Toward a Reconciliation of the Definitional Issues in the Field of Corporate Entrepreneurship*

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Abstract

Although authors generally agree on the nature of entrepreneurial activities within existing firms, differences in the terminology used to describe those activities have created confusion. This article discusses existing definitions in the field of corporate entrepreneurship, reconciles these definitions, and provides criteria for classifying and understanding the activities associated with corporate venturing.

Scholars have begun to pay increasing attention to entrepreneurial activities within existing organizations (e.g. Birkinshaw, 1997; Burgelman, 1983; Caruana, Morris, & Vella, 1998; Drucker, 1985; Guth & Ginsberg, 1990; Kanter, 1983; Miller, 1983; Pinchot, 1985; Zahra, 1986, 1995, 1996). Unfortunately, and similar to the study of entrepreneurship in general, there has been a striking lack of consistency in the manner in which these activities have been defined. A number of scholars have expressed concern about this lack of universally acceptable definitions (e.g. Jennings & Lumpkin, 1989; Stopford & Baden-Fuller, 1994; Wortman, 1987; Zahra, 1991), Although the choice of definitions in behavioral sciences generally remains subject to debate (Hoy, 1995), a clearly stated set of definitions is necessary for scientific understanding, explanation, and prediction (McKelvey, 1982). Moreover, clearly stated and agreed-upon definitions makes it easier for researchers to, build on each other's work, and for practitioners to decide whether research findings are applicable to their situation. Because the field of corporate entrepreneurship is still in its infancy, the time is ripe to work on the clarification of existing terminology.

This article represents one effort to systematize the use of terminology in the field of corporate entrepreneurship. To do this we first review some of the existing definitions and illustrate how they are contradictory. This review is conducted to provide a grounding from which a framework of definitions can be developed that covers the field of corporate entrepreneurship. In developing this framework we go from a general to a specific point of view in order to clarify the existing boundaries of the field, reconcile the various terms used to describe the phenomena of interest, and illustrate the territory they cover.

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Each of the definitions we will propose are broad, by intention. We are of the opinion that broad definitions of concepts are preferable to narrow definitions at this stage in the field's development for several reasons. First, broad definitions are less likely to exclude as-yet-unspecified problems, issues, or organizations that are potentially important or interesting. Therefore, starting broad makes it less likely that the definitions will become outmoded and in need of revision as new issues are discovered. Furthermore, broad definitions are more amenable, and more resilient, to the discovery and classification of unique populations and subpopulations of firms and events since they avoid premature or arbitrary decisions about the variables that delineate one group from another. Broad definitions make it possible for the natures of different organizations and events to emerge through empirical research and theories of differences. Finally, broad definitions are more likely to be acceptable to most scholars since most will find a place for the topic or sites of research that are of interest to them. In sum, broad definitions better reflect the early stage of development of the field, avoid the need for excessive retrenchment as new knowledge becomes available, and provide considerable latitude for a theoretical and empirical process to emerge that will eventually permit the unique parts of the whole to be classified, defined, and understood in relation to that whole.

After we have presented our framework of definitions pertaining to corporate entrepreneurship, we then proceed to discuss some of the critical constructs by which internal corporate venturing efforts might be classified to illustrate the possibilities of the approach taken. We focus on internal corporate venturing because it is the sub-area that has been perhaps the most thoroughly studied thus far and is, therefore, the most amenable to further classificatory efforts.

Existing Definitions

Entrepreneurship

Before discussing existing definitions in the field of corporate entrepreneurship, we briefly turn our attention to the term "entrepreneurship." Entrepreneurship has meant different things to different people (Gartner, 1990; McMullan & Long, 1990). The historical development of the term has been documented by various authors (e.g. Gartner, 1988; Hisrich, 1986; Livesay, 1982; McMullan & Long, 1983). The earliest reference of the term has been traced to Richard Cantillon's work (1734). To him, entrepreneurship was self-employment with an uncertain return (McMullan & Long, 1990).

In a recent study, Gartner (1990) identified two distinct clusters of thought on the meaning of entrepreneurship. The first group of scholars focused on the characteristics of entrepreneurship (e.g. innovation, growth, uniqueness, etc.) while the second group focused on the outcomes of entrepreneurship (e.g. creation of value). Scholars who subscribe to the notion that entrepreneurship should be defined by its characteristic attributes appear to be, the largest group, accounting for 79% of

Gartner's sample. Among members of this group, most seem to rely on variations of one of two definitions' of entrepreneurship: Schumpeter's (1934) or Gartner's (1988).

