



DEGREE PROJECT IN INDUSTRIAL MANAGEMENT,
SECOND CYCLE, 15 CREDITS
STOCKHOLM, SWEDEN 2018

Assessing motives for Corporate Entrepreneurship

A case study on established Nordic companies.

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TRITA TRITA-ITM-EX 2018:351

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by

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Master of Science Thesis INDEK 2018:6
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Abstract

Due to constant disruption, companies need to embed innovation into their everyday activities in order to cope with competition and be successful. Corporate Entrepreneurship is playing an important role in fostering innovation and is needed to avoid disruption. However, companies have also different motives when handling CE as well as various ways of implementing it in the organization. This study investigated the motives of CE among large companies and the various implementation efforts. Therefore, the research question is: *Which are the motives for CE?* and the sub-question is: *How does that lead to variation in CE implementation?*

The focus of the study was large companies which headquarter in Nordic countries and belong in different industries. Therefore, nine semi-structured interviews were performed and after, the data from the interviews were analyzed with thematic analysis. The results showed that the companies have different reasonings about their CE efforts and the CE implementation varied depending on the companies' motives. However, these factors may not affect directly the organizational maturity. Therefore, companies can have their motives and support their CE efforts in different ways without influence negatively the maturity of the organization.

Keywords: Corporate Entrepreneurship, Corporate Incubation, Entrepreneurship, Industrial Management, Innovation Management, Innovator's Dilemma, Open Innovation, Sustainability

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Acknowledgements

This Master of Science thesis in Entrepreneurship and Innovation Management was conducted at the School of Industrial Engineering and Management at KTH Royal Institute of Technology in Stockholm, Sweden.

We would like to express our gratitude to our academic supervisor Kent Thorén, PhD, KTH and our supervisors at the commissioner organization for their great support.

We would also like to thank all interviewees for their time and enthusiasm for our research. Without them this thesis would not be possible.

Our families also deserve many thanks for their great support. Finally, we are especially grateful to our partners Patrick and Mathilda for their support and encouragement, which enabled us to complete this work.

Stockholm, May 2018

Per Esbjörnsson & Maria Ioanna Sarri

1 Introduction

In this first chapter the thesis subject is introduced and put in a context. Following this is the thesis purpose and research question. Finally, the delimitations made in this work are described as well as a section to introduce the thesis disposition.

The global power of multinational corporations is substantial. In a 2015 ranking of the world's 100 most powerful entities, 69 of them were corporations and only 31 nations (Green, 2016). However, the life expectancy of a fortune 500 company has dropped from an average of 60 years in the 1950s to less than 20 years (Sheetz, 2017). What is now seen as the usual suspect for this drop is the accelerating rate at which disruptive innovations in combination with introducing business model innovations, e.g. (Bower and Christensen, 1996; Christensen, 2002; Christensen and Raynor, 2003). Now more than ever, established businesses are looking for ways to use their influence to remain competitive and beat the short life expectancy.

Corporate Entrepreneurship (CE) which is a concept for the process of creating new business within established firms and improve organizational profitability. The purpose is to improve the organizations' competitive position and renew the business (Zahra, 1991). Using Corporate Entrepreneurship to renew the business plays a key role in fostering creativity and innovation Antoncic and Hisrich (2004) which in turn is needed for avoiding being disrupted (Christensen and Raynor, 2003).

So far, an extensive number of studies have focused on researching and defining corporate entrepreneurship, e.g. (Parker, 2011; Pinchot, 1985; Zahra, 1991), and factors that drive innovation, e.g. Cho et al. (2016), and innovation development, e.g. Kanter (1985). Studies have also found that innovation can be considered a competitive advantage for organizations Porter (1992), and is vital for businesses survival, Eisdorfer and Hsu (2011), as well as is positively associated with firm value creation (Hall et al., 2005).

Yet, in a study of 3600 firms in 82 countries, 63 % of companies are experiencing disruption, and 44 % are highly susceptible to future disruption (Abbosh, 2018; Savic, 2018). The rate of disruption in a combination of the low life expectancy of firms indicates the severity of the business challenge.

1.1 Research Problem

Both CE and disruption has been researched in past decades, and many organizations are continuously restructuring and repositioning themselves to improve their corporate entrepreneurship and innovation efforts. Yet the research into empirically understanding of firms actual motives with CE is fairly recent. Attempts of measuring the strategic motives have been made by (Thorén, 2014). However, this research has not specifically looked at motives and motives impact on implementation among large Nordic firms and have not taken a qualitative research approach. The research problem is theoretical, and a solution is significant for tailoring the practices adopted when it comes to corporate entrepreneurship management.

1.2 Research questions

A research question with a sub-question is posed with the purpose to address the research problem.

1. Which are the motives for CE?

- How does that lead to variation in CE implementation?

1.3 Delimitations

To help define the parameters of the research some delimitations have been made. The case organizations selected to study all have a Nordic origin and headquarter. This delimitation is made so the case organizations corporate culture has been shaped in a similar societal culture and operate in a similar macroeconomic environment. This deliberately delaminates cases from the United States as the existing body of research on innovation management exceeds empirical research conducted in the Nordic region. Practitioners in Nordic countries see the lack of Nordic centric research as frustrating and claim that US-centric cases cannot always translate to Nordic conditions.

The size of the company function as another delimiting parameter. The organizations selected all have more than 10.000 employees globally and an annual turnover above € 2.5 billion. The size parameter ensures that the organizations all have an extensive existing corporate structure, with inherent challenges in regard to corporate entrepreneurship innovation. The company size also requires new business ventures to reach a sufficient scale and profitability potential to be financially viable in the context of the organization. Common for the case companies is also that they operate in markets which can or are subjected to disruption. Which means no companies that operate in monopolies were included in the study. The research is also delaminated to focus on a firm level perspective. Saying that the performance on a team level, department level or individual level are viewed from the context perspective of the company level impact.

1.4 Thesis structure

The report is divided up into six chapters; the first chapter includes the introduction and the research objectives. The second chapter describes the theoretical background and the third chapter provides the research methodology. The results of the interviews are shown in the fourth chapter. The fifth chapter discusses the results, and in the final sixth chapters, the conclusion of the research is presented and suggestions for future studies given.

2 Theory

This second chapter describes the theoretical framework applied in this study. It aims to give the reader an understanding of the theories applied, definitions of key terms and a brief account of existing research.

2.1 Entrepreneurship, Corporate Entrepreneurship and Industrial Management

2.1.1 Entrepreneurship

Entrepreneurship, is the process of designing, launching and running new businesses (Hsieh and Wu, 2018). Through this process, creative ideas become useful innovations providing solutions for customers. Entrepreneurship, according to Landström and Harirchi (2018) has become “a catch-word: politicians and policy-makers regard entrepreneurship as a solution to a range of societal problems, while in academia entrepreneurship has grown significantly and can be regarded as a successful and prosperous scholarly field.” The subject of entrepreneurship, the authors continue, has become a “hot” topic among universities all over the world. From “entrepreneurial universities,” to increased amount of research available on the subject, the awareness about the field has exponentially expanded.

However, as the term is used in a wider context, what constitutes entrepreneurial abilities has become a significant topic of discussion (Sharma and Chrisman 1999). With this wide perspective, “entrepreneurship has become more a hypothetical and abstract term attached to any individual or group creating new combinations (e.g., Lumpkin & Dess, 1996; Pass et al., 1991), either on their own or attached to existing organizations.”, the authors say.

2.1.2 Corporate entrepreneurship

Corporate entrepreneurship is the creation of new business within an existing firm. Often terms like “new business creation,” “corporate venturing,” “internal corporate venturing,” “intrapreneurship” are used interchangeably used to refer to the same concept (Zahra, 1991). In this research, the original naming used is corporate entrepreneurship. However, a distinction between corporate entrepreneurship and an intrapreneur is still relevant to make. Intrapreneurs are “Those who take hands-on responsibility for creating innovation of any kind, within a business” (Pinchot, 1985). Hence an intrapreneur is an individual carrying out intrapreneurial activities that may or may not be part of a corporate entrepreneurship strategy.

Parker (2011), Kuratko et al. (1990) and others suggest that corporate entrepreneurship helps managers to renew and re-energize their businesses, to innovate, and to boost their overall business performance. Although “there is an expanded recognition of the entrepreneurial activities within existing firms, ambiguities continue to plague attempts to define such activities” Sharma and Chrisman (1999) say.

The concept of corporate entrepreneurship has continued to progress over the last 40 years beginning with Hill and Hlavacek (1972), as well as Peterson and Berger (1972) and later studies from Hanan (1976), and (Quinn, 1979). Notably, Hill and Hlavacek (1972), in their study,

suggest that the ‘‘venture team’’ should be a new division in the company, so the innovation activity is organized there, rather than being unstructured in all the departments of the company. However, the innovation process is not excluded from the rest of the company. According to Hill and Hlavacek (1972) from the concept of the venture team, a great number of comparative advantages emerge. They argue that venture teams eliminate much of the ineffectiveness of new product planning committees since the committees often are failing to resolve the problems and conflicts in the new product development process. Furthermore, they mention that it is impossible for long-range planning departments to be responsible for new product development. That happens due to the fact that they often deal with budgets and others, making it impossible to ‘‘give undivided attention to the innovative process on a continuing basis’’.

In addition, Burns (2011) suggests in his book *Entrepreneurship and small business: start-up, growth and maturity*, several advantages of corporate venturing in large organizations. From external sources, innovation and knowledge can be brought into the organization. Corporate entrepreneurship allows for semi-autonomous operating units which can have their sub-culture, business models and incentives in place. The creation corporate entrepreneurship and carrying out such work is often highly motivating to the staff involved.

