THE CHALLENGES OF CORPORATE ENTREPRENEURSHIP IN THE DISRUPTIVE AGE
ADVANCES IN THE STUDY OF ENTREPRENEURSHIP, INNOVATION AND ECONOMIC GROWTH

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INTRODUCTION: THE CHALLENGES OF CORPORATE ENTREPRENEURSHIP IN THE DISRUPTIVE AGE

Donald F. Kuratko and Sherry Hoskinson

INTRODUCTION

Corporate entrepreneurship (CE) is a term used to describe entrepreneurial behavior inside the established mid-sized and large organizations (Stopford & Baden-Fuller, 1994). Other popular or related terms include organizational entrepreneurship, intrapreneurship, corporate venturing, and strategic entrepreneurship (Kuratko & Audretsch, 2013; Morris, Kuratko, & Covin, 2011; Pinchot, 1985).

Firms that are more entrepreneurial and innovative are better positioned not only to adjust to a dynamic, threatening, and complex external environment, but also to create a change in that environment. Moreover, today’s environment is characterized as one that is filled with constant disruptive innovations that are happening at an ever-increasing rate. Firms seeking to adopt CE as a strategy define themselves as “agents of change,” creating new customer segments, establishing new markets, and rewriting the rules of the competitive landscape (Morris et al., 2011).

CE has been initiated in established organizations for a host of purposes, including those of profitability (Vozikis, Bruton, Prasad, & Merikas, 1999; Zahra, 1993), strategic renewal (Guth & Ginsberg, 1990), innovativeness (Stopford & Baden-Fuller, 1994), gaining knowledge to develop future revenue streams (McGrath, Venkataraman, & MacMillan, 1994), international success (Birkinshaw, 1997), growth (Zahra, Kuratko, & Jennings, 1999), and the effective configuration of resources as the pathway to developing competitive advantages (Borch, Huse, & Senneseth, 1999; Covin & Miles, 1999; Covin, Slevin, & Heeley, 2000; Kuratko, Covin, & Garrett, 2009). Regardless of the reason a firm decides to engage it,
CE has clearly become a major interest in the strategic planning of most current organizations (Morris et al., 2011; Narayanan, Yang, & Zahra, 2009).

Theoretical and empirical knowledge about the domain of CE and the entrepreneurial behavior on which it is based have gained greater research attention, thus many of the elements essential to construct a theoretically grounded understanding of CE can be readily identified from the extant literature over the last five decades. Critical antecedents that influence managers’ willingness to engage in corporate entrepreneurial behavior have also been examined, which enhances understanding of CE practices (Dess et al., 2003; Hornsby, Kuratko, Shepherd, & Bott, 2009; Hornsby, Kuratko, & Zahra, 2002; Kuratko, Hornsby, & Covin, 2014; Kuratko, Hornsby, & Goldsby, 2004).

Importantly, CE as a valid and effective area of research has real and tangible benefits for emerging scholars because their work can significantly impact an emerging strategy. This in turn impacts organizational understanding and behavior. The theoretical and empirical knowledge on CE has evolved over the last 50 years beginning very slowly and growing in importance through the decades. While the inherent value of entrepreneurial action on the part of established organizations has been established, there remains a greater need for further research about CE in a disruptive age. Fortunately, knowledge accumulation on the topic of CE has been occurring at a rapid rate, and many of the elements essential to constructing a theoretically grounded understanding of the domains of CE can now be identified.

It is clear that researchers have moved beyond the traditional product and service innovations to pioneering innovation in processes, value chains, business models, and all functions of management (Govindarajan & Trimble, 2005), and that research impacts firms. Organizations today are facing a new global reality requiring innovation, courage, risk-taking, and entrepreneurial leadership (Kuratko & Morris, 2013). As Kuratko (2009) pointed out, organizations must realize “the entrepreneurial imperative of the 21st Century” is now at hand. Ireland, Covin, and Kuratko (2009) emphasized that to simultaneously develop and nurture today’s and tomorrow’s competitive advantages, advantages that are grounded in innovation, firms increasingly rely on CE.

