Between logic hierarchy and logic necessity:

Explaining power dynamics in structural hybrids

in the case of corporate venture capital

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ABSTRACT

To engage with diverse stakeholders and contain atypical interactions, corporations are increasingly resorting to compartmentalized organizational subunits—so-called structural hybrids—that offer the possibility to operate under a diverging operating logic while leveraging a corporation's resources. However, attempting to satisfy two or more constituents with divergent outlooks oftentimes leads to conflict, especially given the power imbalance among the corporate parent (representing the dominant logic), its hybrid offspring, and the novel audience or objective (representing the minority logic). Through an ethnographic study of a corporate venture capital unit of a multinational corporation, we explore how a structural hybrid not only experiences tensions between the dominant and minority logic, but also how the power imbalance between them is reflected in their efforts to manage logic hierarchies while pursuing logic necessities. Contrary to neoinstitutional assertions, we find that the tensions rarely resolve in favor of the dominant logic; instead, the structural hybrid frequently and deliberately conforms to the minority logic but disguises its upsetting of the expected logic hierarchy through three mechanisms: gatekeeping, brokering, and masquerading. Our theoretical model explains how structural hybrids create and maintain basic operationality, gain legitimacy and a license to operate, and generate an aura of belonging and performance in the face of logic hierarchy and logic necessity. These findings invite further research on the nature of hybrid organizations and the institutional logics perspective.

INTRODUCTION

It is well understood that corporations operate under a distinct institutional logic that influences their members' individual and organizational behavior by providing a framework of action, evoking norms and values, and ultimately determining a corporation's objectives (Thornton et al., 2012). In light of expanding environmental complexity stemming from more pronounced stakeholder demands and heterogeneous audiences, organizations are increasingly required to interact with diverse constituents and blend them into their operations (Greenwood et al., 2011; Kraatz & Block, 2008). These constituents very often operate under a different or even contradictory logics compared to the corporation. For instance, this is the case in corporate social responsibility activities that are measured by the social value they create, in public-private-partnerships in which bureaucrats and capitalists cooperate, or in corporate-startup investments that aim for a strategic return over entrepreneurial pursuits.

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For the latter, corporations are increasingly resorting to so-called structural hybrids (or hybrid spaces), which are compartmentalized organizational subunits commissioned to engage with diverging institutional environments (Perkmann et al., 2019). Their purpose is twofold: they enable corporations to contain interactions with atypical audiences by employing a different operating logic as well as divergent goals without disturbing existing corporate structures and processes, but they also offer space to purposefully operate outside a corporation's home turf while leveraging a corporation's resources and network. Structural hybrids show similarities to blended hybrids such as social enterprises that have attracted the interest of organizational theorists in uncovering the exposure and management of conflicting logics (e.g. Battilana & Dorado, 2010; Gümüsay et al., 2020; Pache & Santos, 2013; Smith & Besharov, 2019). But structural hybrids differ as they are both carved out of a dominant logic and are constantly under pressure to legitimize their operations under a dictating parent organization from which they draw resources, while simultaneously called upon to integrate minority logic holders (Durand & Jourdan, 2012). Their survival depends on the simultaneous satisfaction of multiple conflicting constituents from both the dominant as well as minority logic, yet invariably depend on the parent's grace (i.e., the dominant logic holder). Given this power imbalance, it is questionable whether findings from the literature on blended hybrids are applicable to structural hybrids.