To Schumpeter (1934), an entrepreneur is a person who carries out new combinations, which may take the form of new products, processes, markets, organizational forms, or sources of supply. Entrepreneurship is, then, the process of carrying out new combinations. In contrast, Gartner states that "Entrepreneurship is the creation of organizations" (1988, p. 26). Gartner was careful to specify that this was not offered as a definition but rather as "an attempt to change a long held and tenacious viewpoint in the entrepreneurship field" toward "what the entrepreneur does, not who the entrepreneur is" (p. 26). Nevertheless, it is clear from the literature that a large number of researchers in entrepreneurship have employed this definition, including Gartner himself (e.g. Bygrave, 1993; Gartner, Bird, & Starr, 1991; Learned, 1992).

Whereas both these definitions have merit, it should be clear that despite their overlaps, each covers a somewhat different territory. Thus, while the carrying out of new combinations (i.e. an innovation of product, process, etc.) may result in the creation of a new organization, it does not necessarily have to do so. Likewise, the creation of a new organization may involve a new combination; however, there are many new organizations that can make no claim to innovative activity. The debate about what entrepreneurship is will surely rage on for the foreseeable future in spite of the best arguments of scholars on any side of the debate. Yet there are clear advantages to attempts to reconcile the language used in the field, as ambiguity in terminology holds back the development of cohesive, explantory, or predictive theories (Low & MacMillan, 1988). As explained below, in this article, we seek definitions that do not exclude what has been termed entrepreneurship or corporate entrepreneurship in the past, are most likely to cover those aspects of entrepreneurship and corporate entrepreneurship that will draw the attention of scholars in the future, and will facilitate the reconciliation of the theory and research on entrepreneurship and corporate entrepreneurship.

Corporate Entrepreneurship Terminology

In recent years, the entrepreneurial abilities of corporate organizations has become a major subject of discussion both among practitioners and academicians. With this broadening of 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, Lowes, Davies, & Kronish, 1991), either on their own or attached to existing organizations. This is reflected in some academic writings. For example, Covin and Slevin (1991) have suggested that the three entrepreneurial postures of risk taking, innovativeness, and proactiveness, brought forth by Miller (1983), can be applied to corporate processes as well as to new independent ventures. Collins and Moore (1970) have differentiated between "independent" and "administrative" entrepreneurs, with the former creating new organizations from scratch, and the latter creating new organizations within or adjunct to existing business structures. More recently, Lumpkin and Dess (1996) have stated that launching a new venture can be done either by a start-up firm or an existing firm.

Although there is an increasing recognition of the entrepreneurial activities within existing firms, ambiguities continue to plague attempts to define such activities. In fact, the language problem is, if anything, more acute when entrepreneurship is applied to a corporate setting. While the terms "entrepreneurship" or "independent entrepreneurship" are used to describe entrepreneurial efforts of individuals' operating outside the context of an existing organization, a variety of terms are used for the entrepreneurial efforts within an existing organization such as corporate entrepreneurship (Burgelman, 1983; Zahra, 1993), corporate venturing (Biggadike, 1979), intrepreneuring (Pinchot, 1985), internal corporate entrepreneurship (Jones & Butler, 1992), internal entrepreneurship (Schollhammer, 1982; Vesper, 1984), strategic renewal (Guth & Ginsberg, 1990), and venturing (Hornsby, Naffziger, Kuratko, & Montagno, 1993). A list of definitions used in the literature for these related terms is presented in Table 1.

Definitional Ambiguities

A careful examination of Table 1 reveals that the same term is sometimes used differently by different authors, and some authors use different terms to describe the same phenomenon. Examples of these definitional ambiguities are provided below and highlighted in Table 2.

Table 1. Existing definitions

Author/s & Yr.	Definition suggested
	CORPORATE ENTREPRENEURSHIP
Burgelman (1983)	Corporate entrepreneurship refers to the process whereby the firms engage in diversification through internal development. Such diversification requires new resource combinations to extent the firm's activities in areas unrelated, or marginally related to its current domain of competence and corresponding opportunity set (p. 1349).
Chung & Gibbons (1997)	Corporate entrepreneurship is an organizational process for transforming individual ideas into collective actions through the management of uncertainties (p. 14)
Covin & Slevin (1991)	Corporate entrepreneurship involves extending the firm's domain of competence and corresponding opportunity set to through internally generated new resource combinations (p. 7, quoting Burgelman, 1984, p. 154)
Guth & Ginsberg (1990)	Corporate entrepreneurship encompasses two types of phenomena and the processes surrounding them (1) the birth of new business within existing organization, i.e. internal innovation or venturing, and (2) the transformation of organizations through renewal of the key ideas on which they are built, i.e. strategic renewal (p. 5).