However, it is common sense that, inherently different from routine tasks, corporate innovation efforts have characteristics of a high uncertainty of return on investment return and long investment cycles (Holmstrom, 1989; Jiang and Yuan, 2018). Quinn (1979) wrote: ‘‘Progress on innovation comes in spurts among unforeseen delays and setbacks [...] in the essential chaos of development.’’. The innovation process, according to Kanter (1985), included little or no experience to use to make forecasts about the outcomes while anticipated costs may be overrun. Kanter (1985) says that the results of such process are highly uncertain, and she suggests the several success factors. First is a committed visionary leadership willing to initiate and sustain effort by faith in the idea. Secondly, the existence of ‘‘patient money,’’ or capital that does not have to show a short-term return. Thirdly, a great deal of planning flexibility, to adjust the original concept to the emerging realities.

2.1.3 Strategic motives for corporate entrepreneurship

Until fairly recently researchers have largely taken organizations motivations for engaging in venture creation using corporate entrepreneurship for granted. Thorén (2014) proposed and tested an instrument for measuring organizations’ motives which were tested on 274 SMEs. The research identifies three main sources of motives: specific motives, non-strategic motives and general motives. The specific motives can be economic ones like increased growth or profit. It can also be a motive of competition in attempts to improve the organizations' position in the market. Or it can be competence development motives. The non-strategic motives are those that are not related to the business’s needs. It can be motivation from the need for personal achievement and recognition. The general motives are related to how the organization responds to strategic urgencies. The style of organizations’ responses varies. They can come from how the need for ventures to deal with issues is perceived. It can also come from the responsiveness of the organization.

Social and sciences suggest that there is more than one motive what an individual does, as is creating a venture or developing CE concepts within a large organization. Motives on a firm

level are categorized into general and specific motives. General motives concern how the purpose of a venture interacts with the strategic urgency of the firm. A subcategory of general motives is the adaptive styles of the companies, which represents the firms’ responsiveness to the strategic conditions when starting a venture (Thoren, 2014).

Adaptive style can range from proactive to reactive, and it shows “the firms’ respond to threats in the external environment, with ventures being launched mainly after high urgency and the preempting of other alternatives.” (Thoren, 2014, p. 269).

2.1.4 Measuring corporate entrepreneurship maturity

Researchers have asked how corporate entrepreneurship can be measured. To this end, several scholars have attempted to provide a solution for this. Notably Kuratko et al. (2014), where they developed an assessment tool called Corporate Entrepreneurship Assessment Instrument (CEAI). The tool measure from five dimensions that determine the CE environment: top management support, autonomy, rewards/reinforcements, time availability and organizational boundaries. Building on Kuratko et al. (2014) ideas Elia and Margherita (2018) developed a tool to measure crowdventinging maturity for CE. In Appendix III the element of maturity they identified can be seen. Building on this they developed a matrix to map organizations maturity based on their level of related organizational maturity and individually related maturity. This matrix is illustrated in Figure 1. Both maturity assessment attempts by Elia and Margherita (2018) and Kuratko et al. (2014) are based on organizations self-reporting through questioners.

Figure 1. Crowdventinging matrix with company archetypes

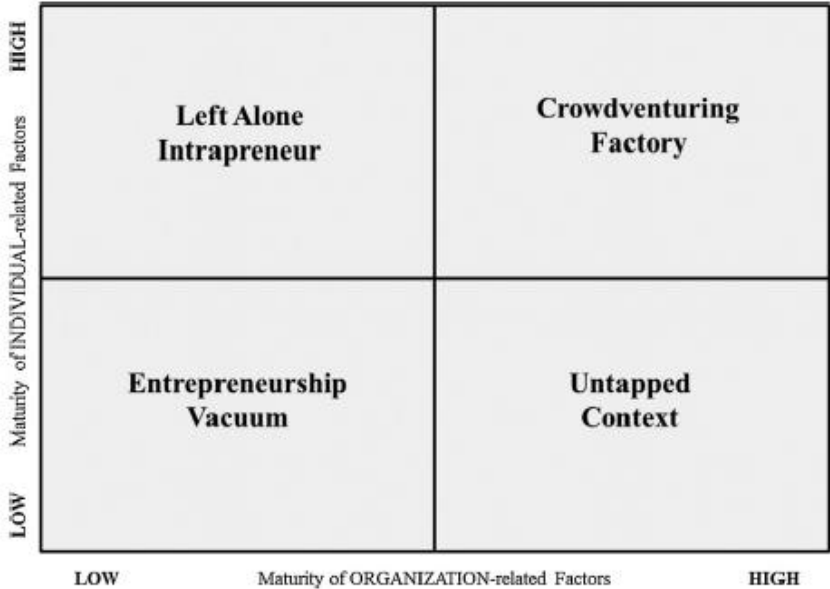


Figure 1 show a maturity matrix developed by (Elia and Margherita, 2018)

2.1.5 Industrial management

The subject area of Industrial Management has its starting point in an organizational perspective and the value-creating processes in that organization. Although it is its discipline, it does not introduce any special finance theories or methods that do not exist in business administration and economics, but the difference rather lies in the context. The subject area grew out of the needs of the industrial organization but has today come to apply to any technology intensive organization (Engwall et al., 2017).

2.2 Innovation and Innovation management

Innovation refers to the process of transforming an idea or invention into a product or service which creates value or for which customers will pay. Innovations are undoubtedly essential to entrepreneurship, both in an existing business or a new venture (Bessant and Tidd, 2007; Trimi and Berbegal-Mirabent, 2012).

2.2.1 Classifying Innovation

Different innovations impact organizations differently much efforts has been spent on classifying types of innovation. There is yet to be established an academic consensus on which innovation classifiers should be used and how they should be defined. Two long-standing classifiers are radical innovation and incremental innovation. Henderson and Clark (1990) describe incremental innovations as taking the existing capabilities of an organization and makes them stronger. While a radical innovation requires an organization to get a new skillset and use new methods to solve problems. Henderson and Clark (1990) argues that these classifiers are of their own insufficient and can be misleading, as innovations that are classified as incremental technical innovations can still change an organizations' competitive ability drastically. Instead, they propose the introduction of architectural innovation and modular innovation. Figure 2 shows the four classifiers in a two-axis matrix. On one axis are the core concepts of an organization used to distinguish incremental from radical. On the other axis is the linkage between concepts and components. By distinguishing if this linkage is changed or not the two additional classifiers are created. Henderson and Clark (1990) means that an architectural innovation preserves the core concept of the organization but change how they are linked. An example of such an innovation would be a stationary computer manufacturer starting to manufacture laptops. The components set is similar, a hard drive, a processor a screen and so on. Yet the interaction between the components needs to change. A radical innovation for the manufacturer would switch to only offer cloud computing. A modular innovation would be a switch from a VGA connection standard to HDMI.

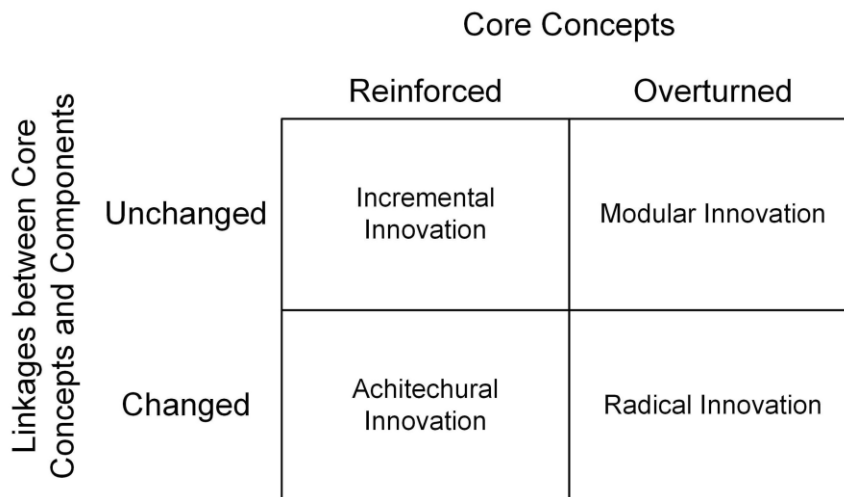


Figure 2 Show four categories of innovation, own figure, freely based on (Henderson and Clark, 1990).

Many other scholars and practitioners have attempted to define innovation classifiers in their way and add new classifiers. Terms such as breakthrough innovation, game-changing innovation, process innovation, social innovation to mention a few. In this research, we use the classifiers presented by Henderson and Clark (1990) and adding the concept of disruptive innovation Bower and Christensen (1996) which will be introduced below as well as the term business model innovation. A business model is a rationale for how an organization creates, delivers, and captures value. Business model innovation is about replacing or improving existing business models with ones that better deliver value to the organizations' stakeholders (Osterwalder et al., 2010).

2.2.2 Innovator's Dilemma

The “innovator’s dilemma” was first coined by Professor Clayton Christensen in his 1997 book with the same name. The expression captures how and why established businesses often fail to respond to disruptive innovations. These disruptive innovations are usually a combination of disruptive technology with a disruptive business model innovation. Christensen (2015) argues that the past successes of a business pave the way for its future disruption. Industry dominating businesses tend to employ sustaining innovation to improve existing products continuously, often to make products more effective and efficient for the users. Christensen distinguishes this type of innovation from what he calls disruptive innovation, first introduced in Bower and Christensen (1996). The disruptive innovations are often early on seen as less effective and low-performance products. However, they eventually evolve to meet the future needs of customers and expand to new market segments. The concept of disruptive innovations was further refined by the introduction of low-end disruption Christensen (2002) and new context disruption Christensen et al. (2004). Low-end disruption values propositions that do not fulfill the high-end customers need fully but can still be good enough for many customers. New context disruption is the disruption that occurs when existing technologies and business models disrupt a by being put in a new context.