Theoretically, an argument can be made that structural hybrids should showcase little ambiguity over the role and power of logics, as the centrality of the dominant logic guides its organizational action, thereby reducing the potential for conflict (Besharov & Smith, 2014). Internal conflicts should therefore be generally settled in favor of the dominant logic as its power

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allows its holders to influence and control their views and goals upon the minority logic (Pache & Santos, 2010). However, such neoinstitutional assertions that postulate a hierarchical order of logics run counter to the *raison d'être* of structural hybrids, as their goal is invariably linked to the integration of minority logic actors and resources, making them at least by design equally dependent on both logics. Responding to the minority logic is therefore a necessity or even a strategic tool, and indeed examples abound of organizations that deliberately conform to an alternative logic, either to control their access to resources from secondary resource suppliers (e.g., Durand & Jourdan, 2012) or to create university-industry research centers (e.g., Perkmann et al., 2019). Despite the frequency of such hybrid spaces, research from a corporate context has yet to understand how the power imbalance between logics in structural hybrids plays out and how individual and collective actors respond to the demands of logic hierarchy and logic necessity. In light of these considerations, it is both timely and apt to understand *how structural hybrids experience tensions between seemingly opposing logics and how the power imbalance is negotiated in their efforts to productively manage these tensions*.

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We chose corporate venture capital (CVC) as a suitable setting to investigate our research question. Usually enacted by dedicated investment arms for acquiring minority stakes in startups, CVC programs are compartmentalized subunits under constant pressure to manage the conflicting yet interdependent aspects of corporate-startup partnerships (Jeon & Maula, 2022; Souitaris et al., 2012). They need to satisfy the corporate parent's desire for strategic return and ensure constant resource flow from its parent, forcing them to engage with the corporate logic that seizes its value in stable environments with a focus on hierarchy, status, reporting, budgeting, and planning. Simultaneously, they need to interact with the startup logic that draws on effectuation, flexibility, and spontaneity, managing uncertainty and likewise satisfying the venture world's financial interests in order to be perceived as a desirable syndication partner and to acquire promising investment deals. Otherwise, deals might suffer from adverse selection, which in turn affects the performance evaluation of the corporate. The CVC unit is consequently stuck in a loop of conflicting demands and performance evaluations. Satisfying both constituents in concert appears to be a challenging endeavor, as highlighted by the high number of discontinued CVC units across firms (Hill & Birkinshaw, 2014).

To investigate our research question, we conducted an ethnographic study in a CVC unit of a multinational company, a manufacturer of technological and industrial solutions. This case is of considerable interest as the case company has been involved in CVC investments for over 25 years and had – during the time of the ethnography – consolidated its investment portfolio into a dedicated CVC unit that is considered industry-leading and renowned among peers in the corporate and venture world. As part of his Ph.D., one of the authors spent three years with the CVC unit. We were thereby able to obtain an inside perspective and dig into the organization's inner workings, which is a rarity in the literature on structural hybrids and even less so in CVC.

We find that the CVC unit – as a representative of a structural hybrid – employs a variety of seemingly paradoxical practices to productively manage the tensions stemming from the clash between the corporate and venture world. To aid us in explaining this behavior we introduce the notions of gatekeeping, brokering and masquerading as response mechanisms for structural hybrids to navigate inherent tensions. Our findings show that the CVC unit employs two different postures – deferential and manipulative – when engaging in these response mechanisms depending on which logic is being addressed. However, rather than observing the theoretically expected logic hierarchy, the CVC unit observes a quite different logic necessity. Against neoinstitutional propositions, the CVC unit addresses the dominant logic in a manipulative posture by discrediting, schooling and deceiving its holders. It thereby separates the venture and corporate world, tries to maneuver within corporate politics, and hides its activities towards the corporate parent to create and maintain basic operationality and gain a license to operate. And also contrary to neoinstitutional theoretical claims, the CVC unit addresses the minority logic in a deferential manner by finding compromise, selling its value proposition towards logic holders and hiding its true identity. In sum, as a result of contextual demands, the expected logic hierarchy is turned on its head, producing heretofore unexplored power dynamics and unique logical necessities within structural hybrids.