(*Continued*)

Jennings & Lumpkin (1989)	Corporate entrepreneurship is defined as the extent to which new product and/or new markets are developed An organization is entrepreneurial if it develops a higher that average number of new products and/or new markets (p. 489).
Schendel (1990)	Corporate entrepreneurship involves the notion of birth of new business within ongoing businesses, and the transformation of a stagnant, ongoing businesses in need of revival or transformation (p. 2)
Spann, Adams, & Wortman (1988)	Corporate entrepreneurship is the establishment of a separate corporate organization (often in the form of a profit center, strategic business unit, division, or subsidiary) to introduce a new product, serve or create a new market, or utilize a new technology (p. 149)
Vesper (1984)	Corporate entrepreneurship involves employee initiative from below in the organization to undertake something new. An innovation which is created by subordinate without being asked, expected or perhaps even given permission by higher management to do so (p. 295)
Zahra (1993)	Corporate entrepreneurship is a process of organizational renewal that has two distinct but related dimensions innovation and venturing, and strategic renewal (p. 321).
Zahra (1995, 1996)	Corporate entrepreneurship – the sum of a company's innovation, renewal, and venturing efforts. Innovation involves creating and introducing products, production processes; and organizational systems. Renewal means revitalizing the company's operations by changing the scope for its business, its competitive approaches of both. It also means building or acquiring new capabilities and then creatively leveraging them to add value shareholders. Venturing means that the firm will enter new businesses by expanding operations in existent or new markets (1995, p. 227, 1996, p. 1715)
	INTERNAL CORPORATE ENTREPRENEURSHIP
Jones & Butler (1992)	Internal Corporate Entrepreneurship refers to entrepreneurial behaviour within one firm (p. 734).
Schollhammer (1982)	Internal (or intra-corporate) entrepreneurship refers to all formalized entrepreneurial activities within existing business organizations. Formalized internal entrepreneurial activities are those which receive explicit organizational sanction and resource commitment for the purpose of innovative corporate endeavours-new product development, product improvements, new methods or procedures (p. 211).
	CORPORATE VENTURING
Biggadike (1979)	A Corporate Venture is defined as a business marketing a product or a service that the parent company has not previously marketed and that requires the parent company to obtain new equipment or new people or new knowledge (p. 104).
Block & MacMillan (1993)	A project is a Corporate Venture when it (a) involves an activity new to the organization, (b) is initiated or conducted internally, (c) involves significantly higher risk of failure or large losses that the organization's base business, (d) is characterized by greater uncertainty than the base business (e) will be managed separately at some time during its life, (f) is undertaken for the purpose of increasing sales, profit, productivity or quality (p. 14)
Ellis & Taylor (1987)	Corporate Venturing was postulated to pursue a strategy of unrelatedness to present activities, to adopt the structure of an independent unit and to involve a process of assembling and configuring novel resources (p. 528).
Von Hippel (1977)	Corporate Venturing is an activity which seeks to generate new businesses for the corporation in which it resides through the establishment of external or internal corporate ventures (p. 163).

(*Continued*)

	VENTURE, INTERNAL VENTURES, INTERNAL CORPORATE VENTURING, NEW BUSINESS VENTURING
Hornsby, Naffziger, Kuratko, Montagno (1993)	Venture may be applied to the development of new business endeavors within the corporate framework (p. 30)
Roberts & Berry (1985)	Internal ventures are a firm's attempts to enter different markets or develop substantially different products from those of its existent base business by setting up a separate entity within the existing corporate body (p. 6).
Stopford & Baden-Fuller (1994)	New Business Venturing occurs when individuals and small teams form entrepreneurial groups inside an organization capable of persuading others to alter their behaviour, thus influencing the creation of new corporate resources (p. 522).
Zahra (1996)	Venturing means that the firm will enter new businesses by expanding operations in existing or new markets (p. 1715).
Zajac, Golden, Shortell (1991)	Internal corporate venturing involves 'the creation of an internal – staffed venture unit that is semi-autonomous, with the sponsoring organization maintaining ultimate authority (p. 171)
	INTRAPRENEURSHIP
Nielson, Peters, & Hisrich (1985)	Intrapreneurship is the development within a large organization of internal markets and relatively small and independent units designed to create, internally test-market, and expand improved and/or innovate staff services, technologies or methods within the organization. This is different from the large organization entrepreneurship/venture units whose purpose is to develop profitable positions in external markets (p. 181)
Pinchot III (1985)	Intrapreneurs are any of the "dreamers who do" . Those who take hands-on responsibility for creating innovation of any kind within an organization. They may be the creators or inventors but are always the dreamers who figure out how to turn an idea into a profitable reality (p. ix).
	STRATEGIC or ORGANIZATIONAL RENEWAL
Guth & Ginsburg (1990)	Strategic renewal involves the creation of new wealth through new combinations of resources (p. 6)
Stopford & Baden-Fuller (1994)	Organizational renewal alters the resource of pattern of business to achieve better and sustainable overall economic performance. To be sustainable, more pervasive effort is needed, involving more than a few individuals and the finance function (p. 522)
Zahra (1993, 1995, 1996)	Renewal means revitalizing a company's business through innovation and changing its competitive profile. It means revitalizing the company's operations by changing the scope of its business, its competitive approaches or both. It also means building or acquiring new capabilities and then creatively leveraging them to add value for shareholders (1995, p. 227, 1996, p. 1715) Renewal has many facets, including the redefinition of the business concept, reorganization and the introduction of system-wide changes for innovation. Renewal is achieved through the redefinition of a firm's mission through the creative redeployment of resources, leading to new combinations of products and technologies (1993, p. 321).