Firms that exhibit CE are typically viewed as dynamic, flexible entities prepared to take advantage of new business opportunities when they arise (Kuratko, Goldsby, & Hornsby, 2012). Yet, despite the fact that entrepreneurship and innovation are highly touted as a most viable strategy for successful results in today’s corporations, the fact remains that successful implementation of corporate innovation is quite elusive for most companies (Kuratko, Covin & Hornsby, 2014).

THE EVOLVING CONCEPT OF CE
As the research has, the concept of CE has evolved over the last five decades, and the definitions have varied considerably over time. Research in the 1970s focused on teams and how entrepreneurial activities inside existing organizations could be developed (Hanan, 1976; Hill & Hlavacek, 1972; Peterson & Berger, 1972). This early
research was sparse, mostly focused on the marketing aspects, and the concept was not widely acknowledged as a strategy within established corporations.

In the 1980s, some researchers concluded that entrepreneurship and bureaucracies were mutually exclusive and could not coexist (Duncan, Ginter, Rucks, & Jacobs, 1988; Morse, 1986). However, there arose far more researchers who embraced the idea of corporate entrepreneurial activity and conceptualized CE as embodying entrepreneurial behavior requiring organizational sanctions and resource commitments for the purpose of developing different types of value-creating innovations (Alterowitz, 1988; Burgelman, 1983a, 1983b, 1984; Kanter, 1985; Pinchot, 1985; Schollhammer, 1982). So, for the most part in the 1980s, CE was defined simply as a process of organizational renewal (Sathe, 1989), yet it was acknowledged in the entrepreneurship and strategy literatures.

During the 1990s, more comprehensive research of CE began to take place that focused on CE as re-energizing and enhancing the firm’s ability to develop the skills through which innovations could be created (Borch et al., 1999; Jennings & Young, 1990; Merrifield, 1993; Zahra, 1991). Developing new ventures within existing organizations and the transformation of ongoing organizations through strategic renewal were proposed as two major forms of CE (Guth & Ginsberg, 1990). CE could entail formal or informal activities aimed at creating new businesses in established companies or entrepreneurial innovations through product, process, or market initiatives. These innovations could take place at the corporate, division (business), functional, or project levels (Zahra, 1991). Demonstrating that the two major forms of CE introduced at the beginning of the decade still dominated the landscape, Sharma and Chrisman (1999, p. 18) suggested that CE “is the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or instigate renewal or innovation within that organization.”

As these forms of CE became more accepted in the strategic literature, the twenty-first century scholars linked CE to firms’ efforts to establish sustainable competitive advantages as the foundation for profitable growth (Hornsby et al., 2009; Kuratko, Ireland, Covin, & Hornsby, 2005; Kuratko, Ireland, & Hornsby, 2001). Many of the elements essential to constructing a theoretically grounded understanding of the domains of CE can now be identified. For example, Kuratko and Audretsch (2013) attempted to provide a clear understanding of what comprises the domain of CE. Outlining the depiction used by Morris et al. (2011), CE can be manifested in companies either through corporate venturing or strategic entrepreneurship.

Corporate venturing approaches have, as their commonality, the addition or development of new businesses (or portions of new businesses via equity investments) within the corporation. This can be accomplished through three implementation modes—internal corporate venturing and external corporate venturing (McGrath, Keil, & Tukiainen, 2006; Miles & Covin, 2002). With internal corporate venturing, new businesses are created and owned by the corporation. These businesses typically reside within the corporate structure but, occasionally, may be located outside the firm and operate as semiautonomous entities. Among internal corporate ventures that reside within the firm’s organizational boundaries, some may be formed and exist as part of a preexisting internal organization structure.
and others may be housed in newly formed organizational entities within the corporate structure (Kuratko et al., 2009). External corporate venturing refers to entrepreneurial activity in which the firm invests in new businesses created by parties outside the corporation (via the assumption of equity positions) or acquired by the corporation. These external businesses are typically very young ventures or early growth-stage firms that offer the acquiring corporation access to a new technology or product line that is currently not being pursued internally (Keil, 2004; Schildt, Maula, & Keil, 2005). In practice, new businesses might be developed through a single venturing mode or a combination of the two venturing modes. Therefore, a firm’s total venturing activity is equal to the sum of the ventures enacted through the internal and external modes. With corporate venturing, creating an entirely new business is the main objective (Covin & Miles, 2007).