We contribute to several research streams. We add to the literature on hybrid organizations and institutional complexity by investigating the inner workings of a structural hybrid that is driven by strong corporate demands and a similarly strong reliance of corporate resources to please constituents from both the dominant and minority logic. We thereby join Perkmann et al. (2019) in highlighting the noticeable conditions structural hybrids bring to discussions on hybrid organizing (Battilana & Lee, 2014; Jay, 2013; Pache & Santos, 2013) and present a more detailed view of corporate reality that links organizational theorists with the strategy literature by shifting the attention to power within organizational behavior. In a similar vein, our work looks at the interwovenness of competing demands and organizational elements, giving rise to new theorizing that complements neoinstitutionalism to inform how actors make sense of conflicting yet interpenetrating demands. We further contribute to the literature on entrepreneurial finance (Chemmanur & Fulghieri, 2014; Drover et al., 2017) and corporate entrepreneurship (Phan et al., 2009) by presenting in-depth insights into a CVC unit over several years. While prior research on CVC has fostered our understanding of firm-level effects (Benson & Ziedonis, 2009; Dushnitsky

& Lenox, 2005, 2006; Maula et al., 2013) as well as coopetition and partnerships (Alvarez-Garrido & Dushnitsky, 2016; Keil et al., 2010; Paik & Woo, 2017; Park & Steensma, 2012), we join a nascent stream of research that qualitatively examines the inner workings of CVC units and sheds light on the organizational and individual strategies of corporate actors (Basu et al., 2016; Souitaris & Zerbinati, 2014). In light of the inherent organizational and institutional complexity, we shift the discussion of CVC to an organizational theory lens that offers insight into the decisions individual and collective actors make to manage the paradoxical demands.

THEORETICAL OVERVIEW:
THE ROLE OF DOMINANT AND MINORITY LOGICS IN STRUCTURAL HYBRIDS

Kommentiert [MS5]: @tobi lies mal bitte und sag mir wo wir hier subtle symbols einbauen können. Außer einem halbsatz irgendwo dass ja auch symbols wichtig sind für institutional theory, fehlt mir hier gerade irgendwo der ansatzpunkt. Symbols sind ja auch nicht unser puzzle sondern eher das was hinten dann rauskommt

Institutional logics can be regarded as taken-for-granted principles and patterns within a distinct field that prescribe particular actions and dictate appropriate behavior (Friedland & Alford, 1991; Thornton et al., 2012). These “socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules” (Thornton & Ocasio, 1999, p. 804) serve as lighthouses by which actors ascribe meaning to actions but also navigate and evaluate them accordingly. The concept of institutional logics helps to understand why individuals and organizations act differently when confronted with particular orders and contexts.

Organizations nowadays are increasingly confronted with a multiplicity of institutional logics stemming from complex legal, technological, and cultural environments, which has given rise to inquiries into institutional complexity (Greenwood et al., 2011; Reay & Hinings, 2009). Organizations experience institutional complexity whenever they encounter inconsistent or conflicting prescriptions from multiple institutional logics (Greenwood et al., 2011). Coping with institutional complexity is challenging as it may induce incompatible prescriptions or demands and force organizations to prioritize some interests at the expense of others, hence creating tensions among the goals of different constituents. Scholars have since shown intensifying interest in how organizations respond to institutional complexity on multiple levels (e.g., Bertels and Lawrence, 2016; Meyer and Höllerer, 2016; Misangyi, 2016; Raaijmakers et al., 2015; Ramus, Vaccaro and Brusoni, 2017). One way to respond is by creating so-called structural hybrids, which are compartmentalized organizational subunits commissioned to engage with diverging institutional environments (Perkmann et al., 2019). Organizations essentially outsource institutional complexity to the subunit and minimize their exposure to complexity. Examples include university-industry research centers that bring together actors from academia and practice under the umbrella of the institutional logic of the university, or commercialization units of NGOs that engage with corporations to raise awareness for a cause under the brand of the NGO. Anchored in the parent’s organization, the subunit is asked to balance the demands from its parent organization (called the "dominant" logic in the following) and from the novel institutional environment (called the "minority" logic in the following) it is tasked to engage with (Durand & Jourdan, 2012).

