very high level, the topic is chosen to address some need in the competition”*.

Analysis. As several of the interviewees mention, regulations and restrictions have a negative impact on commitment as it puts restraints to the width to which you can re-develop and change the innovation and business strategies. The commitment to change shown in Alphas organisation where KPIs are slowly being reviewed and the corporate venture is becoming more deregulated could, in fact, be argued to be a practical effort.

As the top management listens to the team managers and employees within the corporate venture, a common census has been formed. In line with literature, measurements have been re-evaluated as they did not fit with the corporation's strategic objectives (Hamel & Prahalad, 1989). Interestingly, Kreiser et al. (2019) stress the importance of guidance and encouragement from managers, yet, as shown in the empirical data, management is equally dependent on the employees sharing their opinions.

Fascinatingly, Gamma conveys that regularly re-evaluating the strategic objectives of Case A’s corporate venture is part of the entire organisation's DNA and has always been a part of their history, which is also confirmed by Zeta. To maintain this culture of constantly exploring new opportunities, both top management as well as every lower level employee are engaged.

As mentioned before, Kearny and Meynhardt (2016), illustrate that it is essential that the top-level management team creates and sustains an entrepreneurial strategic vision as the top managers are seen as the sources of the strategic vision and the founders of corporate purpose (Bartlett & Ghoshal, 1997; Heller, 1999). Hence, as top managers in Case A have been able to foster a continuously dynamic environment where change is a part of the vision, mission and objective, it supports both the whole organisation and the corporate venture to be committed to change direction on a regular basis. Therefore, another practical effort can be seen in how Case A fosters a culture of commitment where the organisation involves all levels of hierarchy to be a part of developing and forming their strategy. Consequently, it is not just a few selected people that are committed to change, but it is a part of all employees' and managers' working culture.

4.2.4 Summary

The analyses present several practical efforts for each attribute. Below figure summarises the findings. The figure shows that one practical effort, namely downstream communication, is identified twice to increase both flexibility and clarity.

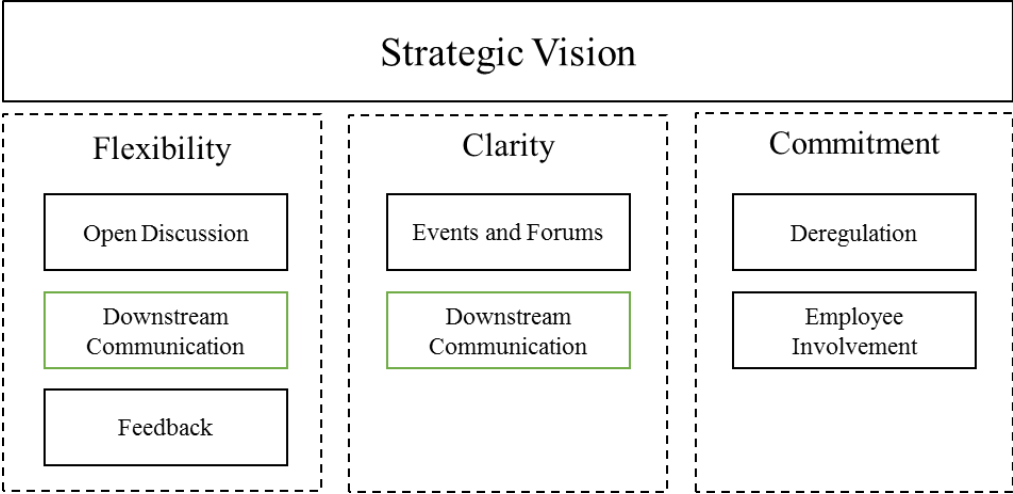


Figure 4: Practical Efforts – Strategic Vision

4.3 Pro-entrepreneurship Architecture

According to the literature, the second element shows an organisation's willingness to provide a climate which fosters entrepreneurial activities (Hornsby et al., 2009). To assess the practical efforts organisations make to create a pro-entrepreneurship architecture, the theoretical

framework takes into account five attributes: (1) level of support (2) level of autonomy (3) reward systems (4) time availability and (5) organisational boundaries.

4.3.1 Level of Support

As explained in the previous chapter, the level of top management support relates to the extent that top managers support entrepreneurial behaviours and top management's will to be an active part of the process of encouraging such behaviour (Urban & Wood, 2015).

Empirical data. When asking about the level of support, Gamma points out the direct line reporting from the corporate venture to the top management through the appointment of a Vice President. Moreover, Gamma explains that the level of support can also be seen in the people involved in the corporate venture as one of the board members plays a significant role in Case A.

“(...) even though today he doesn't have the formal or operative influence over the company, he is still a very smart person, he knows everybody, and he is on the board of the company. So, it is important that we have him on board as well and he is usually a part of evaluating things. I mean we pitch things to him all the time and he is involved in anything from pitching the products to testing the products before we release them.” – Gamma

Zeta argues that a high level of support is perceived through the management's capability of *“both in putting down the brakes and in letting us go full speed ahead”*. Furthermore, Zeta stresses the fact that employees are always encouraged to bring up ideas and to realise these ideas.

In Case B, the interviews revealed that top management support was perceived to be remarkably high. Beta argues that this is mostly since it is a completely new business for the corporation and that Case B stands for the new strategy. Alpha explains: *“I have been here for 15 years and have never experienced such a support of top-level management as I did in my three years with Case B”*. In terms of practical efforts that lead to a high level of management support, Alpha points out that the management publicly shared information about the corporate venture and the strategy behind it. The fact that top management repeatedly talks about the corporate venture and promotes it in webcasts or public events is perceived as support. Adding to that, Beta brings up that the corporate venture is also promoted at annual shareholder meetings. Furthermore,

Alpha discusses how top management engages with customers, whenever it is required by the corporate venture.

“Really in engagement, customer engagement. So, whenever we needed top management support, we could ask for it and the people involved, all these people (...) they were really willing and interested in supporting the story and they are (...) talking about this digital journey and they mention Case B at least two to three times.” – Alpha

Moreover, the resources made available to the corporate venture strengthen the perceived level of support. Beta argues that a high level of support is perceived based on the resource availability and calls attention to the large investment that the corporation made to fund the corporate venture. Both interviewees from Case B refer to the corporate venture as a board-level activity and due to the attention, the corporate venture gets publicly, the involvement of the top management seems to be even more significant. Beta points out that *“(..) Case B is a board-level activity. (...) I am sure board-level is watching Case B because of the level of visibility and investment the corporation did”*.

In Case C, Delta starts with discussing two ways of increasing the perceived level of support. Firstly, nurturing and protecting entrepreneurial ideas in his/her role as a senior leader and secondly, creating a budgetary placeholder for such ideas to ensure that funding is accessible. Delta further mentions the importance of an entrepreneurial culture and that it is the top management’s responsibility to create such a culture. Delta sees his/her position as a special platform that can be used to advocate entrepreneurial ideas that do not fit the traditional business case requirements.

“In the early stages of entrepreneurship, the role that I play is advocate and protector. So, I know that (...) I have a special platform, that generally, I get many opportunities to speak to groups to influence by the words I choose to use and the topic I choose to bring and so by using my platform I can advocate for some of these ideas that don’t fit the model.” – Delta

Furthermore, the structure of the corporate venture also includes a sponsorship team. Delta explains that this is to ensure that the *“real business, where the profit and loss happens is engaged”*. Epsilon adds that different people are in these sponsorship teams which have an interest in the value of the technology or can support to advance the project.

Analysis. The interviewees relate to a variety of actions taken by top management that the interviewees perceive as support. The analysis shows that these practical efforts can be divided into four different categories: the organisational structure, publicity and visibility, engagement in the corporate venture, and resource availability for the corporate venture.