Table 2. Examples of some definitional ambiguities

	Authors and terms used		
Characteristics	**Ellis & Taylor (1987) CV**	**Burgelman (1983) CE**	**Biggadike (1979) CV**
Extent of innovation	assembling and configuring novel resources	requires new resource combinations	requires obtain new equipment, or people, or knowledge to introduce a new product or service
Relatedness to existing businesses	unrelated to present activities	activities in areas unrelated or marginally related to current domain of competence	
Structural autonomy	independent unit		

CE – Corporate Entrepreneurship
CV – Corporate Venturing

Burgelman (1983) defines corporate entrepreneurship as "the process whereby the firms engage in diversification through internal development. Such diversification requires new resource combinations to extend the firm's activities in areas unrelated, or marginally related, to its current domain of competence" (p. 1349). Biggadike (1979), on the other hand, describes corporate venturing as "marketing a product or service that the parent company has not previously marketed and that requires the parent company to obtain new equipment or new people or new knowledge" (p. 104). Taking a still different approach, Ellis and Taylor (1987) define corporate venturing as "a strategy of unrelatedness to present activities, to adopt the structure of an independent unit and to involve a process of assembling and configuring novel resources" (p. 528).

It is observed that all three definitions describe the creation of a new business in an area that requires innovative resource combinations. A closer observation of these definitions, however, also reveals differences in the degree of restrictiveness. Burgelman restricts corporate entrepreneurship to diversification into activities, unrelated or marginally related to a firm's area of competence. Biggadike's definition, on the other hand, does not necessarily limit the venturing effort in this way. Thus, an existing competence could still come into play as long as the venture extended that competence in, some manner, that is, through the need for new equipment, people, or knowledge. The difference in restrictiveness suggests that Burgelman's corporate entrepreneurship is a subset of Biggadike's corporate venturing.

Ellis and Taylor agree with the requirement of unique resources and with Burgelman's conception of an unrelated activity but add another level of restrictiveness into the definition by specifying the structural arrangement of the venture in relation to the corporation. Their definition would include only those venturing efforts that involved the creation of a new venture division as a setting for such efforts. Thus, firms that engaged in venturing within a pre-existing corporate structure would fall outside Ellis and Taylor's definition. As a consequence, the firms that fit Ellis and Taylor's (1987) definition of corporate venturing constitute a subset of the firms that would fit Burgelman's definition of corporate entrepreneurship. In turn, Burgelman's corporate entrepreneurship appears to be a subset of Biggadike's (1979) concept of corporate venturing.

Perhaps the most widely accepted definition of corporate entrepreneurship was proposed by Guth and Ginsberg (1990). They say that corporate entrepreneurship encompasses the birth of new businesses within existing businesses and the transformation (or rebirth) of organizations through a renewal of their key ideas. Their definition of corporate entrepreneurship not only contains Biggadike's definition of corporate venturing (which contains Burgelman's, etc.), it also introduces, in a different context, the interplay of the idea of new organizations and new combinations that characterizes the debate found in the literature on entrepreneurship. While we follow Guth and Ginsberg (1990) in this article, it is important to illustrate the inconsistencies in these definitions because using the same terminology to describe markedly broader and narrower concepts is not conducive to the advancement of the field.[1]

In summary the need for a framework that will help clarify the definitional ambiguities that exist in the field of corporate entrepreneurship becomes obvious from these examples, a task we turn to below.

A Definitional Framework

Although organization creation and innovation[2] are generally regarded as key factors in entrepreneurship (Stopford & Baden-Fuller, 1994), the challenges that entrepreneurs face vary according to whether they are operating independently or as a part of an existing organization. This necessitates two things: first, a need to clarify the definition of entrepreneurship; and second, a need to differentiate between the settings in which entrepreneurship takes place.

[1] There is an interesting difference in the attempts to define individual or independent entrepreneurship on the one hand and corporate entrepreneurship on the other. Many of those who study entrepreneurs seem bent on limiting the field to individuals who create new organizations *and* new combinations (cf. Gartner, 1990) On the other hand, the definition proposed by Guth and Ginsberg (1990) makes it clear that corporate entrepreneurship can involve *either* the creation of new organizations *or* new combinations, Thus, corporate entrepreneurship is defined more broadly than some would like to define entrepreneurship This means that activities considered entrepreneurial in a corporate setting might not be considered as such if undertaken outside an existing company.

[2] An innovation is distinguished from an invention An innovation brings something into new use, whereas an invention brings something new into being (Rogers, 1962) The criteria for success of an invention are technical, whereas for an innovation the criteria are commercial (Burgelman & Sayles, 1986).