What makes structural hybrids interesting not only as a phenomenon but also theoretically is the power relation between the dominant and minority logics as they pose conflicting demands upon the subunits and thereby challenge our understanding of hierarchical orders of logics or the institutional environments of organizations. The distinction between dominant and minority logic becomes a core challenge for structural hybrids as its members constantly need to ask themselves: which logic should we follow? While this question also arises in blended hybrids, i.e., hybrid organizations where multiple logics are considered core and blending contested logics runs through the whole organization as part of their DNA (Battilana & Dorado, 2010; Pache & Santos, 2013; Smets et al., 2015), structural hybrids not only depend on the parent organization for resources but their survival depends on the grace of the parent organization. Theoretically, this central role of and dependence on the parent's logic should guide organizational action, thereby reducing organizational conflict and ambiguity over a hybrid's strategy, practices, and objectives (Besharov & Smith, 2014). Following the proverb "he who pays the piper, calls the tune", it can be assumed that power relations in structural hybrids should thereby regularly tip in favor of the originating parent's logic at the expense of the minority logic. The primary locus of conflict is hence shifted to the minority logic, creating uncertainty over the organization's true hybridity as well as minority logic holders' expectations, and potentially leading to organizational instability. However, the dominance of the originating logic stands in stark contrast to the idea and reason for the organization in the first place, which was to access the value captured in the minority logic. How structural hybrids experience persistent tensions between the seemingly contradictory logics inherent in their design and how the power imbalance between the logics is reflected in their efforts to productively manage these tensions is the focus of this inquiry.

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EMPIRICAL SETTING:

MULTIPICLITY OF DEMANDS IN CORPORATE VENTURE CAPITAL

Managing paradoxical tensions and demands is at the heart of CVC units, which are corporate-affiliated suborganizations tasked with seeking minority investments in privately-held ventures and startups (Dushnitsky & Lenox, 2005). CVC has become a popular vehicle across a vast array of firms in order to spur outside-in innovation (Ma, 2020). While being embedded in a corporate parent with distinct conventions, norms, and values, there is a multiplicity of stakeholder demands

CVC units need to satisfy. Conflicting tensions largely stem from the complex environment CVC units need to maneuver in (Jeon & Maula, 2022).

Corporations pursue CVC investments for strategic reasons that outweigh the importance of financial returns (Chesbrough, 2002). Recent studies addressing this strategic motivation have found that CVC is used as a means to fill gaps in innovation pipelines (Dushnitsky & Lenox, 2005; Paik & Woo, 2017), to create a window on new technologies (Benson & Ziedonis, 2009; Maula et al., 2013), as real options (Ceccagnoli et al., 2018; Tong & Li, 2011; Van De Vrande & Vanhaverbeke, 2013), and for ecosystem building especially in competitive and rapidly-changing industries (Basu et al., 2011; Sahaym et al., 2010). By seeking strategic returns for their corporate parent, CVC units differ fundamentally from independent venture capital (IVC) partnerships (Chesbrough, 2000). While the interests and incentives of IVCs are largely aligned with the interest of startups and entrepreneurs, the same cannot be said for CVC (Pahnke et al., 2015). Being backed by the corporate parent as the sole limited partner, CVC units have a fiduciary duty to act in the best interest of the corporation, but also in the best interest of the startup, which leads to goal conflicts. While entrepreneurs and VCs are predominantly interested in growing the startup's valuation through expansion and scaling, the corporate might want to divert resources from this growth-path in preference of collaborations that mirror the above-mentioned strategic goals.