The direct line of reporting and the involvement of a board member in Case A as well as the reference to a high-level project that is directly reporting to the top management in Case B can be argued to form the category organisational structure. The same accounts for the creation of sponsorship teams involving senior managers in Case C. The decision to set-up a corporate venture close to the top management, to include the top management in the corporate venture's structure and to create a direct line of reporting could lead to better communication and higher engagement from the top management in the corporate venture. Thus, the set-up in the organisational structure can be viewed as a mean to actively participate in the process of fostering entrepreneurial behaviour as emphasised by Urban and Wood (2015).

Both interviewees from Case B point out the large extent to which top management promotes the corporate venture at internal but also external events. This can be categorised as publicity and visibility, which arises from the top management's behaviour. On one hand, this is perceived as support, especially since top management also promotes the corporate venture towards the customers. On the other hand, one could argue that this behaviour can also create pressure and set expectations at an extremely high level. However, in the interviews, the publicity and visibility are referred to in a positive and enthusiastic way, which is why it is argued to be an instrument for top management to express its support towards the corporate venture's employees. Furthermore, such actions could reflect the strong will that, according to Urban and Wood (2015), top management should show to support the entrepreneurial activities.

The same accounts for the third category. In Case A, a board member is part of the corporate venture while in Case B, the top management actively participates and engages with customers. In Case C, Delta elaborates on how the leadership position provides managers with a platform to advocate for ideas. Moreover, Case C's structure entails the engagement of top management by creating the aforementioned sponsorship teams. All actions can be viewed as ways to engage in the corporate venture, which is one factor of top management support according to Kuratko et al. (2014). By actively engaging, the top management shows it supports and encourages the corporate venture employees. One could argue that such engagement reflects the importance of

the venture activities to the top management team and thereby increases the employee's perceived importance of their work.

Lastly, Alpha and Beta refer to easily accessible resources and the large investment made into the corporate venture when asked for top management support. Delta refers to the importance of reserving extra funds for entrepreneurial ideas. While easily accessible resources can be considered to encourage entrepreneurial activities, a large investment also reflects the level of commitment and belief in the corporate venture by the top management. Moreover, enabling entrepreneurial activities is another factor of top management support described by Kuratko, Hornsby and Covin (2014b). Therefore, resource availability forms the last category of four categories of practical efforts that can increase the level of top management support.

4.3.2 Level of Autonomy

As explained in the theoretical framework, the second dimension is work discretion which refers to the extent that employees can make decisions on their own and the extent to which authority is delegated (Kuratko, Hornsby & Covin, 2014b; Urban & Wood, 2017).

Empirical data. Gamma personally perceives the level of autonomy high in his/her position as it allows for a lot of freedom. Moreover, Gamma explains that the level of autonomy is generally very high in the organisation. As an example, Gamma refers to an email written by top management encouraging all employees to make decisions on their own as they are the people knowing the day-to-day business best. The email also communicates that failure and wrong decision-making happens and is backed up by the organisation if it was not made on purpose. Additionally, Gamma explains that the organisational culture allows employees to take ownership and start projects: *"(...) if you feel for something then you basically take it and you drive (...)"*. Zeta discusses that in his/her position he/she perceives the level of autonomy very high as the organisation gives the employees the freedom and the resources to reach their goals using the method they desire to use.

While discussing the level of autonomy with interviewees from Case B, both repeatedly refer to the KPIs that the corporate venture is measured on. Although Case B is separated from the core business and very different compared to the traditional business units, both interviewees state that it was measured on the traditional unit's KPIs. They argue that KPIs decrease the

perceived level of autonomy. According to Alpha, the KPIs are unrealistic and Case B is not able to achieve them.

“So starting in 2017 it was really great, I mean every single person in Case B felt like a young entrepreneur and was really burning for that topic, burning for Case B, over the years and, being really honest, we lost that entrepreneurial spirit because we were measured with traditional KPIs, which is just not right.” – Alpha

Furthermore, Alpha argues that the KPIs restrict the level of autonomy and introduce boundaries for the entrepreneurial spirit. Beta agrees and mentions that the KPIs are an important factor when it comes to the level of freedom to act. Both mention that the level of autonomy decreases over time. Moreover, Beta explains that these circumstances derive from the expectation management in the corporation as it has very high expectations for Case B, which were not achieved within the timeframe that the corporation had hoped for. The high level of autonomy, in the beginning, was granted based on these high expectations.

Delta argues that in Case C *“the autonomy comes in execution”*. The autonomy is tied to the culture and as a senior leader Delta sees his/her role in blessing ideas and supporting the employees in their autonomy by just doing that. Moreover, Delta points out that formalising processes in such early stages does not usually lead to the desired results.

Analysis. Interviewees from the three cases have very different perceptions of the level of autonomy they have. While Gamma and Zeta describe it as very high and Delta also indicates a high level of autonomy, Alpha and Beta solely refer to the KPIs that are imposed on the corporate venture. What remains unclear in Case B is the decision-making authority, which according to Urban and Wood (2017) also plays a role in the discussions around work discretion. In Case A, on the other hand, the described email as well as the quote show that employees are encouraged to take decisions on their own within their areas of expertise which is also strengthened by Zeta’s perception on making his/her own decision to reach assigned goals. This is in accordance with Covin and Wales (2019) perception of work discretion who argue that management should take decisions that impact the overall corporate venture strategy while employees should decide on how to fulfil this strategy.

Moreover, according to Gamma the organisation’s culture in Case A clearly provides the necessary degree of freedom to act entrepreneurially as argued by Kuratko, Hornsby and Covin

(2014b). To create such an organisational culture, Zeta emphasises the availability of resources to make own decisions and execute ideas as emphasised, which can be identified as a practical effort.

It can be concluded from Case B that imposing traditional performance measures on a corporate venture does not lead to a perceived high level of autonomy. In Case B, it rather creates restrictions and has a negative effect on the organisation's culture. It can be argued that the KPIs and the expectations behind them represent the excessive oversight that according to Kuratko, Hornsby and Covin (2014b) employees should not experience in order to perceive the level of autonomy as high. This goes in line with Delta's statement on formalising processes and how that interferes with an entrepreneurial culture. Therefore, a practical effort derived from this insight could be ensuring that performance measures are not negatively influencing the level of autonomy while also ensuring that the processes are not too formalised.

4.3.3 Reward System

As described in the previous chapter, the third attribute refers to how reward-based systems can stimulate entrepreneurial thoughts and actions (Urban & Wood, 2017).

Empirical data. The interviews revealed that in Case A, there is no reward system for entrepreneurial behaviour. Nonetheless, both interviewees mention that a reward system exists for new patents as these are an important component of the organisation's research and development activities. Moreover, Gamma expresses some concerns with fostering entrepreneurial behaviour by the means of reward systems as Gamma believes that it might lead to biases and unfavourable intentions.

In Case B, the rewards for the salespeople are tied to the corporate venture itself. However, according to Alpha, that is executed in an unfavourable way as it does not incentivise behaviour in favour of innovation but rather a behaviour tied to the traditional business. Generally, Beta explains that innovative activities are positively recognised in the yearly reviews and that the yearly reviews also influence some of the reward systems in the organisation.

Both interviewees from Case C take a different perspective on reward systems. Delta's first response to the related question refers to the fact that Case C is a training opportunity and that employees get the chance to learn how to start a business from "*some of the best coaches in the*

world". Epsilon talks about opportunities that winning the competition can lead to. This includes the mentioned training but also career opportunities within the organisation. He/she also refers to the competition as a "*high stake profile competition*" which reflects its significance.