The problem that businesses face is to choose between sustaining innovation, which often generates short-term gains, and disruptive innovations, that are unproven but could be the future of the company. Disruptive innovations are often first established through niche markets that already have an unmet demand for something that the innovation can fulfill. The innovator's dilemma shows that niche markets can't necessarily be ignored. Established businesses need to balance resources and efforts between both sustaining innovations and disruptive innovations, or else risk disruption. This problem for established businesses to handle disruptive innovations create the market opportunity that startups build their business upon. The innovator's dilemma can be used to argue that established firms cannot afford to in the long term to ignore the smaller market opportunities and utilization of yet unproven technologies and business models.

Although a hugely popular concept, the innovator's dilemma has not gone without criticism. Especially the effect of low-end disruption in consumer markets has come into question. Critics argue that end consumers are not rational to the same extent as businesses are and therefore the rationale of low-end disruption is flawed. An example is Apple's success from focusing on sustaining innovations with their iPhone and iPad products, releasing only minor improvements each new generation. Competitors have tried to disrupt the lower end of this market for years. Apple has avoided disruption by creating a strong consumer following. Critics mean this "irrational" consumer behavior proves a fault in the theory of low-end disruption (Thompson, 2013).

Another critique questions the whole prevailing perception of the impact of disruptive innovations on firms' long-term success. Christensen's original research on disruption was conducted in the hard drive industry in the late 1980s. A critic showed that that the companies that were identified as disrupted had gone on to succeed in the present day. Meanwhile, disrupting companies in the hard drive industry that Christensen identified had long since failed. This is used to argue that the long-term successful companies were, in fact, those good at sustaining innovations, not disruptive. The critic goes on to accuse Christensen of confirmation bias and that businesses disruption cannot be considered as a law of nature (Lepore, 2014). In a 2014 interview with Business Insider, Christensen responded to the critique and strongly refuted that the theory of disruption would be based on sub-par research. He also holds fast that over time all industries are eventually disrupted even if it takes half a century. He exemplifies this with the case of the hotel industry that took half a century before being disrupted by Airbnb (Blodget, 2014).

2.2.3 Solving the Innovator's Dilemma

In the past two decades corporations' desires to solve the innovator's dilemma has spurred on the academic research, management consultants and executives. Notably in Christensen's follow up books: *The innovator's solution: creating and sustaining successful growth* and *Seeing what is next: using the theories of innovation to predict industry change* (Christensen et al., 2004; Christensen and Raynor, 2003). In these books, Christensen and his co-authors focus on how corporations can become the disruptors themselves rather than being disrupted. They argue that companies' innovation success is not random, but rather can be predictable if right theories, methods, and tools are applied. They continue to point out some mistakes established businesses make that open them up for disruption and offer advice on how to act instead. In the following

section these points made by Christensen et al. (2004) and Christensen and Raynor (2003) are summarized:

Avoid over-engineering – Companies tend to over-engineer products giving them features that the market did not ask for or want. It is estimated that three-quarters of money invested to develop and bring new products to market is wasted. Instead, it is advocated to follow a simple principle: customers want products that get the job done.

Avoid focusing on only core competences – Another mistake pointed out is the tendency by companies to only focus on their core competences and outsource everything else. This is a dangerous habit since it can impede the organization's learning. Core competences today might not be valued by customers in the same way in the future.

Avoiding commoditization – as an industry and a company mature there is an inevitable risk of commoditization. This impacts the profitability as profits move to other parts of the value chain. This happens because companies over time tend to overshoot the customer needs making customers redefine their basic expectations. It is also due to modularization since it allows for the disintegration of the value chain into more actors who also effect the possibility for profitability for a single actor. Meanwhile, as one side of a value chain goes through a process of commoditization another will be in the process of de-commoditization. Managers need to be alert to spot both commoditization risks and de-commoditization opportunities in the market. These risks and opportunities will be seen on the outskirts of the organization and not in the core.

Use of emergent strategy – there are two distinct ways to how strategy is shaped in an organization; deliberate strategy and emergent strategy. The deliberate strategy is corporate strategy formed by its traditional method, by upper management through focused data-driven analytics. Emergent strategy comes from within the organization on the middle management level and below. This strategy is more tactical and driven by spotting market opportunities. When the future is unpredictable emergent strategy should dominate.

Learning – the ability to learn from previous disruptive transformations experiences among management and staff is a key success factor. The mindset and skills needed for times of disruptive innovations are radically different than those needed when managing sustaining innovations. Psychology professor Carol S. Dweck introduced in her 2016 book *Mindset* the concept of growth mindset. A person with a growth mindset sees learning as a life goal and failures as learning opportunities (Popova, 2014). Some organizations have taken this to heart, Alphabet, the parent conglomerate to Google, look specifically for a growth mindset to ensure hires fit in their innovation culture (Woods, 2014). The learning also needs to go beyond management. Staff in, e.g., engineering and sales need the ability to distinguish between the types of innovation and spot market opportunities that can lead to disruptive ideas. A team should also be created to specialize in collecting disruptive innovation ideas and shape them into business propositions.

Impatient for profit – over time corporations are likely to see their growth rate drop. This tends to put pressure on developing disruptive innovations to quickly grow and scale. This is something that often becomes a deathblow to disruptive innovations. Instead, they suggest that developing innovations should focus on profit and not growth. Focusing on the profit force the company to test that customers are willing to pay for the product. Too early focus on growth risk

is spending vast sums on ventures that are unproven and won't become profitable for the organization.

2.3 Organization of Innovation Efforts in Established Firms

Once a disruptive innovation opportunity been identified the question of how the organization is supposed to handle this opportunity remain. Creating a corporate structure to facilitate innovation and nurture new venture ideas in an organization has for a long time been a cause for an executive headache. Burgelman (1984) introduced a set of nine design alternatives for corporate entrepreneurship to choose from. To choose among the alternatives Burgelman (1984) also propose a two variables framework. The first variable is the “strategic importance,” ranging from a low to high strategic importance. The second variable is the “operational relatedness,” which is the organization’s existing capabilities to realize the idea successfully and find synergy with existing operations. This framework and the nine alternatives are illustrated in Figure 3; the alternatives range from *direct integration* to separation by a *corporate spin-off*.

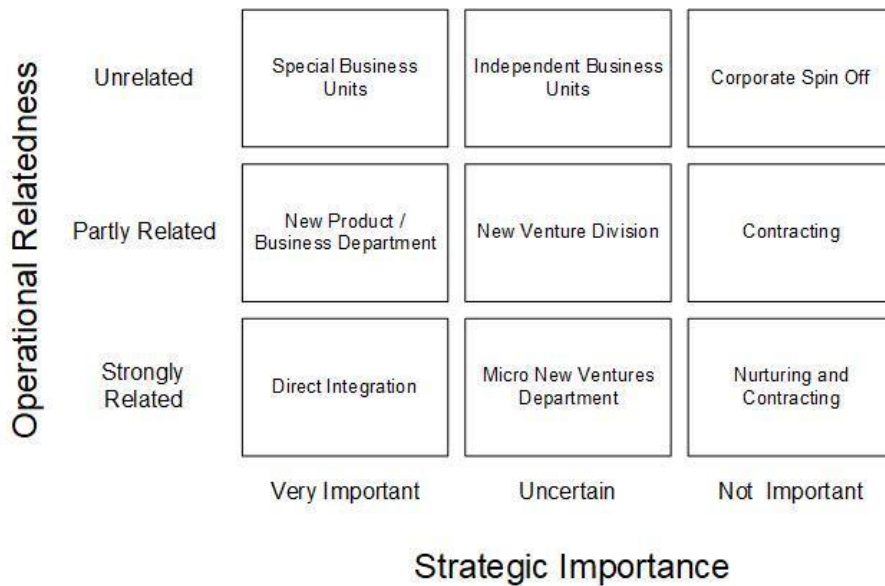


Figure 3 Organizational structure alternatives for new venture positioning, own figure, freely based of (Burgelman, 1984).

The framework advocate keeping ideas of high strategic importance and strong operational relatedness close to the core through direct integration. New product or businesses departments can be created where the organizational relatedness is only partially related. This should allow for a degree of flexibility needed for the organizational learning required to succeed. If the organizational relatedness is even less related, special business units can be set up. These can, later on, be integrated into an operating division. For ideas of more uncertain strategic importance new venture departments. These departments can take advantage of the existing capabilities in the organizations while given freer reins from current strategies. Contrary to new

business departments the new venture departments should have looser administration ties and greater freedom within a budget frame. In the middle of the matrix are those ideas under the highest level of ambiguity. For new venture divisions, it is advocated that the administration is kept fairly loose and flexibility in sourcing from both internal and external resources is given. In cases where there is no operational relatedness, the ideas can be developed in independent business units. These units can have management influence from the main organization but in other aspects act separately. For strategically unimportant ideas but where the organizations' capabilities are highly relevant the organization may help entrepreneurs to nurture a new venture. What is eventually developed by the entrepreneur may benefit the organization in yet unseen ways. A complete spin-off venture is appropriate when the venture don't fit the current strategy and capabilities (Burgelman, 1984).

More recent literature concurs with Burgelman (1984) that ventures that are both strategically unimportant and can't use the organizational capabilities ought to be spun out of the organization, e.g. (Burns, 2011; O'Reilly and Tushman, 2008).

2.3.1 Incubation models

A popular approach to fostering innovation in the organization is the use of corporate incubators (Weiblen and Chesbrough, 2015). Corporate incubators grew out of the concept of business incubators. Business incubation is a staged process and resource allocation that attempts to create a mechanism for new ventures creation. Business incubators first appeared in the late 1950s, by offering office space to new business ventures. This concept expanded, and incubators offer range resources, typically in exchange for rent and/or equity (Hackett and Dilts, 2004). Today there exists thousands of business incubators worldwide, once recent source estimate a count of about 7000 (Mrkajic, 2017).