By contrast, strategic entrepreneurship approaches have, as their commonality, the exhibition of highly consequential internal innovations that are adopted in the firm’s pursuit of competitive advantage. Strategic entrepreneurship corresponds to a broader array of entrepreneurial initiatives, which do not necessarily involve new businesses being added to the firm. Strategic entrepreneurship involves simultaneous opportunity-seeking and advantage-seeking behaviors (Ireland, Hitt, & Sirmon, 2003; Hitt, Ireland, Camp, & Sexton, 2001). This means firms take actions to “exploit” their knowledge for current opportunities in the environment while also “exploring” new innovations that may benefit them in the future (Hitt, Ireland, Sirmon, & Trahms, 2011). The innovations that are the focal points of strategic entrepreneurship initiatives represent the means through which opportunity is capitalized upon. These are innovations that can be developed in any of five areas – the firm’s strategy, product offerings, markets served, internal organization (i.e., structure, processes, and capabilities), or business model (Morris et al., 2011). By emphasizing an opportunity-driven mindset, management seeks to achieve and maintain a competitively advantageous position for the firm.

Strategic entrepreneurship can take one of five forms – strategic renewal (adoption of a new strategy), sustained regeneration (introduction of a new product into an existing category), domain redefinition (reconfiguration of existing product or market categories), organizational rejuvenation (internally focused innovation for strategy improvement), and business model reconstruction (redesign of existing business model) (Covin & Miles, 1999; Hitt, Ireland, Camp, & Sexton, 2001; Ireland et al., 2003; Ireland & Webb, 2007; Morris et al., 2011).

With these explanations of the currently accepted forms of CE, it is clear that a “venturing” focus or a “strategic” focus are the two major lenses through which CE is studied. In applying either approach, examining the research that focuses on the antecedents of a CE strategy may be an important element in understanding why the role of middle managers becomes critical.

**THE PURPOSE OF THIS SPECIAL VOLUME**

Ongoing scholarly work has also raised new and important research questions and identified further theoretical avenues requiring exploration. Still, the field
needs more rigorous and unique research to understand the moderators, mediating processes, and what constitutes relevant CE outcomes, as well as determining the economic impact of CE activity. Therefore, despite the recent expansion in CE research, the theoretical and empirical knowledge about the domain of CE and the entrepreneurial behavior on which it is based are still key issues that warrant a deeper understanding. Ongoing scholarly work has also raised new and important research questions and identified further theoretical avenues requiring exploration. The purpose of this volume is to introduce some significant and unique approaches to examining the issues involved with CE within the current disruptive innovation age.

The volume begins with the chapter, “Unpacking Corporate Entrepreneurship: A Critique and Extension,” by Minet Schindehutte of Syracuse University, Michael H. Morris from the University of Florida, and Donald F. Kuratko of Indiana University – Bloomington. The study examines entrepreneurship in established firms holistically and critically by reviewing previous research and highlighting a variety of definitional, conceptual, methodological, contextual, and temporal factors that have been confounding research. The chapter then presents a multidimensional framework that specifies a more nuanced picture of the determinants, motives, activities, and consequences of corporate in established firms. Conceptual, methodological, and practical implications are discussed.

Younggeun Lee and Patrick M. Kreiser of Iowa State University then present the chapter, “Entrepreneurial Orientation and Ambidexterity: Literature Review, Challenges, and Agenda for Future Research.” They examine the main effect of entrepreneurial orientation (EO) – a firm’s strategic entrepreneurial posture – on balancing exploration and exploitation in the form of organizational ambidexterity. Resource-constrained firms face an imperative to conduct innovative activities, survive hostile environments, and compete with larger and more resource-rich firms. The authors contend that firms can address these potential impediments through achieving ambidexterity via dynamic capabilities, firm-specific resources, and institutional factors. The chapter discusses the most prominent scales and measures of EO, exploration, and exploitation, as well as the operationalizational challenges that should be considered when conducting EO-ambidexterity research.