Analysis. It is worth noting that while interviewees from Case A and Case B only refers to monetary reward systems, the interviewees from Case C refers to other types of rewards. The patent-based reward system in Case A represents a system that rewards entrepreneurial success as described by Kuratko, Hornsby and Covin (2014b). However, Gamma emphasises his/her scepticism towards such rewards. The structure of the rewards in Case B leads to unfavourable behaviour according to Alpha, as it does not foster entrepreneurial actions but rather the traditional business. This leads to the conclusion that monetary reward-based systems might lead to unfavourable behaviour as they could set wrong intentions but also that the structure of the reward system needs to be carefully evaluated so that it actually fosters entrepreneurial behaviour. However, creating rewards based on training or career opportunities tied to entrepreneurial behaviour can be argued to increase the chances of setting the right intentions. Generally, it is challenging to identify practical efforts for this attribute but tying rewards to training or career opportunities could be classified as a practical effort to stimulate entrepreneurial thoughts and actions.

4.3.4 Time Availability

The fourth attribute refers to the time available to employees to pursue innovative activities, whereas the responsibility to ensure this lies with top management (Kuratko, Hornsby & Covin, 2014b, Urban & Wood, 2017).

Empirical data. When discussing the time availability for entrepreneurial activities with Gamma, it becomes clear that due to the organisational culture and the focus on innovation, most employees generally can take the time to be innovative as part of their jobs. In addition to that, Case A holds innovation days, where employees can take days off to work on their own ideas. Gamma explains: "*(...) and we have what we call innovation days four times a year, we put three days off in the calendar and the employees are allowed to do whatever they want*".

Zeta adds that there are also lab days. During the innovation days, employees can work on completely unrelated ideas while the lab days are tied to their area of work within the organisation.

“(...) then individual teams are encouraged to what we refer to as lab days, which are innovations within the scope for what you are currently working on. For instance, I think I have an experimental way to run this process a little bit faster. (...) if I were to do this it would benefit my direct work.” – Zeta

According to the interviewees, such tools that make room for innovative activities cannot be found in Case B. Beta points out that everyone can have more time to be innovative, whenever they reach their KPI targets. However, achieving the KPI targets comes first.

In Case C Delta also points out that there is no policy in place to create time for pursuing innovations. Epsilon adds that some ideas were tried, which they did not stick to.

Analysis. The analysis shows that there are two dimensions to the level of time availability. Firstly, how much time is generally available within the daily routines and secondly, how much time is made available in addition to that. Case A exemplifies both dimensions as the job structures and the organisational culture allow employees to pursue innovation as part of their daily routines while extra days are made available to work on innovative projects. In both cases, this is a result of top management decisions, which aligns with Urban and Wood’s (2017) statement that time availability is a management responsibility. In Case B, there is no comparable system in place. However, the corporate venture is set-up separately from the traditional business units and as discussed before, resources are made available to the corporate venture. This can be argued to fit the first dimension as the purpose of the corporate venture is to make time available for innovation. The same can then be applied to Case C as the competition provides a platform for developing ideas and the structure of the competition then provides the employees with the time to pursue these ideas. Therefore, similar to the first attribute ‘level of support’, practical efforts such as resource availability and organisational structure can be argued to play a role for the time availability as well. Furthermore, the second dimension, in Case A the innovation days, can be identified as an additional practical effort that management can do to increase the time availability.

4.3.5 Organisational Boundaries

The fifth dimension describes the level of flexibility in organisational boundaries which can be seen in the flow of information between departments (Kuratko, Hornsby & Covin, 2014b).

Empirical data. According to Gamma, the flow of information in Case A is focused on the collaboration within the corporate venture. However, when needed, employees or information from other business units can be brought in or can be accessed. Zeta additionally points out that information sharing sites exist, which are particularly helpful when it comes to more technical problems and questions. Zeta also explains that he/she purposefully joins different meetings to gain better insights into varying topics, which is possible but not actively encouraged by the organisation.

Case B, on the other hand, creates a team within the corporate venture, whose function is to be the anchor between the teams and a bearer of information. Alpha explains that this was implemented to ensure smooth communication between the traditional business units and the corporate venture. They communicate daily and are heavily engaged within other business units as well.

In Case C, the idea generation competition is based on an internal platform which is visible to all employees as explained by Delta. Moreover, Delta explains that teams are formed based on the idea either through selection or through someone expressing interest to be on the team. There are no boundaries when it comes to forming the teams for the competition. Epsilon also describes an internal forum, where challenges, lessons and best practices are shared. Moreover, Epsilon says that “*generally it is really easy to connect with people within the organisation*”.

Analysis. When analysing the flow of information, three practical efforts can be identified that reflect the flexibility of organisational boundaries as described by Kuratko, Hornsby and Covin (2014b). Firstly, a platform to share knowledge across the organisation as it can be seen in Case A and to some extent in Case C. Secondly, the general availability of resources across departments. In Case A, it is clearly stated in the interviews that employees in other departments are accessible. The same accounts for Case C. The structure of how teams for the competition are formed across organisational boundaries increases the flexibility. Lastly, the additional team implemented in Case B to foster communication across departments can be identified as a practical effort to achieve a high level of flexibility in organisational boundaries as it increases the flow of information.

4.3.6 Summary

A summary of the practical efforts identified to achieve a pro-entrepreneurship architecture is presented below. Since some of the practical efforts occur in more than one attribute, they are aligned accordingly in the figure. Whereas for most of the attributes, it is possible to identify a set of practical efforts, for the attribute reward systems this cannot be done based on the available empirical data.

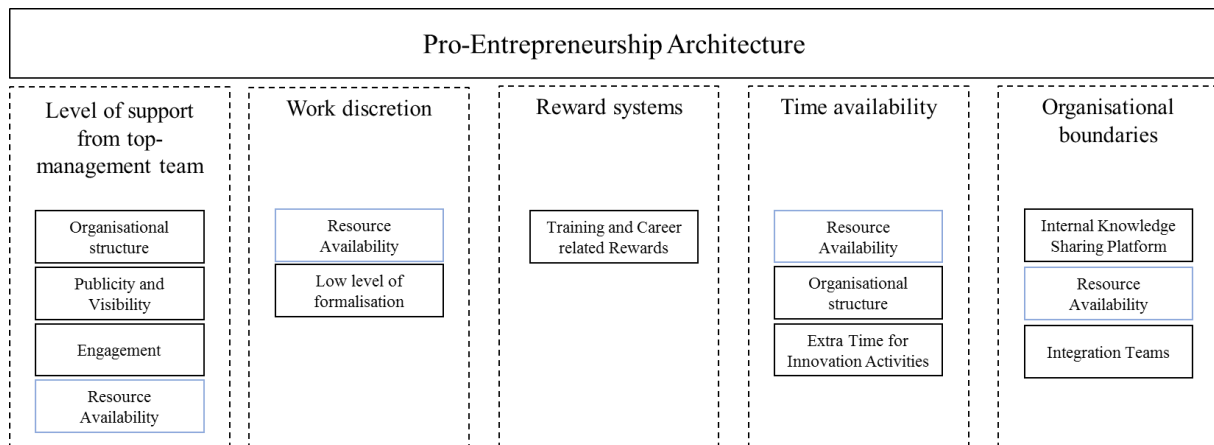


Figure 5: Practical Efforts – Pro-Entrepreneurship Architecture

4.4 Organisational Reliance on Entrepreneurial Behaviour

In accordance with the literature, the third and last element, an organisational reliance on entrepreneurial behaviour is essentially the capability to recognise and exploit opportunities (Shane & Venkataraman, 2000). In order to identify practical efforts, the four attributes: (1) entrepreneurial alertness, (2) innovativeness (3) proactiveness and (4) risk-taking will be taken into consideration.