Irrespective of these conflicting goals, CVC units appear as compelling investors to entrepreneurs as they can provide access to corporate resources, capabilities, and networks that go beyond financial funds (Keil et al., 2010). This specific and unique sort of smart capital distinguishes CVC from IVCs, creating a persuasive argument for startups to partner with corporates. This argument can be regarded as a CVC's unique value proposition. However, the corporate resources come at a price: corporate-startup collaborations are a frequent source of conflict as distinct institutional logics clash and collaborations are therefore hard to navigate (Jeon & Maula, 2022). This is underscored by Kim et al. (2019) who show that entrepreneurs with social ties to corporate investors are better able to handle the dyad-level specificity and understand when corporate links create opportunities and vulnerabilities. Similarly, Di Lorenzo & van de Vrande (2019) illustrate that inventor mobility between corporate and startup increases the extent to which corporate knowledge can be exploited. Both findings indicate that entrepreneurs need to bridge the distinct logics between corporate and startup if they want to extract value from the partnership. In fact, the institutional logics between both vary considerably. We outline the ideal types of the corporate and startup logics in Table 1.

Table 1: Ideal types of corporate and IVC logic

Attributes	Corporate logic	IVC logic (professional logic)
Basis of norms		
Membership criteria	Executive experience, usually within the corporation	Educational credentials; Entrepreneurial experience
Legitimacy	Prestige of corporation driven by commercial and technical success and market position of firm	Prestige of successful investment track record and fundraising
Authority structure	Complex hierarchy of business units and corporate office Dispersed authority with slow decision making and internal conflict	Partnership with simple hierarchy Partners with high decision-making authority
Basis of strategy		
Identity	Management and stability Industry reputation and value chain orchestration	Highly involved professional business advisor to entrepreneur-clients Co-creator of difference-making ventures
Strengths	Knowledge of the industry and existing customer segments Planning for the predictable	Ability to identify and grow disruptive startups in novel and unpredictable markets Network of professional contacts
Basis of attention		
Assumptions: how to succeed	High strategic alignment between operations to leverage economies of scale and scope	Close personal relationships with clients Scaling up disruptive solutions
Assumptions: where to focus	Exploiting a corporation's resources and capabilities Maximizing profit	Routinized and rhythmic timetables for venture progress Milestones of staged financing

Note: Adapted from Pahnke et al. (2015), Fisher et al., (2017) and Thornton et al. (2012)

To extract the most value out of their investments, CVC units have to mediate the conflicting logics inherent in corporations, independent VC co-investors and startups, and make the relationship work. It needs to be viewed as a legitimate and desirable partner for both startups and corporations. Failure to do so for startups means the CVC will not deliver on its promise of providing corporate resources, capabilities and its network, and in turn will suffer penalties from the venture world through weakened access to investment deals. Failure to do so for corporates means the CVC will not satisfy the desire of the corporate for strategic partnerships by investing in non-strategic ventures, and in turn incur the wrath of the corporate.

METHODOLOGY

We addressed our research question concerning the tensions inherent in CVC operations through a 36-month study of the CVC unit of the multinational corporation IndustryCo, a multinational corporation, which focuses on the design and manufacturing of technological and industrial solutions. While having unique access to an “unusually revelatory” case (Eisenhardt & Graebner, 2007, p. 27), we chose an ethnographic case study as the most appropriate research design (Zilber, 2016) for three reasons. First, the CVC unit under review can be perceived as a “structural hybrid” (Perkmann et al., 2019) – an organizational subunit of IndustryCo tasked to make direct minority equity investments in privately-held entrepreneurial startups. In this context, the CVC unit experiences persistent tensions (e.g., inconsistent organizational goals and conflicting institutional demands) at the intersection of the corporate and the venture world, both carrying distinct institutional logics, meanings, and ways of doing things (Pahnke et al., 2015). To the best of our knowledge, this research context is relatively new to hybrid research, offering a setting rife with tensions and yielding fruitful insights into the organization’s inner workings.