Established firms have taken the business incubation concept and developed internal business incubators, sometimes called corporate incubators. As more R&D efforts are spent externally, these corporate incubators allow both corporate entrepreneurs and external ventures (Becker and Gassmann, 2006). One of the earliest examples of a corporate incubator was the energy company Shell's creation of an incubator called GameChanger in 1996. GameChanger was formed to create an environment for entrepreneurial ideas and activates within the organization. Shell's then CEO Tim Warren realized that the organizations' innovation capabilities were lagging behind. This partly due to the heavily regulated industry, the size of the company and tight control on capital ("Shell - GameChanger," n.d.). Since then many large organizations have followed in Shell's footsteps and created own iterations of corporate incubators. Some noteworthy examples include IBM, Bosch and The Lucent New Ventures.

Since the mid-1980s, dozens of incubation models have been developed to help guide organizations to set up a structure and process for incubating ideas. The type of these model have varied, some have focused more on the structure e.g., Qureshi et al. (2016) and others on the process e.g. Aruna and Chia-An (2011).

2.4 Corporate Culture and Staff Engagement

The innovation process is knowledge-intensive and depends on individual human intelligence and creativity Kanter (1985). Organizations are in need of entrepreneurial activities from individual employees in order to successfully adapt and proactively act upon environmental changes (Miles et al., 2010; Morris et al., 2011). Parker (2011) also highlights the importance of human capital for understanding the determinants of start-up organizing efforts. Becker (1975), makes a distinction between ‘general’ and ‘specific’ human capital. General human capital the author says “comprises skill, knowledge, experience, and capabilities which are useful in a multitude of productive uses, including both existing organizations and new venture creation.” On the other hand, specific human capital presents the “skills, experience, knowledge, and capabilities which are primarily useful to the organization which provides them.”

Undoubtedly, human capital is strongly linked with the innovation process as Gawke et al. (2017) that “a concise definition of intrapreneurship at the employee level (i.e., employee intrapreneurship) is currently lacking.” In the newest literature, the researchers’ definition of employee intrapreneurship is employee actions characterized by initiating, taking risks, being proactive and coming up with novel ideas (Bolton and Lane, 2012; Jong et al., 2015). Personal resources play a key role in the psychological mechanisms explaining causes and consequences of employee behavior, such as employee intrapreneurship Gawke et al. (2017). They, according to the researchers “represent a set of characteristics that form an individual's self-beliefs of his or her ability to control and impact upon the environment.” Personal resources are bonded with the work engagement of the employees which is related to proactive work behavior in several studies (Bakker, 2011). Thus, it is important for the organization in order to benefit from successful innovative activities, to create a flexible environment which supports and embraces the employee intrapreneurship.

However, the beginning of everything starts at a country level. Chen et al. (2017) argue that national culture is relevant for business outcomes since private organizations interact with their local environment through employees, customers, and suppliers, hence their surroundings. In their study, they showed that organizations in countries which characterized by individualism were more innovative than firms in high uncertainty-avoidant countries.

2.5 Sustainability and Innovation

Ben Youssef et al. (2018) says that despite the promises entrepreneurship has given climate change mitigation, and further sustainability, its role, and nature are uncertain. However, “the concepts of corporate sustainability, corporate social responsibility (CSR), corporate social performance and environmental management have received increasing amounts of attention from both academics and practitioners.” (Martinez-Conesa et al., 2017). It is known that sustainability practices are key to a company's survival, the authors say. Organized actions towards sustainability within a company's strategy are likely to become a source of unfair advantage (Lloret, 2016). There are several studies, e.g. White (2009) claiming that corporate sustainability is found at the intersection of environmental protection, social responsibility as well as economic development. Therefore, the management of corporate sustainability and corporate social responsibility is a “strategic and profit-driven corporate response to environmental and social issues caused through the organization's activities” (Martinez-Conesa et al., 2017).

Ueki et al. (2016), in their study, are testing the hypothesis that corporate social responsibility affects innovation, explaining the suggested categories of CSR and its impact. However, Bocquet et al. (2013) earlier had identified the need for organizations to align CSR activities with the firm strategies to create innovation and competitiveness. Halkos and Skouloudis (2018) mention also that developing and been engaged in a meaningful (i.e., strategic) CSR eventually will lead to innovation “as both concepts are built around reflection, learning and performance refinement”, “a ‘thinking-out-of-the-box’ mentality” (Grieshuber, 2013).

Several studies have analyzed and shown that the interconnection between CSR and innovation is real, i.e. McWilliams and Siegel (2000) and Wagner (2010), but the existing studies have not yet explicitly shown the nature of this relationship (Surroca et al., 2010). Increasingly, researchers have explored the link between innovation and CSR and pinpointed the two-way direction that innovation and CSR can take (Bocquet et al., 2013; Gallego-Álvarez et al., 2011). According to Ferauge (2012) two trajectories have been put forward with the first one to be explained by the fact that enterprises are driven primarily by values. These organizations are concerned about the impact of their activities on the environment and the community, but they don’t lose sight of their profit. On the other hand, the second innovation CSR trajectory is present in firms conducted mainly by the creation of value. However, the author concludes that the relationship between CSR and innovation is identified in enterprises where CSR is an essential part of the company's strategy.

2.6 Theory synthesis

From the presented theory a synthesis is made to compile the key success factors or best practices that prior academic research points to. In Table 1 the 15 success factors extracted from the literature. Factor 1 through 4 has long been established as success factors for corporate entrepreneurship. The fifth factor represents the fundamental conviction needed to approach open innovation. 6 through 12 are sourced from Christensen and his co-author's suggestions for how to deal with the innovator’s dilemma. Number 13 concern the use of corporate incubators as a platform for nurturing and developing ideas. The 14th refer to Bakker (2011) conclusions about the flexibility in the corporate culture environment effect on intrapreneurs. The 15th-factor concern the findings supporting a correlation between CSR and innovation.

Table 1 show 15 key success factors drawn from prior research related to successful corporate entrepreneurship, own table.

No.	Innovation success factors	Academic source
1	Innovation activities are organized	(Hill and Hlavacek, 1972)
2	Leadership is committed and visionary	(Kanter, 1985)
3	” Patient capital” is available	(Kanter, 1985)
4	A flexible planning approach	(Kanter, 1985)

5	Externals ideas are considered to be of value	(Chesbrough, 2003)
6	Products are developed to “get the job done”	(Christensen and Raynor, 2003)
7	Core competences evolve and develop	(Christensen and Raynor, 2003)
8	Commoditization is avoided	(Christensen and Raynor, 2003)
9	Emergent strategy is used	(Christensen and Raynor, 2003)
10	Employees are trained to spot disruptive opportunities	(Christensen and Raynor, 2003)
11	Initially a focus on profit not growth	(Christensen and Raynor, 2003)
12	Ideas are collected and developed in an organized manner	(Christensen and Raynor, 2003)
13	Corporate incubators are established	(Becker and Gassmann, 2006)
14	The environment is flexible and support entrepreneurial activities	(Bakker, 2011)
15	Innovation efforts are aligned with CSR	(Bocquet et al., 2013; Ueki et al., 2016)

3 Methodology

In this chapter the study's methodology is introduced. First the overall research strategy and design is described. Following is a description and motivation of the data collection and an introduction to the interview participants. Ethical considerations considered and taken throughout the research process are also stated. Finally the analysis methodology is presented.

3.1 Research Strategy

For the scope of this research, the qualitative approach was chosen, since that approach “attempts to increase our understanding of why things are the way they are in our social world and why people act the ways they do” (Hancock, 2001). This approach was chosen since it provided the advantage of richness and details of the data. As Denscombe (2014, p. 217) mentions “qualitative research scores well regarding the way it deals with complex social situations and the subtleties of social life.”

This research was carried out as a multiple case study which according to Denscombe (2014), concentrates on one or fewer instances of a specific phenomenon to provide deeper knowledge about a certain field. Denscombe (2014) defines a case as “self-contained entity” and has “distinct boundaries.” A case study can be carried out with just a small number of participants and aims at illuminating “the general by looking at the particular” (Denscombe, 2014). Thus the authors decided that a multiple case study approach would be particularly suitable and therefore applied. Including several cases allowed to achieve more valid results than a single case study would have allowed (Yin, 2003). This setup lets the authors to create an empirical foundation, to gain a deep understanding the corporate entrepreneurship maturity of large companies, and therefore to derive more elaborated insights (Yin, 2003). The article *Assessing the maturity of crowdventuring for corporate entrepreneurship*, Elia and Margherita (2018) served as a methodical inspiration. That study was conducted using a mixed approach to, in several steps, collecting data from a questionnaire and semi-structured and in-depth interviews. Also, a similar approach to Elia and Margherita (2018) in assessing maturity using maturity indicators has been used.

An alternative strategy could be to investigate the problem with a quantitative approach. This approach is better for “investigating things which we could observe and measure in some way” (Hancock, 2001). The quantitative approach is used when research seeks to measure the phenomena and then to generate data that are numerical. Thus, the researcher aims to transform what is observed, reported, or recorded into quantifiable units. After, quantitative analysis or analysis using statistical procedures are applied to evaluate and interpret the results (Creswell, 2013). This approach also requires large numbers of participants (Denscombe, 2014).

3.2 Data Collection

It was decided to use an exploratory sample (Denscombe, 2014) since this study was carried out as small-scale research with 5 case studies and aimed at focusing just on large companies headquartered in Nordic. As a consequence, this study used qualitative data, which, according to Hancock (2001, pp. 2) “are collected through direct encounters with individuals.” Therefore, one-to-one interviews were a suitable choice, since they were easy to carry out and made it possible “to locate specific ideas with specific people” (Denscombe, 2014, pp. 176). As opposed

to the interviews, which were chosen, questionnaires could be used to answer the research questions. However, questionnaires were not chosen since they are a data collection method which is applied when the quantitative research strategy is implemented.