4.4.1 Entrepreneurial Alertness

This attribute is concerned with how individuals, corporations and corporate ventures work to be alert towards information concerning objects, occurrences, and patterns of behaviour in the environment (Kirzner, 2009).

Empirical data. In Case A, Gamma believes that entrepreneurial alertness comes with experience and years of trying to identify the next big thing. *“Well, when after evaluating a lot of opportunities over many years and that includes eight years from my side and for the vice president it includes 40 years of evaluating new ideas”*. Gamma adds that they often work from the perspective of asking theoretical questions *“is it interesting for our end customers? is it interesting for our sales channel? and is it relevant to the technology we possess today?”*. Gamma then explains that their Case A has several initiatives for the sole purpose of encouraging innovation throughout the organisation, to make ideas become more visible and to highlight things that people desire to work on.

“Different programmes than have been a bit formalised. We had a programme a couple of years back, this was for the whole corporation (...). Basically anyone that had an idea they wanted to work with would write a pitch over one page or make a presentation and come and present for a board which included the vice president of the corporate venture, the CEO and one more person. Basically the purpose was that if it's a good enough idea, that person would be set aside and would get half a year off to work on that idea and get paid for it.” – Gamma

Beta explains that he/she has regular discussions with other managers across the globe. The managers have similar roles, however, work within different industries for the participants to gain new insights and exchange experiences. On the other hand, Beta also believes that the ability to be alert to new market opportunities is very dependent on each employee. He/she mentions *“I think it is very individual and it is teamwork and individual orientated”*.

Delta agrees with Beta that entrepreneurial alertness can be very individual based but that the cultural element plays an important role. Delta argues that as an organisation you must create a culture of moving fast and breaking barriers if you want to foster what Delta calls intrapreneurs or internal entrepreneurs. Epsilon states that it is often not the management that comes up with the ideas that ultimately will generate value but more often than not it is the people that are closest to the technology, closest to the product, closest to the customers, that can see what drives value for the customers.

Case C also sees the importance of highlighting the ideas that come from all employees throughout the organisation and thus created an idea competition.

“There were hundreds of entries and most of the teams (...) they have full-time jobs and then on top of that they created these applications to pursue these ideas. I think there is an interest, there is a level of passion for this to pursue better ways of doing things and brand-new technologies and bring new ideas into the company.” – Epsilon

Delta believes highlighting different ideas is vital for finding new opportunities if you are a large corporation that desires to act like a start-up which is fast, agile, and prone to taking risks.

Epsilon also experienced that to recognise how to meet market demands, the corporate venture has a staged process for finding those technologies that are relevant but also a stage process where the organisation can work effectively on the relevant ideas. Delta confirms this way of working by elaborating that from all parts of the organisation employees work with recognising and filtering the one ideas that are so-called “best” and then invest in those ideas to see if the corporate venture can really identify “*game changer*” products.

Analysis. In accordance with the literature, Beta and Delta emphasise that the characteristic of entrepreneurial alertness is very dependent on the individual. Furthermore, according to Delta, the culture influences employee’s entrepreneurial alertness. If an organisation is breaking barriers and is fast-moving, chances are high that entrepreneurial ideas are acknowledged. However, if an employee does not believe that entrepreneurial efforts are acknowledged, as a logical consequence the employee will most likely not be alert to entrepreneurial opportunities.

Gamma’s statement on the importance of experience in detecting and evaluating entrepreneurial opportunities is also reflected in the literature. The individual’s experience plays a major role as described by Tang, Kacmar and Busenitz (2012) who argue that more experienced entrepreneurs might be better at identifying opportunities in their environment. Urban and Wood (2017) state that the longer an individual can develop entrepreneurial skills the more likely it is for that individual to be able to recognise entrepreneurial opportunities.

Nonetheless, the interview results show that corporations can strengthen the individual’s ability to detect entrepreneurial opportunities. Moreover, the tendency to identify and be sensitive to information as explained by Kirzner (2009) can also be applied to corporations. There are practical efforts made on a corporate level that can increase the corporation’s overall ability to recognise entrepreneurial opportunities. An exchange of knowledge and experience with others can help foster the alertness towards entrepreneurial opportunities for employees. Increasing

knowledge and learning from the experiences others have made, could be argued to enhance the individual's experience in relation with entrepreneurial opportunities. Furthermore, this can increase the individual's sensitivity towards its environment. Therefore, knowledge exchange programmes can be identified as a practical effort. Another way of becoming alert to market opportunities and detect patterns is to create programs where ideas from all over the organisation become visible. In these cases, this is done with the help of several programmes as for example idea competitions. The interviewees further argue that the programmes not only increase the sensitivity towards the environment but also create an entrepreneurial culture. As explained before, the culture influences entrepreneurial alertness within an organisation. Furthermore, the organisation can create frameworks for employees to evaluate their ideas with. This can reinforce thinking processes and thereby create a higher possibility for employees to detect entrepreneurial opportunities. Conclusively, organisations can introduce knowledge exchange programmes, increase the visibility of entrepreneurial activities and create frameworks to increase the entrepreneurial alertness of their employees.

4.4.2 Innovativeness

Innovativeness captures the devotion to developing new ideas, boosts creativity and engages in experimentation tied to the creation of new products, processes and services (Lumpkin & Dess, 1996).

Empirical data. As mentioned earlier, Zeta says that their corporate venture set aside certain lab days where employees are encouraged to experiment and test initial stages of any projects they are currently working on. Employees are encouraged to do proof of concept tests and Zeta explains that the idea of a proof of concept is that you do something *“quick and dirty”* to make sure that it works. Gamma, on the other hand, mentions that as soon as the corporation tries to put formalities into the innovation process, it slows down. Hence, it is a fine balance between having a formal process and making it too formal. Gamma strengthens this by saying *“Now we are becoming more formal in Case A as we were before, and I think that comes in the way of creativity and innovation and to some extent in the way of this freedom that we need to have to create new ideas”*. In addition to that, Gamma refers to new personnel coming in which stimulates idea generation.

Beta thinks that innovativeness has to do with courage and trust. Beta as a manager in Case B stresses the need to explain to the employees that they can make mistakes, that the corporate

venture trusts them, and they must be brave. Moreover, Beta elaborates that being an entrepreneur and being innovative is part of the corporation's cornerstones and it is something Beta communicates to the employees in yearly individual reviews. He/she also believes that formalisation and regulation counteract the level of innovation within a corporation. Beta argues that *“laws that have to be followed in large companies could be an obstacle to acting as a true entrepreneur”*.

Epsilon argues that Case C increases its innovativeness by explaining *“the other things that we do is that we are trying to fill our pipeline with talent. So one of the fastest ways to get new technology into the company is through hiring”*. Delta elaborates that their corporate venture tries to find new talents in universities as this helps the organisation specifically to focus on technology outside of how they normally do their daily work. The corporate venture then keeps employees and students physically separated to be able to extract and be alert to new opportunities.