Entrepreneurship

For the sake of clarification in terminology and in recognition of the entrepreneurial efforts of individuals working in a corporate setup, the following definitions of entrepreneurship and entrepreneurs are proposed (Gartner, 1988; Schumpeter, 1934; Stopford & Baden-Fuller, 1994; Zahra, 1993, 1995, 1996).

Entrepreneurship encompasses acts of organizational creation, renewal, or innovation that occur within or outside an existing organization.

Entrepreneurs are individuals or groups of individuals, acting independently or as part of a corporate system, who create new organizations, or instigate renewal or innovation within an existing organization.

The conditions that define entrepreneurship are related to newness in the sense of strategy or structure.[3] Thus, the creation of an organization as defined by Gartner (1988) is entrepreneurial since it entails fundamental strategic and structural decisions (Cooper, 1979). Likewise, the renewal or rebirth of an existing organization is entrepreneurial in the sense that it represents a radical departure from predominant and historic strategic or structural patterns. Innovation is also an entrepreneurial activity since it involves new combinations that may dramatically alter the bases of competition in an industry, or lead to the creation of a new industry (Schumpeter, 1934; Stopford & Baden-Fuller, 1994), even though it may not be immediately manifested in organizational creation or renewal. However, while the above definition recognizes the centrality of innovation to entrepreneurship, it does not require that the birth or rebirth of an organization be accompanied by a Schumpeterian innovation (Stopford & Baden-Fuller, 1994), only that it consist of actions that materially affect the nature of the organization (Schollhammer, 1982). Put differently, both creation and renewal would subject the organization in question to the "liability of newness" as put forth by Stinchcombe (1965). The extent of this liability for an organization will vary according to the extent of its departure from its existing strategy or structural patterns, as well as the extent of newness of the product, service, technology, processes, etc. in a particular marketplace.

Thus, the presence of an innovation is viewed as a *sufficient* condition for entrepreneurship but not a *necessary* one, because organizational creation or renewal can occur in the absence of innovation. Newness or uniqueness of an innovation is a matter of degree both in terms of the tangible characteristics and in terms of the relevant market. Furthermore, new to the marketplace does not necessarily mean that the innovation is sold or consumed, as in the case of a new organizational form or a new process development. Since innovation may vary in its amount and impact, it is very difficult and, indeed, counterproductive to attempt to specify the

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[3] By strategy we mean the manner in which an organization aligns its key resources with its environment.Thus, strategy includes an organization's core competencies, resource deployments, competitive methods, and scope of operations at either the business unit or corporate level (cf. Hofer & Schendel, 1978, Porter, 1980, Prahalad & Hamel, 1990). By structure we mean simply the manner in which an organization goes about implementing its strategy (cf. Galbraith & Nathanson, 1979).

precise level of innovation necessary for entrepreneurship. Therefore, we take the position that for the purpose of defining entrepreneurship, it is preferable to treat innovation as an entrepreneurial act rather than as the only act that makes the occurrence of entrepreneurship possible.

It should be apparent that despite the breadth of this definition it is highly consistent with the prevalent views of entrepreneurship (Gartner, 1990; Schumpeter, 1934) and corporate entrepreneurship (e.g. Zahra, 1995). Furthermore, the definition of entrepreneurship proposed allows for further distinctions between independent and corporate entrepreneurship to be made in a manner that is internally consistent.

Independent and Corporate Entrepreneurship

Following the lead of Collins and Moore (1970), entrepreneurial activities undertaken independently and those undertaken within the context of an organization are differentiated as “independent entrepreneurship” and “corporate entrepreneurship.” Thus:

Independent Entrepreneurship is the process whereby an individual or group of individuals, acting independently of any association with an existing organization, create a new organization.[4]

Corporate Entrepreneurship 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.

Strategic Renewal and Corporate Venturing

As mentioned earlier, a number of authors (e.g. Guth & Ginsberg, 1990; Schendel, 1990; Zahra, 1995, 1996) have suggested that within the realm of existing organizations, entrepreneurship encompasses three types of phenomenon that may or may not be interrelated: (i) the birth of new businesses within an existing corporation; (ii) the transformation of existing organizations through the renewal or reshaping of the key ideas on which they are built; and (iii) innovation. While the first has been referred to as internal corporate venturing (Zajac, Golden & Shortell, 1991), intrapreneurship (Pinchot, 1985), corporate new venture division (Sandberg, 1992), internal innovation, internal venturing (Guth & Ginsberg, 1990), and so on, the second has been called strategic renewal (Guth & Ginsberg, 1990), strategic change, revival, transformation (Schendel, 1990), strategic departure, new product development (Vesper, 1984), reorganization, redefinition

[4] Since organizational renewal obviously involved major strategic or structural changes to an existing organization, it cannot be considered independent entrepreneurship, by definition. Furthermore, organizational creation can occur in the presence or absence of innovation, as discussed above. Therefore, to include innovation in this definition would be redundant.