For the interviews, the researchers developed a semi-structured interview guide to ensure both commensurability and flexibility which contained open-ended questions around corporate entrepreneurship practices. The researchers conducted one pilot interview/discussion with one stakeholder to refine this guide and concluded to a revised final one. In order to explore the strategic objectives and corporate entrepreneurship maturity in detail, we encouraged the experts to speak openly about everything that came to their minds and, where appropriate, the authors used the laddering technique to pose successive questions (Reynolds and Olson, 2001). Since the focus of this study was to investigate the corporate entrepreneurship maturity of large companies, seven representatives from five established companies were interviewed. In addition, two business consultancies with insights from many companies' corporate entrepreneurship and innovation strategy were also interviewed. Both consultants interviewed had relevant client organizations in the Nordic region. The study was conducted to detect possible similarities and differences between the case studies and derive useful knowledge about the corporate entrepreneurship maturity. The interview guide can be found in Appendix II. The interviewees were interviewed in-person or via Skype during the period April-May 2018. Interview sessions lasted between 60-70 minutes each.

3.3 Participants

Table 2 below, presents an overview of the investigated cases, including some details for each case ID. These details include the number of interviewees for each Case ID, the industry the company operates in, number of employees and turnover. They all had executive-level or higher management roles and were all rated as non-core activities which in some cases tended to come closer to the core business. The authors wanted to investigate the corporate entrepreneurship maturity of large established companies, so they believed that it would be interesting to investigate different industries rather than comparing the companies within the same industry. Two senior representatives from business consultancy agencies were also interviewed. The authors believe that they could contribute to a holistic and industry- independent perspective on firm's corporate entrepreneurship maturity.

Table 2 show an overview of the case company information, own table

Case ID	Number of Interviewees	Industry	Number of Employees (approx.)	Annual Turnover in € billion (approx.)
Case 1	2	Telecom	25.000	7.8
Case 2	2	Networking	100.000	19.5
Case 3	1	Banking	16.000	4.4

Case 4	1	Industrial Manufacturing	44.000	7.6
Case 5	1	Retail	194.000	36
Consultancy A	1	Business Consultancy	260.000	12.5
Consultancy B	1	Business Consultancy	40	N/A

Some of the cases like Case 1 had a structured department where they company is handling innovation while others like Case 2 had a more open voluntary approach where despite departments all the employees were encouraged to participate. There were approaches like Case 4 where the innovation was not that structured, but efforts were made to facilitate it better.

3.4 Ethical considerations

After contacting the interviewees, they were told, that their participation is voluntary and that they can avoid questions they wish or withdraw from the study at any stage. Before each interview, each interviewee received a pdf document which included a small introduction to the topic, the procedure during the interview and a statement that the data will be kept confidential. This document can be seen in Appendix I. Also, before commencing each interview, the authors stated orally to the interviewees the information from the document and confirmed that they accepted to have the interview audio to be recorded.

To retain the confidentiality of the case companies and interviewees, the interviews were anonymized, and the collected data were deleted once the study was completed. Thus, no one expects from the researcher has or had access to the raw data.

3.5 Analysis

The transcribed interviews were analyzed using a deductive approach, which “involves using a structure or predetermined framework to analyze data” (Burnard et al., 2008, pp. 429). The deductive approach was chosen because it “is useful in studies where researchers are already aware of probable participant responses” (Burnard et al., 2008, pp. 429). Thematic analysis is a method researcher can use to pinpoint, analyze, and report themes within data (Braun and Clarke, 2006). This method can organize and describes the in-depth data in detail. Also, with its assistance, the researchers can interpret various aspects of the research topic (Boyatzis, 1998). Thematic analysis is used widely, but there is no precise methodology about how a researcher can conduct it (Boyatzis, 1998).

In the first coding cycle, a thematic content analysis Burnard et al. (2008, pp. 429) was performed manually, to identify and discover themes and codes in the transcripts. The transcripts were read several times and with the CE maturity framework used by Elia and Margherita (2018)

in mind, essential sentences were rephrased into initial codes by the researchers. The codes, as well as important sentences, were put into an Excel-list and compared to find out differences and similarities. The codes were mapped to each element areas from the maturity checklist and then into the maturity framework.

For the organizational maturity the analysis consisted of an evaluation of CE maturity using selected indicators. The interviews were documented in writing and the notes were examined for patterns. The patterns was matched with selected indicators based of the works of primarily (Elia and Margherita, 2018; Kuratko et al., 2014). The selected indicators are presented in Appendix III. The selection of indicators was based on their connection to known best practises in Corporate Entrepreneurship.

Some indicators have been rephrased slightly to better fit the context of the study. These indicators were originally developed to measure the internal environment for CE, measuring maturity of crowd venturing for CE and success factors pooled from the CE literature. The findings of each indicator are assessed into a rating on a scale 0-2 with 0 to represent no indication, 1 represent to some indication and 2 to represent indication. With the 21 indicators of integration the possible summed score range between 0 and 42, where 0 is no indication of maturity and 36 indicate maximum maturity. This is an un-validated further development of the methods proposed by (Elia and Margherita, 2018; Kuratko et al., 2014).

4 Results

In this fourth chapter the results of the study are presented. The chapter structure follows the research question. First the identified CE motives are presented followed by the impact on implementation. The implementation section is structured from the themes and categories identified from the processing the qualitative interviews. Finally, the indicated CE maturity levels for the cases are presented. In the results chapter the cases are referred to using brackets and the case ID number, or letter ID when referring to consultants. E.g. case 1 is referred to as [1].

4.1 Identified motives for CE

Motives identified among the cases are divided into specific motives and general motives. For each motive type, two categories are created. For the particular motives, the categories are economical motivation and organizational learning motives. The general motives are motives that come from responding to strategic conditions and range from proactive motivations to reactive motivations. No interviewee was asked to simply state their CE and innovation motives as the researchers judged that would risk generating a generic answer. Instead, their motivations are identified, pooling from a number of responses from how they are describing their intentions with CE and innovation activities.

4.1.1 Specific motive: economical

Some cases saw their CE efforts being directly related to and motivated by economic gains that relatively quickly should prove profitable to the organization. The economic motivations were also used to argue the need for CE and innovation efforts in the organization. [3, 4]. Most organizations attempt to support the economical motivation using economic KPI's for new products:

“Yes we have some (KPIs), they are not very good. We have ROI. I would not put too much trust on it. We have for example ROI on products that are at most 3 years old, in the market, from that we launched them. I think that is the main KPI that we have actually, on a group level.” [4]

4.1.2 Specific motive: learning

On the other end of the specific motivation spectra is the learning motives. These organizations are primarily motivate their activities with that learning will, in turn, develop future competitive advantages that eventually lead to economic results [1, 5].

“If we have the capabilities we are trying to do it on your own because it is also a learning for us but also depends on where you are in the process.” [1]

Some cases like [1] mentioned explicitly that the learning process is very important for them to accept failures as first learning opportunities. They argued that focus on learning help develop core capabilities and competences, and hence improving CE and innovation outcomes.

[2] indicated that they mixed motivations for learning for competitive advantages and at the same time motivations for more short-term economic gains. This came across as an ambivalence within the organization to focus on both.

4.1.3 General motive, proactive direction

Two organizations indicated proactive motivations with their CE activities. Meaning that they aimed to take actions to coming potential disrupting shifts before they occur [1, 5]. To these end, these companies are allowing changes and pivoting without necessarily waiting to see what the competition is doing but rather trying to disrupt themselves.

4.1.4 General motive, reactive direction

At the other end of the spectra is reactive motivations derive from a sense that the conditions that the organization operate in are under pressure and CE actions are motivated as reactions to other actor’s activities in the market. This was indicated by responses in [2, 3 and 4]. One example of this was seen in [3] which deliberately not adopting some disruptive technologies under development by potential disruptions but rather focusing on more incremental innovations and prepare for and keep track of the potentially disruptive innovations.

4.1.5 Summary of motives result

Figure 4 maps the case organizations’ motives in the two types of motives categories used, specific and general motives. This shows a spread of motivation among the cases. [1, 5] indicate primarily learning oriented motives as intended effect and proactively oriented motives in responding to the strategic circumstances. [3, 4] showed that they were driven mostly by economic motivations and motivated by reacting to changing circumstances. [2] indicated slightly different motivation profile compared to the others. These organizations appeared more ambivalent between being motivated by learning and more direct short-term economic benefits.

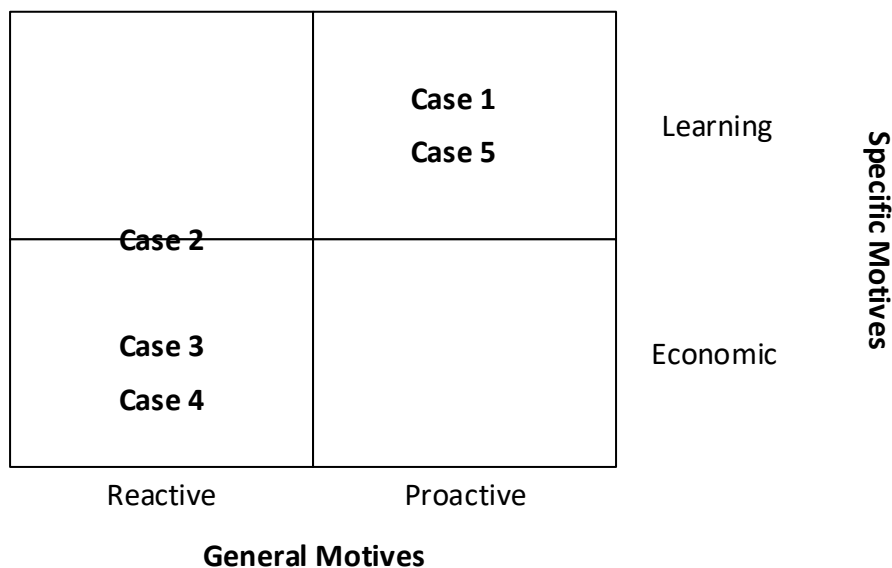


Figure 4 Primary general and specific motives the studies cases showed, own figure.