Analysis. As mentioned before, different practices are a part of creating an entrepreneurial orientation and therewith increasing the level of innovativeness within a corporation and corporate venture. Lumpkin and Dess (1996) stress that the level of innovativeness within a corporate venture could increase if the corporation and corporate venture make practical efforts to foster creativity and experimentation to encourage the making and creation of new products, processes and services. Zeta believes that one way that Case A did this well was through events such as Case A's lab days. These are special days where employees are encouraged to experiment and test the initial stages of any projects they are currently working on. Another frequently mentioned way of maintaining an innovative environment was to bring in new people and knowledge into the organisation. The interviewees believed that employing new people would subsequently result in new knowledge and new ideas. In similarity to formal measurements having a negative impact on the level of commitment in the corporation and corporate venture, formalities have also been argued by Beta and Gamma to have a negative impact on innovation. However, both respondents also believe that entrepreneurial activities such as innovation must have some structure. Thus, both Case A and Case B express that it is a fine balance between having a formal process without making it too formal as it slows down the innovation process. As a result, one practical effort that must be managed is implementing a structured innovation process without it coming in the way of innovation. On the other hand, Beta elaborates that keeping an open discussion and follow up with employees on innovations

and projects would lead to employees feeling more motivated to pursue innovations. Beta thus communicates this to the employees in yearly individual reviews.

4.4.3 Proactiveness

Lumpkin and Dess (1996) express that proactiveness is shown as the extent to which a corporation maintains its opportunity-seeking, forward-looking outlook with the goal to prevent rivals from gaining a competitive advantage, in particular a strategic advantage.

Empirical data. In Case A, Zeta says that often, all employees start doing traditional research before they start a new project. For example, employees research if an idea has ever been done before. Zeta also elaborates that managers and employees visit events to stay ahead of competitors as this is a good way of meeting customers and observing what their competitors are currently doing. Yet, Zeta also believes that proactiveness is something that their corporate venture may lack as their corporate venture heavily relies on customer orders and demands instead of trying to explore new types of technologies themselves.

“For instance, I have been attending security fairs and have met customers. There you can get some sense of ‘I am aware of what my competitors are doing’. Otherwise, I would, unfortunately, be saying that’s a subject we are lacking in right now. I wouldn’t say that I know that much about how our customers have solved a certain problem, so there I rely heavily on the product order. I rely on the fact that what is being ordered or what is specified in the product specification is sufficient.” – Zeta

Beta suggests that one way of making sure that the corporate venture stays proactive is to nominate excellent employees that tend to come up with new great ideas. Beta’s corporate venture organises a special program where employees are nominated and then put together in a team.

“If these people are nominated they build a cross-functional team and are given some ideas and the option to build based on these ideas. An activity usually lasts for six months and they work as a virtual team together over these six months on this project, and they are showing progress every two months to our board. And if it is developed as expected, maybe we have the possibility to extend these activities for a longer time.” – Beta

Beta also says that *“The whole idea of our corporate venture is very proactive, a completely new type of business that is very different from other businesses within our corporation”*. Additionally, Beta provides a more specific example of how cultural backgrounds can generate an interesting and proactive mindset as he/she reflects that the corporation has employees from different countries that are working together.

“And it is interesting to see that there are different cultures in this chain, and of course, US employees are maybe thinking very entrepreneurial like but on the other hand in the US you can also find a lot of people that are very checklist oriented. So this is really, it is an interesting setup.” – Beta

To be proactive, Epsilon believes in employing students from different universities and academic backgrounds to create a diversified input. Delta mentions that they observe other industries as well, not just their own to become more proactive by saying *“So an individual, so I’m an employee that has this great idea in a digital space, something I maybe saw in a different industry”*. Delta, however, also discusses that the level of proactiveness decreases in their corporate venture if employees fail to reach set targets as employees as a consequence are given less time to explore and experiment beyond what they currently work with.

Analysis. The different case corporations and corporate ventures make several practical efforts to reach a higher level of proactiveness.

Alpha, Beta, and Delta argue that the corporate ventures themselves are initiatives made by the corporation to become more proactive and ultimately gain a competitive advantage. Therefore, the initiation of corporate ventures is identified as a practical effort. Kreiser et al. (2019) describe that entrepreneurial orientation, proactiveness included, consists of the processes, practices and decision-making behaviours that lead to a new entry. All of the interviewed case corporations develop their respective corporate ventures to innovate products that would lead to new entries on the market and help the corporations to gain competitive advantage. Two more traditional practical efforts to maintain a competitive advantage and stay proactive is to purposefully analyse the competitive landscape regularly and to visit events and fairs where competitors and customers within the industry meet. All respondents communicate that they do traditional research about the competitive environment and observed what their competitors were doing. Based on Epsilon’s and Beta’s statements, one practical effort is involving people with different skills, cultures, demographic backgrounds and experiences, which will create a

good foundation for a proactive mindset. Putting together cross-functional teams often resulted in more proactive ideas and products and expanded the horizons for what was possible.

4.4.4 Risk-taking

Lastly, risk-taking as mentioned earlier could be described as the degree to which a corporation and its managers are willing to make large and risky decisions (Lumpkin & Dess, 1996).

Empirical data. Gamma talks about how Case A had a good failure culture in the beginning when the corporate ventures were new. However, over time, the corporate ventures became more scared to fail.

“Being totally honest here, I feel that we are more scared of failing today than what we were when we started because when everything was brand-new it was kind of expected that we would fail to some extent. Now I feel that we need to get back into the mindset of failure is more okay and that we will actually learn from it. And of course, we have projects going to hell and running over time and over budget and that is a failure in many ways. But I would actually, I think that we can improve the way of how we respond to those failures and signal value out in our organisation towards newly employed engineers and project managers to say that; ok we understand that this did not go as we expected, now let’s see what we can do to solve it and what we can learn from it so that we do not do the same thing again.” – Gamma

On the other hand, Gamma also feels that it is more difficult to create a good failure culture as the corporate ventures grow.

“It is much harder now when you do not have this personal relationship with each individual. The people that have been involved from the beginning, we can be very honest to each other but if I come into a room with people not knowing me today, I need to, I mean you need to manage that situation differently from the days when you knew everybody very well. And I think that is one of the areas where we need to improve, the acceptance of failure, failure culture. I think that we are supposed to have it, we did have it, we still

want to have it, but I think we have to remind ourselves to some extent.” –

Gamma

Zeta experiences that they as employees are to some extent encouraged to fail and provides a good example of their corporate venture’s high failure culture.

“Then we kind of say, we risk it, we release it anyway and kind of hope it’s going to work and if it doesn’t then we have a very good connection with most of our partners and customers so that we are open and say: guys we failed, we are sorry. We will do it again next time, and they more often than not trust us.” – Zeta

Alpha believes that one way of creating a better failure culture is to try to learn from mistakes. Alpha feels that the corporation and corporate venture is good at celebrating success but bad at learning from failures which could work the opposite and create a culture where managers and employees become risk averse. On the other hand, Beta elaborates that Case B tries to spread that learning into events to a broader set of people who can also gather insights from the failure.

Beta believes that creating a good failure culture is much about having an open discussion, both by top managers showing support downstream but also from employees trying to communicate upstream and explaining their purposes. Beta also mentions that being open and sharing information with employees creates trustworthiness and reliance among team members: *“I share info every 6 weeks through a letter of communication, every two months through official communication where I share targets, success, failures and so on”*. However, Beta reveals that this sharing strategy is initiated by the individual, hence, it is up to the manager or management to do that. To some extent, Beta also believes that it is up to the individual to take risks, you must take personal risks if you want to act as an entrepreneur.

Delta experiences that top management involvement is vital in creating a good risk and failure culture. Delta explains *“I think, what I have also seen in my role is that the top leadership positions generally establish the culture in the company and it is super important that the CEO, the CFO, the head of engineering, all talk the same language when it comes to risk-taking”*. Delta also believes that it is vital that you advocate what you as an organisation communicate which is shown by saying *“risk is easy so we advocate, we put money where our mouth is”*. Additionally, Delta says the key to maintaining a good risk and failure culture is to do debriefs

and talk about what happened in a project. Then it is not so much about the execution and people, but more why the technology did not evolve like it was first thought.