(Zahra, 1993), organizational renewal (Stopford & Baden-Fuller, 1994), etc. In this discussion the terms strategic renewal and corporate venturing are used.

Strategic Renewal refers to the corporate entrepreneurial efforts that result in significant changes to an organization's business or corporate level strategy or structure. These changes alter pre-existing relationships within the organization or between the organization and its external environment and in most cases will involve some sort of innovation. Renewal activities reside within an existing organization and are not treated as new businesses by the organization.

Corporate Venturing refers to corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization. They may follow from or lead to innovations that exploit new markets, or new product offerings, or both. These venturing efforts may or may not lead to the formation of new organizational units that are distinct from existing organizational units in a structural sense (e.g. a new division).

Thus, both strategic renewal and corporate venturing suggest changes in either the strategy or structure of an existing corporation, which may involve innovation. The principle difference between the two is that corporate venturing involves the creation of new businesses whereas strategic renewal leads to the reconfiguration of existing businesses within a corporate setting.[5]

External and Internal Corporate Venturing

As noted above, corporate venturing may or may not lead to the formation of organizational entities that are distinct from the existing entities within an organization. In fact, corporate ventures may or may not reside within the domain of the existing organization (von Hippel, 1977). Based on these options, corporate venturing can be classified either as external or internal.

External Corporate Venturing refers to corporate venturing activities that result in the creation of semi-autonomous or autonomous organizational entities that reside outside the existing organizational domain.

Some examples of external corporate ventures are those formed as a result of joint ventures, spin-offs, and venture capital initiatives. Although these may vary in their degree of separateness from the parent company, their common feature is that they reside outside the domain or boundaries of the existing organization.

[5] However, as our previous discussion has suggested, there may be instances where innovation occurs in an existing organization in the absence of either corporate venturing or strategic renewal efforts. Although these instances may be rare it is important to clarify the nature of these innovations for the purpose of completeness. To be entrepreneurial in the absence of organizational creation or renewal the innovation must be of the Schumpeterian (1934) variety or, in other words, involve the introduction of an original invention or idea into a commercially usable form that is new to the marketplace and has the potential to transform the competitive environment as well as the organization (Stopford Baden-Fuller, 1994).

Internal Corporate Venturing refers to the corporate venturing activities that result in the creation of organizational entities that reside within an existing organizational domain.

The relationship between the terms discussed above is diagrammatically presented in Fig. 1. It is observed that at every step down the hierarchy a new limiting criterion is added, resulting in a set of internally consistent definitions that conform with previous usages (Table 3).

Toward a Classification of Internal Corporate Ventures

Up to this point we have been concerned with a reconciliation of the definitions of the key terms used in the field of corporate entrepreneurship. As noted at the outset of this article, we have chosen to define these terms broadly. However, it should be clear that phenomena such as internal corporate venturing may take many forms. Indeed, a comparison of the definitions of Biggadike (1979), Burgelman (1983), and Ellis and Taylor (1987) emphasizes this point. As we move from abstract concepts to concrete solutions, it is desirable to classify groups or populations