Second, IndustryCo is one of the largest industrial manufacturing firms around the globe and has been involved in CVC investments for over 25 years. Its dedicated CVC unit is considered industry-leading and renowned among peers in the corporate and venture world. During its existence, the CVC unit has invested in about 250 startups across a vast array of stages and industries with more than 60 exits. As of this writing, the CVC unit is endowed with an investment volume of EUR 200 million per year, operates in seven locations around the globe, and employs dedicated personnel for investment and collaboration. Although this study does not postulate a process view, due to its experience and history we regard this case as a promising setting for developing new insights on how to productively manage tensions between corporate and start up logics.

Third, the tensions are especially illuminating in our case, as they reveal a conflict-prone setting that accentuates the “persistent contradiction between interdependent elements” (Schad et al., 2016: 10). As the CVC unit decided to reorganize itself right at the start of our ethnographic study, we were able to capture this process in situ and could experience how the reorganized CVC unit unfolded before our eyes. It therefore provided a unique opportunity to understand how the organization not only planned to manage and embrace the paradoxes inherent in its operations, but also how individuals handled that conflict-prone setting. Its reorganization was considered a main pillar of the corporate's innovation strategy which was supposed to bring the ideas and technology of Silicon Valley into the organization and revive its longstanding reputation for innovative solutions, services and products. The corporate therefore dedicated considerable resources to its CVC unit and reorganized it based on state-of-the-art expertise and learnings that accrued over more than two decades worth of venture investments.

Alongside his doctoral studies, one of our authors spent three years with the CVC unit as a part-time employee. This kind of on-the-job doctoral study is common in the geographic region of the authors and can be considered an 'at-home ethnography' where the roles and identities of the professional and the ethnographer blend (Alvesson, 2014). We thereby adhere to Gioia and colleagues' (2013) idea of studying phenomena close to home (compare Corley & Gioia, 2004; Gioia et al., 1994, 2013; Jay, 2013), implying that the ethnographer's role is that of a complete participant who is fully engaged in the operations of the CVC (Gold, 1958). This role comes with considerable advantages but is also prone to biases. While it provides rich insights and unrestricted access to data such as observations, formal and informal conversations, interviews, and documentary evidence ranging from confidential company documents to public presentations that would escape field observers, it is also a challenge for the ethnographer to balance the professional and research role. The ethnographer was aware of his role and followed prescriptions against bias such as being reflexive about his impact (Lincoln & Guba, 1985) while also being transparent regarding his double-role (Bansal & Corley, 2011). To further avoid observer bias stemming from being an insider (García et al., 2014), we conducted at least bi-weekly calls as part of a larger research project in which the ethnographer debriefed the co-author on his observations and had the opportunity to 'cool-off' (Gold, 1958). We triangulated data whenever possible, especially when we sensed ambiguity and uncertainty about events and processes. The ethnographic study thus helped us obtain an unrestricted inside perspective and dig into the inner workings of the organization and individuals in particular and watch the tensions between logics in action (Barley & Kunda, 2001).

Data collection

We relied on multiple data sources for the ethnographic study as summarized in Table 2. We triangulated participant observations (labeled 'obs'), interviews (labeled 'int'), and documentary evidence (labeled 'doc') for this purpose as different sorts of data provide different angles from which to sense and interpret the phenomenon under study.

***Observations as a complete participant*:** One of our authors conducted extensive ethnographic field work during his on-the-job doctoral studies over a period of 36 months from 2017 to 2020. He spent three to four days a week at the CVC unit as a full participant, having unfettered access to meetings and offices and the ability to move independently within the location to observe and interact with CVC managers as well as relevant stakeholders from both the corporate and the venture world the CVC unit engaged with. He was consequently involved in all operations with a particular focus on the collaborative efforts of the CVC unit in connecting portfolio companies with business units and the corporate's external ecosystem, thereby positioning him at the center of the clash of logics. The fact that he has a professional background in corporate venturing and was a former employee at the corporate parent before entering his academic career meant he understood the corporate context, so we made sure he was equally sensitive to both logics at play. In total he attended 736 meetings observing how the freshly reorganized CVC unit unfurled and organizational actors experienced and productively managed the tensions stemming from both the corporate and venture world. Throughout his professional activities, he attended all-hand meetings, investment pipeline and portfolio company collaboration meetings, exchanges with startups, portfolio companies, corporate stakeholders, external stakeholders (e.g., corporate clients or consulting firms), and other external (C)VC managers. In particular he had access to organization-level decision-making meetings such as strategy meetings, board meetings, or meetings for monitoring investment strategy, progress, budget, and portfolio company collaboration status. Moreover, he was able to attend informal gatherings such as global team retreats, birthday celebrations and after-work drinks as well as public events such as trade fairs, networking events or keynotes. Throughout his time with the CVC he kept a research diary resulting in observational data with a rich set of fieldnotes.