Analysis. Both Alpha and Gamma argue that a vital aspect of creating a good failure culture within the corporation and corporate venture is to acknowledge and learn from previous mistakes. Thus, one identified practical effort is to actively learn from your mistakes. As Delta mentions, creating learning events from failures eventually turn it into a positive experience as the corporate venture somehow stopped the failed project but also spread the learning so that in the future, the same mistakes will not happen again. Beta also expresses that they try to spread that learning into events to a broader set of people who can also gather the insights from the failure. Zeta experiences that management somewhat encourages employees in Case A to fail since they work on projects and products that do not yet exist. One way that failure is encouraged according to Zeta is that managers let the corporate venture release products before they know if the product will work or not. This is supported by Lumpkin and Dess (1996) who say that risk-taking is seen in the level a corporation, corporate venture and its managers are willing to make large and risky decisions. Zeta also adds that managers are open for failure and if failure would be the outcome, then they take responsibility and communicate that to customers. Therefore, the practical effort identified is to openly communicate that management encourages failure. This is in accordance with Urban and Wood (2017) who argue that management should be accountable in their recognition of potential failure of entrepreneurial outcomes. Delta who is a top manager, agrees that top management is important in the creation of a good failure culture and it is vital that all managers throughout the organisation talk the same language when it comes to risk and failure. Delta also adds that the communicated risk and failure culture must be followed up with actions. Consequently, another practical effort is good downstream communication from top management. Moreover, following up with practical activities that align with the spoken words is essential to create a superior risk and failure culture. This is in line with Urban and Wood (2017) who stress that the corporation should provide resources that allow employees to pursue entrepreneurial opportunities and promote risk-taking and show tolerance for possible failures as they occur. Beta, for example, believes that a sharing strategy will let the employees know that Case B is tolerant and accepts failure by communicating this practically through letters of communication and official communication channels.

4.4.5 Summary

To achieve a high level of organisational reliance on entrepreneurial behaviours, a set of practical efforts can be identified for each attribute. A summary of the findings is presented below. In this element, there are no practical efforts that relate to more than one attribute.

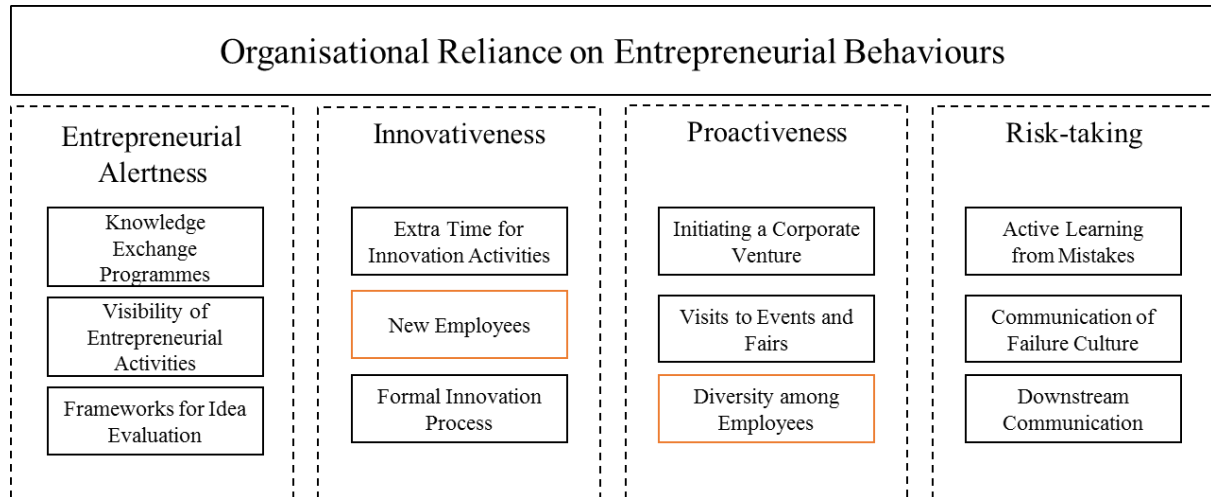


Figure 6: Practical Efforts – Organisational Reliance on Entrepreneurial Behaviours

4.5 Applicability of the Theoretical Framework

The theoretical framework developed in the third chapter serves as a basis for the interviews and the analysis. The framework is based on existing literature from the corporate venture and corporate entrepreneurship research and considers configuration theory as the most relevant perspective on strategic alignment to answer the research question.

The empirical data and analysis presented in this chapter are structured in line with the three elements and the related attributes. The three elements provide different angles on the topic and the findings do not provide an indication that there are practical efforts that cannot be assigned to any of the elements. Moreover, all practical efforts identified are supported and can be connected to the existing literature as presented in the third chapter. Therefore, it is argued that configuration theory and specifically, the three elements can be used to identify practical efforts.

The framework also considered the corporate ventures characteristics to include the possible impact they might have on the practical efforts. However, since all cases are identified as direct-

internal ventures with a strategic purpose, all cases incorporate the same corporate venture characteristics. The only difference can be seen in the underlying strategic logic of the cases. While the underlying logic of Case A and Case B is argued to be of an exploiting nature in Case C the underlying logic is exploring. Reviewing the findings reveals that there is only one practical effort identified solely based on information from Case C, namely training and career-related rewards. Nevertheless, one practical effort is not sufficient to provide any reason to believe that there is a correlation between the practical efforts identified and the corporate venture characteristics. In conclusion, the theoretical framework can be argued to provide a holistic view on practical efforts executed to achieve strategic alignment and therefore, there are no changes proposed to the framework.

5 Conclusion

Chapter 5 discusses intriguing and surprising findings followed by a conclusion of the entire thesis. Lastly, practical implications and suggestions for further research are given.

5.1 Discussion

In addition to the identification of practical efforts made by corporations to achieve strategic alignment, the research purpose also questions, if there is a connection between the corporate venture characteristics and the identified practical efforts. As already indicated in the reflection of the theoretical framework's applicability, the analysis does not suggest a connection between the corporate venture characteristics and the identified practical efforts.

By only looking at the presented empirical data, it is concluded that the underlying strategic logic does not impact the practical efforts identified. Nevertheless, it is important to note that there are also other reasons why the nature of the empirical data from Case C could differ from the other Cases. Looking at the interviewee's positions within the corporations, it becomes clear that Interviewee Delta from Case C is part of the top management of the corporation and the only top management employee that was interviewed. As part of the top management Delta has a different perspective since he/she is naturally the initiator in some cases of the identified practical efforts. In comparison to the other interviewees, the findings derived from the interview with Delta are therefore mostly of a different nature and based on a different perspective. For example, when discussing the level of support from top management, in Delta's case it was about what he/she does to support entrepreneurial activities as a member of the top management team instead of the perceived level of support as an employee with the corporate venture. Specifically, Delta has the authority to create a budgetary placeholder for innovative ideas that do not fit the traditional evaluation criteria. The different positions of the employees within the corporations or corporate ventures can be argued to decrease the comparability of the cases. However, due to the COVID-19 outbreak, it was not possible to pick interviewees from corresponding levels for all cases. Moreover, the different positions and

roles allow for a more diversified perspective on the topic. Conclusively, the differing positions of the interviewees could have also influenced the nature of the empirical data.