“Integrating Corporate Entrepreneurship and Organization Development through Learning and Leadership” is a chapter authored by Erik Monsen of the University of Vermont and Alan D. Boss of the University of Arkansas at Little Rock. They take a fresh look at questions of learning and leadership from the perspective of organization development, a field which has long studied questions of planned and emergent change. This alternate perspective adds to the knowledge and understanding of the role of individuals and teams in CE and presents opportunities to integrate learning and leadership. In particular, the organization development literature provides multilevel measurement methods and tools to better analyze the employee and team level-of-analysis to better explain the interaction between CE strategic orientation and the performance of corporate venturing employees and teams.

Donald F. Kuratko and Emily Neubert of Indiana University – Bloomington present a chapter entitled, “Corporate Entrepreneurial Leadership: Addressing
Critical Challenges in a Disruptive Age.” They examine the key challenges that must be addressed by today’s corporate entrepreneurial leaders in this age of disruptive innovation. As research on corporate innovative activity has evolved, numerous researchers have acknowledged the importance of particular leadership activities to enhance the effectiveness of corporate entrepreneurial activity. These include framing the innovation, developing the internal architecture, coordinating the managerial levels, integrating design thinking, recognizing the grief associated with project failure, and demanding ethical standards.

“Corporate Entrepreneurship as a Survival Routine” is then presented from Robert P. Garrett, Jr. and Tommie Welcher of University of Louisville. In this chapter, they conceptualize CE as a mental model that allows firms to adapt to new competitive landscapes by facilitating the development of new cognitive scripts and schemas. Explaining what it means for a firm to be competitively bewildered, or lost, in a rapidly changing competitive domain, they map the attributes of an entrepreneurial firm – adaptability, speed, flexibility, aggressiveness, and innovativeness – to stages of the bewilderment process wherein they may be most helpful to realign competitive realities and entrepreneurial scripts and schemas. The chapter concludes with proposed contributions resulting from conceptualizing CE as a bewilderment schema, representing a novel perspective.

Jeffrey S. Hornsby from the University of Missouri-Kansas City then discusses how innovation teams often suffer because management fails to develop a change strategy and prepare managers and participants to work in teams in his chapter entitled, “Critical Elements of Team Formation to Enhance Organizational Innovation.” His chapter provides a discussion of the critical elements needed to prepare team member including reviewing the team development process and offering insights on how to manage communication, conflict resolution, creative problem solving, and decision-making to enhance team performance. Additionally, research on the use of innovation teams is presented along with some recommendations for management to implement innovation teams in organizations.

Focusing on the practical considerations for organizations when endeavoring to invest in design, Travis J. Brown of Indiana University – Bloomington presents a chapter on “Effectively Leveraging Design for Corporate Innovation.” He shows how designers and their organizations should view their profession for the benefit of corporate innovation. Interviewing strategic designers from across the United States to solicit their opinions on design thinking, strategic design, and design strategy, he demonstrates the relationship between those concepts and how they could be, and should be, reflected in practice. This chapter explores the relatively nascent profession of strategic design (distinguished from design strategy) to provide guidance regarding how design and designers should be viewed and supported by the leadership of their organizations to fully empower them to support innovation.

The final contribution takes a more practical view of today’s technological companies are finding success in reaching for the future. “A Practitioner Review of Technological Firms’ Success in Corporate Innovation” presented by Harrison R. Holt of Indiana University examines some of the factors that influence an organization’s willingness to initiate and sustain an innovation strategy. Reviewing the latest
innovative developments with the technological sector since they are regarded as leading this disruptive age, this chapter examines the most recognized companies in the technological space and discusses their newest explorations. The chapter concludes with two frameworks that illustrate the similarities and differences in the technology firms’ approaches to corporate innovation activity.

**CONCLUSION**

We are deeply grateful to all of the scholars who contributed their significant work for this volume. While the chapters have taken different perspectives on CE and innovation, it is clear that in this disruptive age these topics are on the leading edge of the field. The contributions presented in this volume reflect new and important research questions and identify further theoretical avenues requiring exploration. It is our hope that the unique perspective and scholarly results on CE presented in this issue will be viewed as a significant contribution to an emerging field.

**REFERENCES**