4.2 Identified commonalities and variations in CE implementation

The results showed varied ways of implementing CE. It includes the activities, structures, tools and resources etc. an organization puts in place to realize CE objectives.

4.2.1 Different structure approaches

Active management of innovation has existed in many organizations for decades as a part of the organizations' ultimate goal of creating value for organizations and their stakeholders. As much as the academic fields of CE and IM have evolved the organizations' environment continuously evolved, the organization's structure needs to keep up with these changes.

“We went through the biggest reorganization ever. During the last three years, we have reorganized more than in the last 100 years. Just one year ago we re-made everything that has to do with technology and R&D, which is where we had innovation before.” [4]

During the interviews, a big part of the discussion was on how companies can adopt a successful organizational structure for facilitating CE. All organizations in the research described significant restructuring in their CE efforts in recent years. Almost all the studied cases stated that their current structure is a product of former restructuring of the organization and the current structure existed not more than four years ago.

“It is a growing phenomenon to have innovation managers now; it might be a hype that is just passing or will be like that for a long time, hard to say. Of course, companies innovated long before innovation managers term was invented. [...]. Of course, there has to be a facilitator in place for innovation. But it is dangerous if organizations start to think that now we have innovation managers in place that take care of it, that is of course not the purpose” [B]

[B] noted the trend for organizations to appoint innovation managers and how some organizations seemed to misinterpret the intended role of innovation managers as facilitators of innovation.

4.2.2 Decentralizing

[4] have opted create a decentralized CE structure. A small central organization has been put in place to support teams and employees throughout the organization in their innovation efforts. Digital platforms had been created to help communication and create virtual innovation teams. Activities such as innovation challenges on particular problems or certain new technology are hosted on the same companywide platform.

“We have a continuous open idea box. So, people can always drop in any idea they might have in mind not fitting any of the campaigns at the moment. And then it is still governed and supported by our team” [4]

The benefits of this structure were primarily to distribute responsibilities for innovation throughout the organization and creating a high degree of transparency. All ideas gathered using the idea box are processed and evaluated. All these ideas gathered were evaluated and depending on the evaluation result, the company continued with the idea in their development processes or dismissed the idea.

4.2.3 Centralizing

[2, 3] have opted for a centralized structure, organizing their CE by creating innovation hubs and new ventures divisions. [2] had a more open approach where internal employees, but also external parties could participate whereas in [3] there was a larger internal focus. That difference may be due to data security concerns in the banking industry that [3] operates in.

“There is a new initiative which is an innovation lab which has the mission, maybe expanding the business. [...] There is the problem of leading people into the lab, but managers can't say no if an idea has been accepted; so the manager has to let this people out, into the lab.” [5]

[5] also mentioned two significant difficulties the company was facing when facilitating CE. First was the implementation open innovation and the second one was the corporate culture which didn't allow so much innovation as the interviewee said explicitly. These two aspects seemed like the main reasons why the structure of innovation in case [5] was centralized.

4.2.4 Mixed structure

[5] had created mixed structure combining elements from both a centralized and a decentralized structure. A number of smaller dedicated innovation units had been instigated across the company. These teams were integrated with the main functions of the organization and facilitating CE across the organization with different responsibility areas. Some central communication had emerged to encourage increased exchange between different innovation units.

“We have different themes within different areas. For example, we have one team in retail [...]and then others like business development which is called customer experience, business development and innovation etc.” [5]

[1] had created a dedicated new ventures division in combination with a corporate incubator. The division got resources to develop own projects as well as a role to support innovation and CE activities in the organizations' other parts. To engage the rest of the company, the innovation team had distributed the responsibility among the members of the team to internally communicate the innovation news and engage more people across the company.

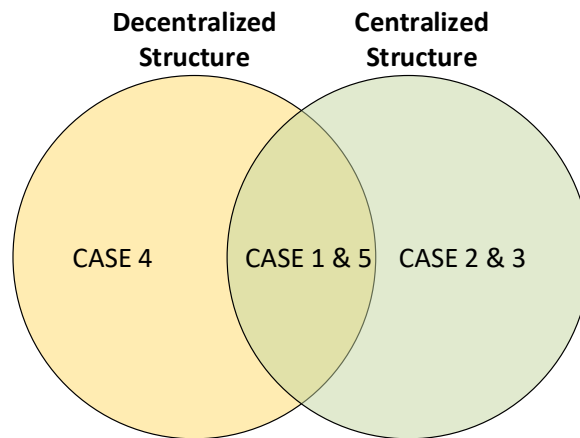


Figure 5 Structural approaches the cases displayed ranging from centralized to decentralized, own figure.

Figure 5 illustrates the indicated structural differences between the organizations. There are some similarities but also some significant differences among the studied cases and their strategic structuring approach of handling corporate innovation. An explanation for these differences could lie in the corporate culture of the company and how to engage the whole company is towards innovation. The interviewees discussed that this re-shaping of the organization had been vital, in order the company to be competitive and successful towards facilitating CE.

4.3 Knowledge diversity

4.3.1 External focus

When the interviewees were asked about the sources of innovation they utilize, many different approaches were underlined. Most of the companies tended to have more external focus by organizing events such as crowdsourcing activities and hackathons. Some studied companies also mentioned other sources of ideas like universities, customers and internal employees. These companies were creating events where students were taking part and their task was to generate innovative ideas for given existing problems the company faces.

“We have some ideas’ tracks: we have the startup track, academia track, and customers track. For all of them we have events twice per year for idea generation and the company provides the infrastructure etc.” [2]

[2] had an external focus by engaging not only internal employees but also customers, entrepreneurs and students in their innovative activities. They were organizing hackathons and other event where all the parties were ideating and the best ideas were getting access to the company’s environment for developing these ideas.

4.3.2 Internal focus

Some, however, hadn't have external focus. [3, 4] and had an internal focus trying only to engage their internal employees. However, even though the focus might be related with each company's strategic approach.

“Instead of doing everything in-house we started cooperating with startups and SME. We also buy some SME. [...] We are much more open, we are thinking we don't have to do everything ourselves. We can be more open to the world.” [4]

Case 4, despite this internal focus, seemed to prepare themselves to move from the internal focus to a hybrid approach where both internal parties but also external ones were engaged in their innovation activities.

4.3.3 Mixed focus

Lastly a mixed focus was identified with [1, 5]. These firms were focusing on handling a balance between internal focus and external. These cases had an organized way of attracting internal parties but also external ones like partnerships with other companies and acquisitions of startups. However, that also was depending on the stage of the innovation activity. One said:

“We try to have no-externals when we go from idea to opportunity, we do that in house. But sometimes we have externals. We have two cases in this phase, where we collaborated we startups” [1]

Overall, when the interviewees talked about their company's focus, the overall strategy varied between the cases from in-house ideation and external development [1, 5], to corporate collaborative ideation and development [2] and searching for acquisition opportunities [3, 4].

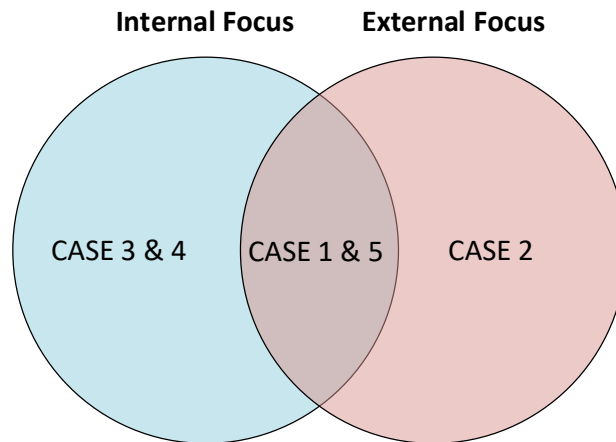


Figure 6 Displayed knowledge diversity, own figure

4.4 Strategic Actions

As digitalization is embedded more and more into the everyday life and innovation is evolving, companies are seeking of ways to be more competitive and discover new business models or even businesses which can be exploited.

4.4.1 Exploration

While the representatives from the studies cases were discussing about the importance of CE a trend emerged. Interviewees from [1,5] mentioned that they are trying to come up with business ideas which are not necessarily related to the core of each business, but they tend to favor emerging businesses which eventually can come closer to the core of each company.

“We have created some apps and we are hosting a lab as innovation theme in Copenhagen which is associated within the company, but it is related to food and other stuff. This is basically the ecosystem of innovation for the company.” [5]

Case [5] showed exploratory tendencies of innovation which has nothing to do with the core business while in their portfolio they had concrete examples of innovation related to other industries and products. [1], even though it had the same approach, it was focusing more on innovative ideas which on the one hand was out of the core but on the other hand, the current infrastructure was utilized. This difference might exist because of the differences in internal capabilities, but also due to the differences, the two companies have, in size. Both cases might choose the emerging business innovation approach due to hard competition in the industries they are operating.

4.4.2 Exploitation

[3, 4] showed a tendency of innovation close to the core business. [3] even though historically had a great amount of diverse innovation into its portfolio, some years ago started focusing only on innovation which is related to the company's core. The reason for that was given by the interviewee who stated that the banking sector could be disrupted easily due to fintech startups and therefore, the company focuses on partnerships or acquisitions. Except from [3], [4] had the same exploitation approach. This case also did not show any sign of innovating outside their core business rather it was trying to exploit the current capabilities.

4.4.3 Balance of Exploitation and Exploration

[2], unlike the rest four was trying to retain a balance between exploration actions and exploitation ones. This case was willing to advance its current capabilities and exploit them but also it was in an exploration phase, where new capabilities and markets were explored.