Furthermore, the amount of valuable empirical data for each attribute differed. For example, for the attribute 'clarity', there was no input from the interviews from Case C. As explained in the methodology, the interviews differed in length, mainly because of the time made available by the interviewees. Before conducting the shorter interviews, we made a conscious decision to focus on certain questions to gain an in-depth insight into few attributes instead of superficially touching upon all topics. This could be argued to be one reason for the differing amounts of data presented for each case in the previous chapter. On the other hand, as previously explained, web-based semi-structured interviews provide a greater risk of misconception and impose the challenge for the interviewer to redirect the interviewee, if necessary. Generally, all interviews provided valuable insights. Nevertheless, as we had to focus on fewer questions in some cases and as there were differences in the way interviewees understood the questions, this can also be the reason for differing amounts of valuable empirical data.

Looking at the findings, a couple of aspects stand out. Firstly, some of the practical efforts recur across attributes and across the different elements as highlighted in the figure. Secondly, the elements seem to be interrelated, as they influence each other. Thirdly, it should be noted that corporate venturing is a process and some interviewees mention that certain attributes were apparent at the beginning of that process but are not anymore.

Especially striking is the recurrence of resource availability in the pro-entrepreneurship architecture. While this can relate to human resources as well as monetary resources, the recurrence can be argued to symbolise the importance of easily accessible resources for entrepreneurial activities to achieve a pro-entrepreneurship architecture. Moreover, downstream communication from top management to all employees is identified twice for the strategic vision but also plays a role in risk-taking. It could, therefore, be argued that top management involvement plays a large role in strategic alignment which is also highlighted in previous studies by Bartlett and Ghoshal (1997), Heller (1999), Kearny and Meynhardt (2016) and Kreiser et al. (2019). Diversity among employees and the importance of hiring new employees is mentioned in the element organisational reliance on entrepreneurial behaviours. Another example is the level of formalisation which is also referred to as deregulation in the findings. Deregulation is identified as a practical effort that influences the perceived level of

commitment, but the general level of formalisation also influences the perceived level of autonomy. In these cases, the topic recurred throughout the different questions.

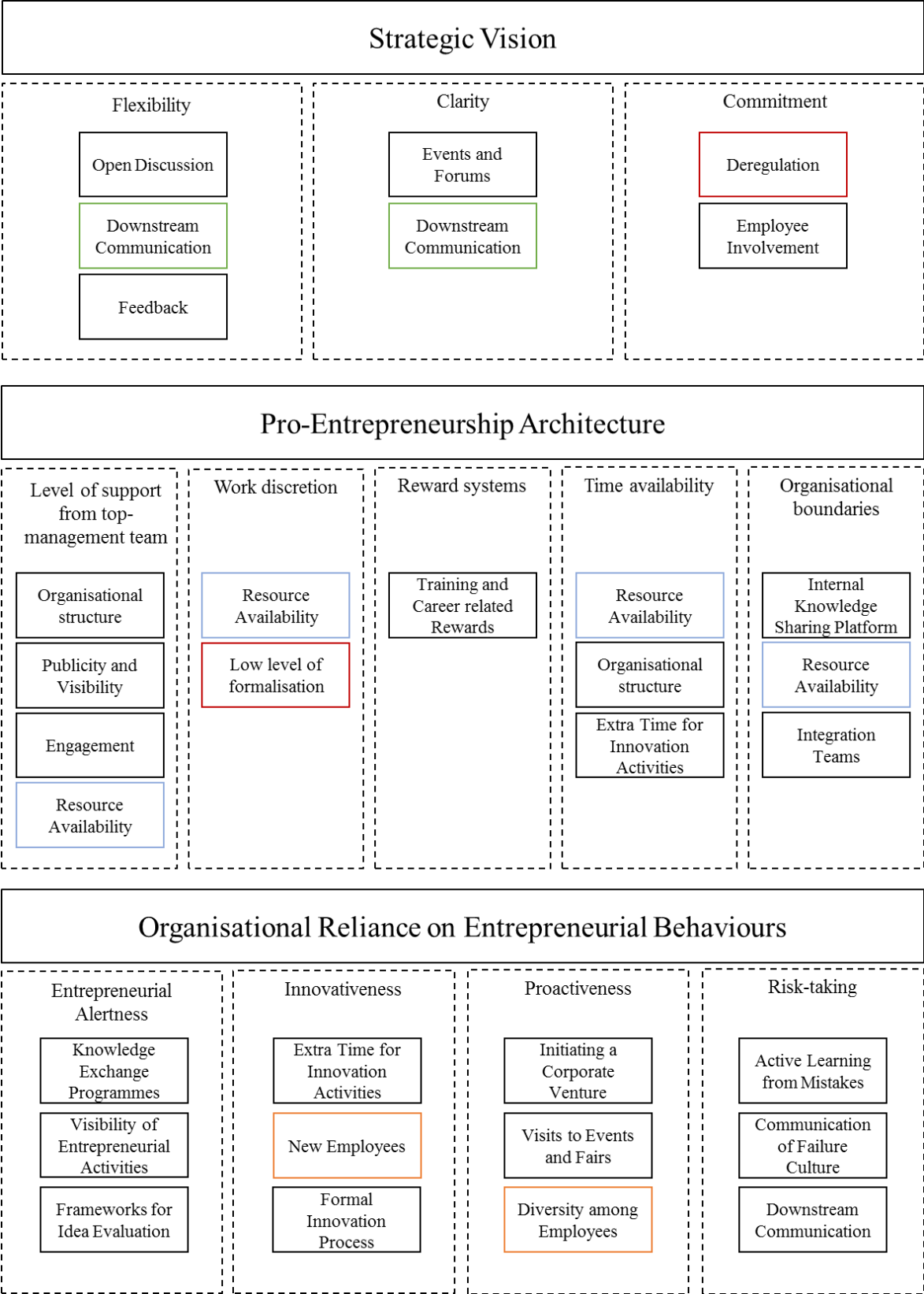


Figure 7: Practical Efforts – Conclusion

Nevertheless, there are also efforts that can be argued to influence more than one attribute. One example is the extra time made available to employees for innovation in the form of innovation days. This naturally influences the time availability for innovations but is also argued to enhance the innovativeness of the organisation which represents how the elements are interrelated and how one practical effort can influence more than one element.

Lastly, it is mentioned by Alpha and Gamma that the respective corporate ventures have changed over time. This is not surprising as corporate venturing is a process but Alpha claims that they have lost the entrepreneurial spirit due to traditional performance measures that are imposed on them. Gamma relates to a decreasing ability of creating a risk-taking culture where failure is acceptable. Therefore, one could argue that achieving a high level of strategic alignment requires more or even other practical efforts over time as certain attributes, such as risk-taking, are harder to maintain as a corporate venture is growing.

5.2 Conclusion of the Thesis

The purpose of this thesis is to add to the existing strategy literature by identifying practical efforts made to align corporate venture strategy and the overall business strategy. By filling this academic gap, a second ambition is to investigate what impact the corporate venture characteristics have on the practical efforts. Thus, by identifying a set of practical efforts, the aim is to make a contribution that helps corporations to achieve strategic alignment. The relevance of this research purpose could be noted in several ways. Firstly, a study presented by KPMG (2019) points out a lack of overall alignment as one of the key challenges that corporations face in their pursuit of an innovation strategy. Secondly, Covin and Miles' work (2007) emphasises the need for more research in strategic alignment literature to understand how corporate ventures can create competitive advantage in practice. Additionally, Kuratko and Audretsch (2013) argue that current research still lacks in-depth insight on how corporate entrepreneurship, corporate venturing included, is executed in practice in an organisational setting. To our best knowledge, there is no other study up to this date that has made an attempt to identify practical efforts made to align corporate venture strategy and the overall business strategy, meaning that this thesis is the first. Furthermore, the three case corporations and interviews were successful in providing data which ultimately led to the identification of several practical efforts (see Figure 7). Yet, recognising whether the corporate venture characteristics

have a distinct impact on the practical efforts gave no clear results. Nevertheless, our research provides a more comprehensive picture of strategic alignment and the findings of this thesis provide a valuable addition to current literature in the research area.