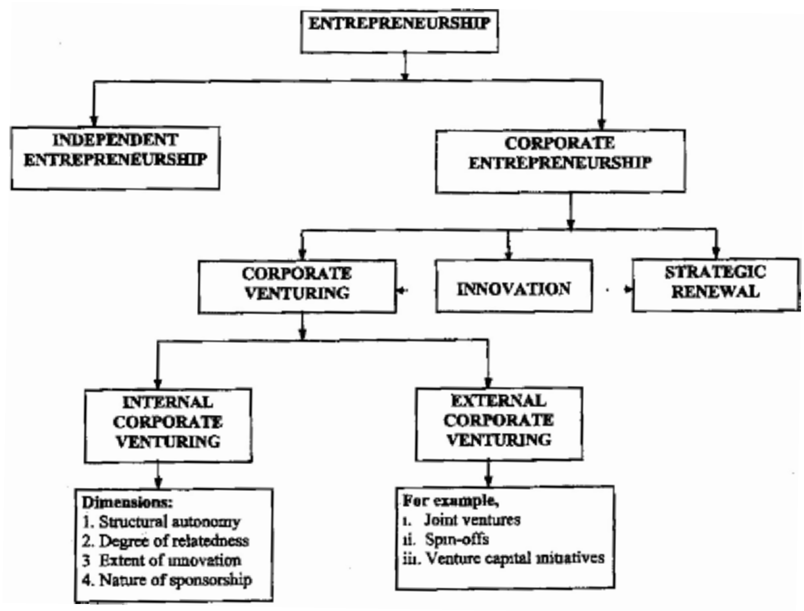

Fig. 1. Hierarchy of terminology in corporate entrepreneurship

Table 3. Unique features of corporate entrepreneurship terminology

Terms	Unique Criteria
Entrepreneurship	organizational creation, renewal, or innovation, within or outside existing organizations
Independent entrepreneurship	organizational creation, + by individual(s) not associated with an existing corporate entity
Corporate entrepreneurship	organizational creation, renewal, or innovation, + instigated by an existing organizational entity
Strategic renewal	organizational renewal involving major strategic and/or structural changes • instigated by an existing organizational entity • resides within existing organizational domain
Corporate venturing	organizational creation, + instigated by an existing organizational entity + treated as new businesses
Innovation	introduction *of* something new to marketplaced • potential to transform competitive environment and organization • usually occurring in concert with corporate venturing or strategic renewal
External corporate venturing	organizational creation + instigated by an existing organizational entity, treated as new businesses, + resides outside existing organizational domain
Internal corporate venturing	Organizational creation, • instigated by an existing organizational entity • treated as new businesses • reside within existing organizational domain.
Dimensional of internal corporate venturing	1 Structural autonomy 2 Relatedness to existing business(es) 3 Extent of innovation 4 Nature of sponsorship

pf organizations or events that share a large number of common characteristics and differ sharply from other groups or populations on those same characteristic dimensions. The problem of classification is best addressed by a combination of theoretical and empirical methods. Thus, while we can have a purely theoretical debate about what actions or situations to which the entrepreneurial or corporate venturing labels should be attached, it is more difficult to effectively classify discrete types of such phenomena without empirical research. However, we can develop theories about the nature of the differences that distinguish one population from another to guide empirical investigation. In this vein we will discuss the dimensions that appear to differentiate discrete types of internal corporate ventures. We chose internal corporate ventures because of personal interest, their importance to the field, and because they have received considerable attention in the literature, and are, therefore, perhaps the best understood aspect of corporate entrepreneurship.

Although internal corporate venturing activities are located within existing organizations, they are created in different ways, have different relationships with the corporate parent, involve different levels of innovation, and differ in strategic importance. These distinctions suggest that internal corporate ventures may vary in terms of at least foul dimensions that may materially influence their subsequent development and performance: structural autonomy, relatedness to existing businesses, extent of innovation, and nature of sponsorship. In turn, these variations suggest that a classification of internal corporate ventures is possible. Although it is beyond the scope of this article to develop such a classification in full, each of the relevant dimensions is discussed briefly below as a starting point for empirical investigations.

Structural Autonomy

This refers to the extent to which the internal corporate venturing activities of a corporation are embedded within its existing organizational units. Put differently, this dimension addresses the crucial decision of where to locate the venture within an organization. The options vary from totally embedding the venture within the ongoing operations of an existing division to creating a separate new-venture division isolated from the rest of the organization and reporting directly to top management (Block & MacMillan, 1993; Kanter, Richardson, North, & Morgan, 1991). Block and MacMillan (1993) suggest that the ideal place to locate a venture will depend on its needs for managerial attention, resources, learning opportunities, and protection from corporate antagonism.

Different authors have focused on internal corporate ventures with different levels of structural autonomy, and these differences have influenced their definitions of terms as well as their descriptions of the phenomenon. For example, Burgelman and Sayles (1986) studied new venture divisions. This choice of setting may have influenced their restrictive definition of corporate entrepreneurship and may also explain the nature of the model by which they seek to describe the venturing process. However, Pinchot's (1985) work indicates that relationships among the critical components of the process may vary somewhat for ventures initiated within the structure of an existing division. Overall, this suggests that differences in the structural autonomy of internal corporate ventures may have a material effect on the venturing process.

Degree of Relatedness to Existing Business

The second dimension on which the internal corporate venture may vary is the degree of relatedness of the new business to existing businesses in terms of product offerings, markets, or core competencies and resources required. This construct may vary from being closely related to completely unrelated to the organization's present activities, leading to a variation in the challenge provided and the learning required for effectively managing the internal corporate venture (Block & MacMillan, 1993; Sorrentino & Williams, 1995).

Extent of Innovation

While the degree of relatedness to existing businesses refers to the degree of newness of the venture to the organization, the extent of innovation refers to the degree of newness of a venture in the marketplace. This dimension may vary from ventures that are simply imitative entries to those innovative entries that are potentially "frame-breaking" (Stopford & Baden-Fuller, 1994). Although imitative ventures will require considerable learning on the part of an organization, some lessons may be learned from experiences of pioneering competitors. For the ventures that are completely new to the marketplace, and perhaps even create new markets, the firm in question is the pioneer and faces considerably greater challenges as a consequence.

Nature of Sponsorship

This dimension is related to the degree of formal authorization for the venture. Zahra (1993) has suggested that ventures may vary from being formal or induced (sponsored by an organization) to informal or autonomous (entrepreneurial efforts based on employees' initiative without formal organizational sponsorship). This view has been extended by Day (1994), whose research supported the existence of "top-down," "bottom-up", and "dual-role champions" in entrepreneurial processes within internal corporate ventures.