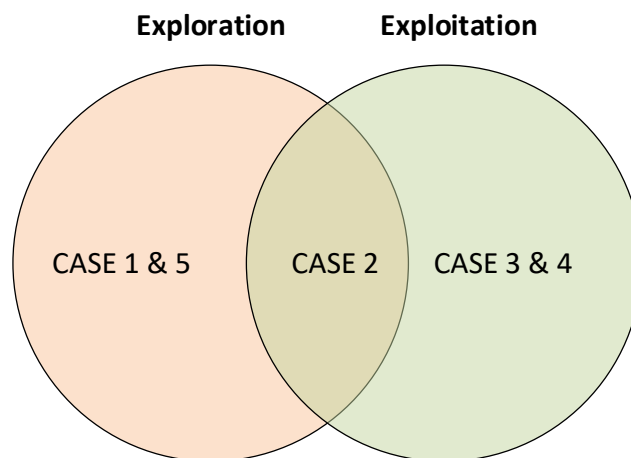


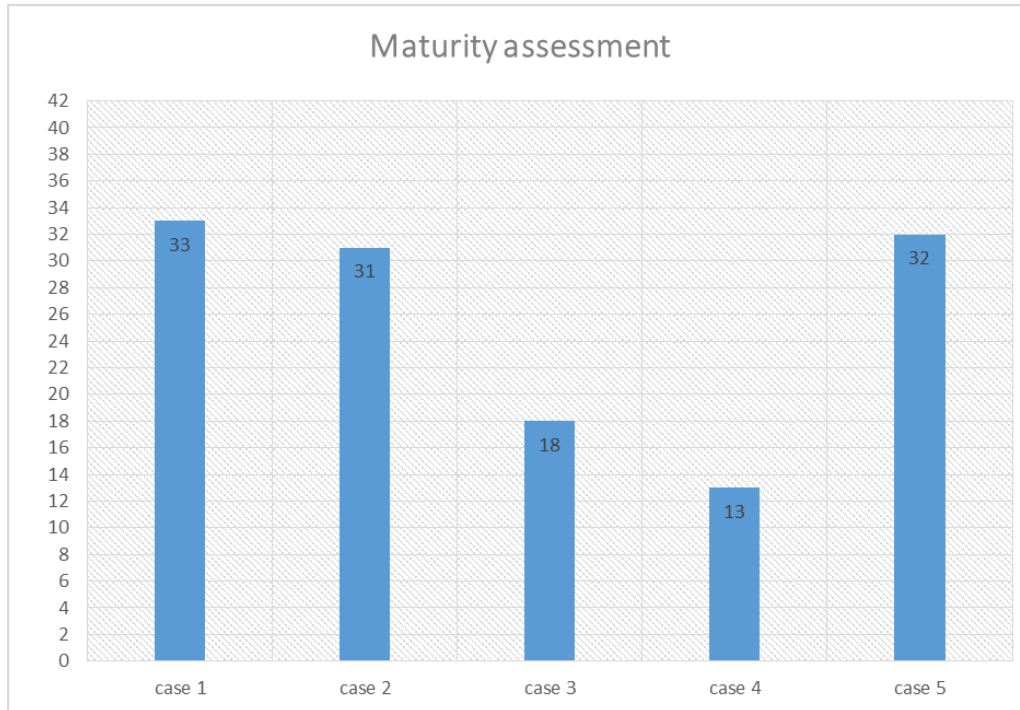
Figure 7 Displayed strategic actions, own figure

The overall opinion, as depicted in Figure 7, was that CE could take different forms and each company had their strategic actions. These can vary from exploration to exploitation actions. Some corporations are not only interested in retaining their traditional portfolio, but also to utilize the corporate competences and infrastructure for ideas out of the core. However, some other cases wanted to exploit their capabilities rather than innovate in areas unrelated to the core business. Lastly, the balanced approach emerged where one example was trying to handle both exploration and exploitation actions.

4.5 CE Maturity

[2] during the interviews but also when the results were analyzed and presented, seemed to have an unconventional behavior which differed from the other cases. [1, 5] but also [3, 4] seemed to follow a pattern while [2] was an outlier. Therefore, a maturity analysis was conducted in order to identify how this outlier's behavior was affecting the overall corporate maturity.

Table 3 Corporate maturity assessment, own table



The results showed that [1, 5] which were taking exploratory actions scored higher in comparison to [3, 4] which were focus on exploitation actions. However, the dual approach taken by [2] didn't seem to influence negatively the corporate maturity as it is shown in Table 3.

4.6 Incentivizing innovation

Incentives play an essential role in a corporation when companies are trying to engage their employees in innovation, and it is embedded in the corporate culture of some companies. The results from the interviews showed that incentives were used to motivate employees to be more innovative generating new ideas. The studied companies were trying to incentivize innovation by using different approaches, but they conclude that the rewards are mostly symbolic.

4.6.1 Recognition are often preferred over monetary benefits

Almost all the interviewees were separating monetary from non-monetary rewards and emphasizing that non-monetary are preferred in most cases. From the results, recognition emerged to be one of the most popular parts of the rewards. Specifically, [4] was rewarding the innovative employee by making public its idea and contribution but also by including the employee families into that.

“We had an article about them, on our internal web page. Also, by giving them dinner at home, so their family also got something out of it. They could also show they did something good at work. It is important to show visibility both at work and at home” [4]

The same case was used as incentive symbolic tangible presents for rewarding the people who contribute very actively towards innovation.

The most common tactic among companies was to publish articles on their intranet page of the company and sometimes on their public website. Examples of companies which were using channels like that were [1, 5] which were making public the innovation and the owner. These publications were created for internal recognition in a group or a company level but also for external recognition for customers and partners. These companies want to reward the innovative person but publishing its contribution, so colleagues, employees, and customers can be informed and appreciate its work.

However, [1] mentioned the importance of confidentiality of some initiatives in early stages.

“Sometimes we cannot speak of all our initiatives because sometimes they are confidential stuff, so we say something more generic.” [1]

The confidentiality part of the innovative ideas may apply in other cases also. [1] showed clearly, though, perhaps having in mind the intense competition the company is facing. Another reason could be that the information needed, such as market research, customers’ needs, and other things, are considered sensitive information, and hence it must be kept confidential.

5 Discussion

In this chapter, extensive discussion of the results in relation to the theory is presented. Later the limitations of the study are mentioned, and future research topics are discussed. Finally, the conclusion of the study is presented.

This research has adopted the same starting point that is taken in the discipline of Industrial Management, that of value creation in an organization. This starting point has helped guide the researchers in choosing to study CE at a firm level and taking the viewpoint of CE as a driver for current and future value creation.

Many researchers, in the past few decades, have given extensive attention to the role of entrepreneurship and innovation in productivity and economic and social development (Turró et al., 2014). A lot of literature has also focused on the entrepreneurship that emerges within organizations, known as corporate entrepreneurship. Some, like Parker (2011), and Kuratko et al. (1990) suggest that corporate entrepreneurship helps managers to innovate, and to boost their overall business performance. This research confirmed what literature says, showing that the cases were focused on investing in CE and innovation as part of their current and future value creation.

The motivation for CE is likely different between the companies. Therefore, the strategic objectives with CE differ. Disruption affects both the strategic motives and the general motives. It could be that the motives behind the companies focused on out of core innovations are fueled by more disruption. Studies said that there might be more than one motives behind a venture Thorén (2014) or CE efforts. The studies cases showed that their motives behind CE varied. Two cases revealed as primary motive their learning process by having a proactive approach towards competition while two others showed economic motives primarily and a reactive approach. However, one case had balanced both motives as equal, even though a reactive attitude towards competition emerged. As Thorén (2014) says “To be proactive means taking actions in respect of anticipated circumstances, in order to be better aligned with these once they occur” while to be reactive means to observe the competition and act accordingly. Thorén (2014) describes many categories of motives, but in this research, some of these categories were found. This doesn’t necessarily mean that the cases don’t have the non-emerged motives.

Christensen and Raynor (2003) argue that profit must be prioritized over growth to avoid developing innovations that cannot be monetized later on. This aspect is the only one all the cases are deviation significantly from what is advocated in the literature. Although the logical sound of focusing on profit over growth, many situations appeared where this was not necessarily true. Among the newer generation global giants, the strategy seems to be distinctly growth oriented. Companies such as Amazon and Spotify have for consecutive years pointed to their growth rates and not profits to prove their value. Even in a growth-oriented environment Christensen and Raynor (2003) argument about impatience for profits can, in any case, serve as a reminder to managers that not all products that grow will be profitable and the cost of growth must eventually be returned from profits.

Despite the more than two decades long focus on disruptive innovations and their impact, the result of this study indicates that not all firms set out to use CE to themselves create disruption themselves within their arena. The reason for this is undetermined. However, it is hard to see that the companies that are less proactive and hence less focused on exploration would be under a lower risk of disruption. One possibility is that these organizations instead look to acquire startups and companies with disruptive innovations. Acquisitions can seem like an attractive option to undertaking the changes necessary to create in-house disruptions. However, integrating the acquired businesses into the organization pose its own set of difficulties.

The structure implemented in most of the cases in this study can be mapped in the matrix for organizational structures proposed by (Burgelman, 1984). Most of the cases had opted for a structure similar to a new venture division, to allow for some administrative flexibility while still using the organizations existing capabilities. [2] appear to deviate entirely from the options (Burgelman, 1984) provides with their decentralized distributed structure. This can either mean that the model needs to be updated to accommodate a non-compartmentalized alternative. Christensen and Raynor (2003) suggested to avoid focusing on only the core competencies in order to promote learning of new skills and expanding competences. Other innovation tools do not necessarily support this both in theory and practice. The venture positioning matrix introduced by Burgelman (1984) don't take into the account any expansion of what in the model is called "operational relatedness" by positioning an idea in the organization. For example, an idea of high strategic importance but low operational relatedness could be used to help develop the core competences which in turn shape new operational relatedness. Several of the research respondents spoke strategy along the line of "utilizing the core capabilities" or "close to core capabilities" which may contradict what Christensen advocate. If this strategy reflects the innovation initiatives in practice remains to be seen. It is entirely possible that even with an outspoken strategy of focusing on core or close to core competences an organization still use innovation to expand its skills.