Based on the empirical data, it is possible to identify at least one practical effort for each attribute. As concluded in the discussion, some practical efforts were recurring in several attributes and across elements. This is argued to reflect the importance of these practical efforts. Furthermore, it is shown that there are linkages between the different attributes. Due to the synergies between the practical efforts, it is also found that achieving strategic alignment does not depend on one individual effort but rather a set of practical efforts. In addition, some findings were expected, for example, that all case corporations did traditional research online and at industry fairs to evaluate their competitive environment in order to become more proactive and hence stay competitive. The most unexpected finding was that although all case corporations were in the technology industry and had direct-internal corporate ventures, they showed a great variety. One explanation could be the smaller data sample. Moreover, it was noticed that it was easier to tie practical efforts to the pro-entrepreneurship architecture element compared to the strategic vision and the organisational reliance on entrepreneurial behaviour. A reason for this could be that the element, a pro-entrepreneurship architecture, includes attributes that often receive greater attention from all levels within a corporation as well as that they have a direct impact on an operational level.

This thesis has shown that the configuration theory, which has mainly been applied in a corporate entrepreneurship context in previous studies, in fact, can be applied to corporate venturing as well. Furthermore, the configuration theory and the three elements, a pro-entrepreneurship architecture, a strategic vision and an organisational reliance on entrepreneurial behaviour provide a good foundation for researching practical efforts tied to strategic alignment, yet less valuable when adding the aspect of strategic purpose and corporate venture typologies.

Consequently, we argue that we have been able to answer our research question, ‘What practical efforts are made by corporations to align corporate ventures with organisations’ overall business strategy?’ since several practical efforts have been identified and presented. To summarise, we believe that this thesis provides a good addition and first insight into practical efforts and strategic alignment within the academic field of corporate venturing. Nonetheless, it is a novel topic with few academic contributions and is thus in need of more research.

5.3 Practical Implications

Previous studies within the topic of strategic alignment have mainly focused on identifying elements that are needed in order to create alignment. However, how alignment takes place in practice was yet to be discovered. Hence, the configuration theory was chosen as the framework for this thesis since the theory and its elements were recurring in several highly cited studies within strategic alignment literature. This thesis has identified several practical efforts made to align corporate ventures with the corporations' overall business strategies which are presented in chapter four and chapter five through text and visualisations.

We hope that this thesis and its findings will inspire both scholars and managers interested in corporate ventures and strategic alignment. For scholars, this thesis could spark an interest to continue the research on practical efforts made to align corporate ventures with corporate business strategies as the topic is far from saturated. As mentioned before, the configuration theory has previously only been applied in the context of corporate entrepreneurship. Yet, this thesis shows that the configuration theory can be successfully applied in the field of corporate ventures as well. Conclusively, the applicability of the configuration theory can be extended into other research fields. In a practical sense, this thesis could be used as a guideline and an inspiration to implement new practical efforts into corporations. Managers need to be aware that corporate venturing is a process. As pointed out in the discussion, it seems to be challenging to keep a high level of strategic alignment over longer time periods. Therefore, managers continuously need to consider and reassess the level of alignment and the respective practical efforts. Furthermore, it is a set of practical efforts and not one individual effort alone that increase the level of alignment. However, the efforts differ in their importance and impact.

Even though the thesis follows an idiographic research approach, it is concluded that the results can be generalised to some extent. Firstly, some practical efforts recur throughout elements and across attributes. Secondly, several efforts are mentioned repeatedly by different interviewees. Thereby, reflecting their significance for more than one case corporation.

5.4 Limitations and Future Research

As mentioned in the introduction, this thesis focuses on internal corporate ventures only to achieve in-depth results and to narrow down the scope. Therefore, the practical efforts identified only represent findings from one specific type of corporate venture and there is no indication that the results can be applied to other types of corporate ventures. Nevertheless, it would be interesting to test if the practical efforts hold true for other types of corporate ventures as well.

Even though this thesis provides new insights into what practical efforts corporations make to align their corporate ventures with organisations' overall business strategies, it is believed that several other practical efforts are yet to be discovered. Only three different case corporations and six respondents were interviewed to collect the primary data which could be considered a relatively small sample to ensure accurate results. The desired number of respondents was higher in the beginning of this thesis, but due to COVID-19, it was a challenge to get hold of respondents. Furthermore, for this thesis, configuration theory is presented as the best fit to fulfil the research purpose. However, from a theoretical point of view there are several perspectives on strategic alignment. For future research within the same topic, the application of other theoretical perspectives could lead to additional valuable insights on the topic. In addition to that, larger data collections would be preferable to strengthen the findings or extend the findings of this thesis with new practical efforts. Moreover, another type of data collection method or research approach might be valuable to get new or different results.

Lastly, this thesis has only been focusing on corporations within the technology industry and all cases have their headquarters in Northern Europe. Hence, a similar study within another industry could be valuable for strategic alignment literature. Furthermore, some of the interviewees mention cultural background as an influence factor. Therefore, studying the topic based on cases in different cultural settings could also provide new insights.

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Appendix A – Interview Guide

Basic information about the interview

The following interview will be conducted with open questions where we as interviewers are interested in finding out your experience and perception about the topics. You are therefore free to answer to your best understanding and elaborate as much as you want.

We are recognizing that the interview will take between 30-60 minutes and with your consent, we would like to record it to assist us in a later phase in the thesis process. The interview and your contribution will be completely anonymous including both the corporation you represent and your name.

Introduction

We are two MSc students at Lund University currently writing our master thesis in the International Strategic Management program. Our thesis topic focuses on strategic alignment between corporation's overall business strategies and the internal corporate venture strategy (use the name that the individual corporations use for their CV's). We have a specific interest in finding out what practical efforts are made to align these two strategies, thus, the following questions are aiming at answering this.

Opening question

1. What is your role in the firm and more specifically in the corporate venture?
2. For how long have you been employed at the firm/corporate venture?
3. Can you explain to us how the corporate venture was set-up? Who is involved in the corporate venture?
4. How would you describe the corporate venture?

Content question (follow up questions)

1. How would you describe the corporation's strategy?
2. How would you describe the corporate venture's strategy?
3. How do you experience the level of corporate management's involvement in creating the strategy for the corporate venture?

- a. How does the corporation show its willingness to adapt its objectives and redevelop strategies?
- b. How does the corporation ensure that the mission, vision and objectives are clearly communicated?
- c. How does the corporation assess and re-evaluate the strategies?
4. How would you describe the entrepreneurial environment in your organisation?
 - a. In what way do you experience that the management is supporting you in entrepreneurial activities?
 - b. How do you experience the level of freedom to make your own decisions? How is that level communicated to you?
 - c. In which way are reward-based systems used to foster entrepreneurial behaviour?
 - d. How does the corporation ensure you have enough time to pursue innovations?
 - e. How accessible is information for you outside of your department? How open do you perceive the flow of information in the corporation? Examples?
5. How do you work to recognise entrepreneurial opportunities?
 - a. How do you personally perceive your ability to recognise those opportunities?
 - b. How does the corporation foster creative and experimental activities that could be used to recognise entrepreneurial opportunities?
 - c. How do you organize yourself and your ideas to always be proactive and one step ahead of your competitors?
 - d. How do you perceive the culture of taking risks and the possibility of failure in your corporation?

Closing instructions

Thank you again for taking your time to answer the questions. If we have any further follow-up questions, would it be okay if we reached out to you over email?

If you would like to have access to the thesis before it will be published to review it, we could email it to you.