Sponsorship has received considerable attention in the corporate entrepreneurship literature. While Covin and Slevin (1991) and Burgelman (1983) have focused on formal entrepreneurial efforts, other authors (e.g. Kanter, 1983; Pinchot, 1985) have focused on informal entrepreneurial efforts. The challenges and opportunities for entrepreneurship vary according to the nature of sponsorship. For example, in case of autonomous entrepreneurial efforts, the role of an organizational champion and sponsor is extremely important, whereas it may not be as critical in the case of formally induced efforts.

Reconciliation of Definitions

Based on the discussion presented in this article it is now possible to clarify the relationships between the definitions of Biggadike (1979), Burgelman (1983), Ellis and Taylor (1987), and Guth and Ginsgerg (1990). First, it should be clear that we follow Guth and Ginsberg (1990) in defining corporate entrepreneurship as an activity comprising corporate venturing, strategic renewal, and innovation. Second, it should also be clear that Biggadike's (1979), Burgelman's (1983), and Ellis and Talyor's (1987) definitions all involve internal corporate venturing efforts but that each defines somewhat different types of internal corporate venturing. Thus, Biggaidike's (1979) definition comprises all those internal corporate ventures that involve some amount of innovation regardless of the venture's degree of relatedness to the parent, structural autonomy, or sponsorship. Burgelman (1983), on the other hand, does not specify the degree of structural autonomy or sponsorship but makes it plain that the venture must be innovative and unrelated to the parent's existing businesses. Finally, Ellis and Taylor (1987) specifically exclude any venture that is not structurally autonomous, innovative, and unrelated to the parent, although either a formally or informally sponsored venture that possesses those characteristics would qualify.

As shown in Table 4, if we assume that each of the four dimensions by which internal corporate ventures might be classified can take one of two states, Biggadike's (1979) definition encompasses eight of the 16 possible types of internal corporate ventures. Burgelman's (1983) contains four of those types, and Taylor's (1987) consists of two.[6] This reconciliation not only illustrates the consistency of the definitional framework proposed in this article, but also illustrates how it might be utilized by researchers to reconcile the findings of those and other studies.

For example, all else held equal, Biggadike's (1979) findings are generalizable to the most situations. However, because his study does not distinguish between different types of innovative internal corporate ventures, generalizations must be made with the greatest caution; the averages across types may not apply strongly to any single type. Conversely, Ellis and Taylor's (1987) work is the least generalizable across internal corporate ventures because of the restrictiveness of their definition. On the other hand, this restrictiveness also means that one can have a higher degree of confidence in the generalizations that can be made. Of course, Burgelman's (1983) definition and study falls somewhere in-between in terms of the extent and reliability of the generalizations that can be made from his research.

Admittedly, not all of the definitions previously used will fit as neatly into the framework proposed in this article as the ones discussed above. Nevertheless, the frame- work does provide a standard term of reference by which definitions and research findings can be compared and harmonized.

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[6] The classification scheme shown in Table 4 is meant for illustrative purposes. Thus, while it might be a good starting point for clarifying internal corporate ventures, it is not our intention to suggest that this is how internal corporate ventures should be classified.

A Tentative Classification of Internal Corporate Ventures and a Reconciliation of Previous Definitions

Table 4. A tentative classification of Internal Corporate Ventures ans a reconciliation of previous definitions

Extent of innovation	Relatedness to parent	Structural autonomy	Nature of sponsorship		Definitions used	
Innovative	Unrelated	Autonomous	Formal	Biggadike	Burgelman	Ellis & Taylor
			Informal	(1979)	(1983)	(1987)
		Embedded	Formal			
			Informal			
	Related	Autonomous	Formal			
			Informal			
		Embedded	Formal			
			Informal			
Imitative	Unrelated	Autonomous	Formal			
			Informal			
		Embedded	Formal			
			Informal			
	Related	Autonomous	Formal			
			Informal			
		Embedded	Formal			
			Informal			

Conclusion

A review of the literature of corporate entrepreneurship reveals an ambiguity in terminology used. Although various authors agree on the features that are unique in corporate entrepreneurship, they often use different terms to express themselves. While this is not uncommon in behavioral sciences in general, and in new emerging disciplines in particular, an acceptance of a common set of terminology is necessary for scientific progress. This article represents one effort to systematize the terminology in corporate entrepreneurship.

A framework for the clarification and reconciliation of definitions was developed with the aim of providing a set of criteria for each descriptor. Moreover, a hierarchy of criteria was developed for the different terms. Finally, the basis for developing a system of classification for internal corporate ventures was proposed. While more work needs to be done, it is hoped that our efforts to put forward a set of internally consistent definitions and specify the criteria that differentiates one descriptor from another will provide a step toward a common terminology in the field of corporate entrepreneurship. Regardless, we believe that the clarification of the various elements that constitute corporate entrepreneurship should be of immediate value to the field.

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