As it is mentioned in the results, chapter one case showed an unconventional behavior compared to the rest of the studies companies which seemed to follow some patterns. Therefore, the authors decided to assess the organizational maturity, to found if the corporate motives or the CE implementation influence the organizational maturity. A maturity list was adopted from Elia and Margherita (2018) and adapted to the specific needs of the current study. The results showed that the cases which have as a motive the learning process and being proactive scored higher than the two cases which had a reactive approach and were focused on the economic motives. However, the case with the unconventional behavior scored equally high, making assumptions, for the relation among motives, structure and corporate maturity, not possible. Although, an outcome could be that cases which were focused on the creation of new ventures, products or services, or new strategic postures Antoncic and Prodan (2008) scored higher in the maturity assessment than cases which were only focused on the renewal of existing business (Zahra, 1991).

5.1 Limitations & suggestions for future research

Even if the study provides some relevant contributions to existing knowledge, it has some limitations, which leave room for future studies. Since the research spans across industries, it is not possible to pinpoint if differences between cases are primarily caused by the organizational internal choices made or caused by inherent industry characteristics. This research focused on

large established Nordic firms which have its particular environment and socioeconomic context. Therefore, further research into other regions or firm sizes could both accelerate cross-cultural learning and contribute to practitioners in those contexts. Since the number of interviewees was limited to 7 individuals representing organizations in 5 industries and two business consultancies, it is inadvisable to imply from the results of this study to make generalizations across all sectors and organizations. The researchers are of the view that the qualitative approach in this study allowed for more novel theoretical suggestions to be picked up for incorporation and testing in future quantitative research. Another area of future research is to perform the same research using different methods of collecting data such as questionnaires, focus groups, etc., in order to eliminate the limitations of the current study.

Due to the social settings of the interviews, it is not possible to determine that a similar study performed by other researchers will lead to the same findings. However, it is possible to look at the interview guide and sample of the transcripts as well as the methodology section to understand the steps which had been carried out. Because of the scope of the study, no respondent validation had been performed. By performing a responder validation in the form of the interviewer restating and summarizing the information to the interviewee during the interview for confirmation. This could have improved the data validity. Instead, the researchers primarily relied on asking to follow up questions to any responses which were by the researchers found to be vague or incomplete.

During the thesis projects, the authors were having a commissioner company providing workspace and monetary compensation for the research. The researchers recognize the risk of being bias from a research perspective. Therefore, the researchers opted first to prioritize conducting interviews with other organizations before the commissioner. This helped the researchers keep a more open mind to all participating organization help limiting the bias risk.

6 Conclusion

In this thesis, the motives and their implications on implementation on CE has been researched. To further understand how the cases compared an assessment of the cases CE maturity was also

conducted. The result shows that while virtually all industries are susceptible to disruptive innovations, not all firms set out to innovate outside their current core business. That might affect in some cases not only the CE efforts themselves but also the overall corporate maturity. Some firms in this study chose to focus primarily on exploitation, through core innovation while others select exploration outside their existing core business to expand their capabilities which tended to score a higher overall maturity.

How the firms intend to achieve their strategic objective also varied greatly, and firms were continuously structuring and re-structuring their CE efforts. Several corporate incubators have been established in the past few years where new venture creation can happen with lesser administrative ties. However, companies tend to partly adopt each model's principles depending on the corporate needs. Firms also tend to move or intend to move towards a higher degree of knowledge diversity including efforts to implement open innovation in their corporate entrepreneurship. In parallel to the corporate incubation, the phenomenon is a shifting role of innovation management from being the executors to a facilitation role. The firms aspire to reach their objective by creating a mass innovation culture and engagement throughout their organizations.

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Appendixes

Appendix I - Information to interviewee

Introduction:

This research interview is part of a Master's thesis project carried out at the Industrial Marketing and Entrepreneurship department at KTH Royal Institute of Technology. The tentative research title is Fostering and Commercializing innovation - examples from European businesses. The purpose of this research is primarily to contribute in bridging innovation management theory and its use in practice. This thesis project is commissioned by Telia Company. The final thesis report with findings will be made available to all participating organizations.

Procedure:

We would like to record the interview, if you are willing, and use the recording files to write our materials. We will record the interview only with your consent, and will ask that no personal identifiers be used during the interview, to ensure your anonymity. Please feel free to say as much or as little as you want. You can decide not to answer any question, or to stop the interview any time you want. The files and transcripts will become the property of project.

Confidentiality:

The recordings and recording-transcripts (or copy of notes taken) will be kept anonymous, without any reference to your identity, and your identity will be concealed in any reports written from the interviews. Names of organization(s) will also be concealed in written reports. The organization(s) mentioned will be introduced in broad terms e.g. industry, approximate size and market position.

All information collected during the study period will be kept strictly confidential until such time as you sign a release waiver. No publications or reports from this project will include identifying information on any participant without your signed permission, and after your review of the materials.

Appendix II - Interview guide

The following questions and topics are intended as a guiding help to conduct the exploratory interviews. Additional follow up questions and re-ordering of questions are done when appropriate. Some additional question details are specified within parentheses to further aid the interviewees in specifying and posing the questions. The overall interview strategy is to begin discussing on a high level perspective and work down towards more specific aspects of the topic. The intent is to also go beyond the documented strategy and structure and understand how it function in practise.

Part 1-Introduction (Not Recorded)

(Introduce the interviewee and understand his/her role in the company/hierarchy)

Name:

Background (studies etc.):

Company:

How many years have you been employed at the company?

What is your current role in the company? And what positions have you held in the past?

RECORDING STARTS

Overall incubation strategy

Q: How do COMPANY in terms of innovation reason around choosing M&A (Mergers and acquisitions) vs in house development?

SUB Q: could you give examples of cases where you chosen M&A, in house development and hybrid/mixed approaches?

SUB Q: How was the strategy for each case did these cases differ from each other?

Overall internal incubation strategy

Q: Describe in broad terms the strategy for how innovation is facilitated and commercialized within COMPANY. Exemplify with a representative case. **(talk about emerging business)**

Q: How are the components to facilitate and commercialize innovation structured?

(e.g. as a process, stage gate, iterations, other)

(typical steps: Ideation, concept and screening, MVP, launch prep and launch, scaling and transition)

Sub Q: Can you put this stages or iterations into a time frame?

(Horizon 1, 2 and 3 may be useful terms to use here)

Q: What KPI's are used to evaluate the organization's "innovation" success?

(Different KPI's may be used at different stages. Clarify which applies where.)

Q: Are there any mechanisms in place to incentivise innovation?

(Can be on department, team or individual level for example)

Q: Describe the internal resources available for innovation activities.
(e.g. Capital, admin, know-how, facilitates, staffing)

Sub Q: how does these resources get allocated?
 (examples: project priority, stage it is in etc.)

Q: Describe how external networks are utilized and their effect on :
(e.g. Customers, other enterprises, entrepreneurs, universities, government, non-profits.)

Q: How is internal credibility for innovation created? Give examples of success stories and unsuccessful cases. (how you engage of the rest of the org)

Q: How common/uncommon are deviations from the normal/communicated structure?
(Give examples if possible)

Appendix III - Elements of maturity, own table

No.	Indicator	Element type	Source
1	Team working and other social skills are present and appreciated	Psychological / culture related	(Elia and Margherita, 2018; Kuratko et al., 2014)
2	Younger employees are motivated and eager for action	Psychological / culture related	(Elia and Margherita, 2018)
3	Mixed HR profiles include business and technical competencies	Employee competence related	(Elia and Margherita, 2018)
4	Technical and professional certifications are recommended	Employee competence related	(Elia and Margherita, 2018)
5	Challenging and risky initiatives are sponsored when possible	Value system related	(Elia and Margherita, 2018)
6	Creative behaviors and tenacity are stimulated to let the innovation potential of employees emerge	Value system related	(Elia and Margherita, 2018)
7	Delegation and empowerment is recognized for employees engaged in creativity and innovation related issues	Value system related	(Elia and Margherita, 2018)
8	Job satisfaction is crucial and supported by an internal job posting system to favor the sharing of	Value system related	(Elia and Margherita, 2018)

	distributed skills and expertise, inside the corporation and nearby the customers		
9	Proposition of new ideas is encouraged when aimed to improve product/service portfolio and explore entrepreneurial opportunities	Value system related	(Elia and Margherita, 2018)
10	Team working is particularly important, especially in large and multi-stakeholder projects	Value system related	(Elia and Margherita, 2018)
11	Interdisciplinary teams are assembled to focused on innovative ideas in emerging domains	Management practise related	(Elia and Margherita, 2018)
12	Periodic meetings with new companies and spin-offs are held to explore possible collaborations	Management practise related	(Elia and Margherita, 2018)
13	Small companies are acquired to be re-launched on the market	Management practise related	(Elia and Margherita, 2018)
14	Leadership is committed and visionary towards	Upper management practise related	(Kanter, 1985)
15	Externals ideas are considered to be of value	Value system related	(Chesbrough, 2003)
16	Core competences evolve and develop	Anti-disruption related	(Christensen and Raynor, 2003)
17	Employees are trained to spot disruptive opportunities	Anti-disruption related	(Christensen and Raynor, 2003)
18	Initially a focus on profit not growth	Anti-disruption related	(Christensen and Raynor, 2003)
19	Corporate incubators are established	Structural	(Becker and Gassmann, 2006)
20	The environment is flexible and support entrepreneurial activities	Value system related	(Bakker, 2011)
21	Innovation efforts are aligned with CSR	Value system related	(Bocquet et al., 2013; Ueki et al., 2016)