Interviews: We utilized interviews as they serve the "purpose of obtaining descriptions of the life world of the interviewee in order to interpret the meaning of the described phenomena" (Kvale and Brinkmann 2009, p.3). We primarily relied on semi-structured interviews, from which we were able to reap the benefits of acquiring an emic understanding of the phenomenon from the interviewees themselves, thereby drawing on a subject's experience, knowledge and his own perspective. For the ethnographic study, we conducted a total of 69 interviews over the course of 36 months in two phases. In the first phase (from 2017 to 2018) we tried to gain a better understanding of the history, organizational structure, and decision-making practices at the CVC unit. We asked the respondents to describe the structural arrangements and inner workings of the CVC unit based on their own perspectives. This helped us in sensing the conflict and paradoxical demands the CVC unit is exposed to, thereby being able to properly contextualize the ethnographic case. In the second phase (from 2019 to 2020) we concentrated on individual and collective responses to these demands. We conducted interviews with senior managers at IndustryCo, the CVC unit, portfolio companies, and other stakeholders across organizational sites and functions. When we felt that we needed to dig deeper in understanding the meaning of how the informants experience and manage these tensions, we conducted follow-up interviews. Interviews usually lasted between one and two hours. To enhance validity and reliability, most interviews were conducted in tandem, electronically recorded, and transcribed within 24 hours after the interview took place. These efforts resulted in 897 pages of text transcribed verbatim.

***Documentary evidence*:** The ethnographer was given a workspace with a telephone and company laptop and was granted unfettered access by the corporate to the CVC unit's intranet, fileserver and communication systems. This included documents covering the time frame 1995 to 2017 before field entry related to strategy, organization, team and portfolio companies. Moreover, he was granted permission to access presentations, reports, guidelines, handbooks, videos, decision statements, e-mails and notes which were valuable for understanding the inner workings of the CVC unit. Additionally, we collected all documents and meeting notes related to professional activities and gathered news articles, social media articles and other public documents (e.g., website, presentations and official announcements). The latter proved particularly valuable to investigate how the CVC unit positioned itself publicly in responds to the tensions between the seemingly irreconcilable corporate and venture logics. Overall, we gathered 3.561 documents yielding 30.325 pages.

Table 2: Data overview

Data source	Detail	Amount
Participant Observations (736 meetings) (obs*)*		
Organization-level decision making	Strategy meetings	6
	Board meetings	3
	Meetings for monitoring investment strategy, progress, budget, and portfolio company collaboration status	12
	Other organization-level staff meetings	30
Professional activities	Quarterly all-hands meetings	8
	Global team retreats	3
	Investment pipeline and portfolio company collaboration meetings	131
	Weekly planning meetings	139
	Exchanges with startups and portfolio companies	60
	Exchanges with corporate stakeholders and decision-makers	138
	Exchanges with other VCs and external stakeholders (e.g., corporate clients, consulting companies, etc.)	163
	Daily informal exchanges	
Public events	Kick-off event	1
	Trade fairs and networking events	24
	Keynotes and other public events	18
Interviews (69 interviews, 897 pages) *(int)*		
Preliminary interviews	Preliminary interviews with senior managers at IndustryCo, CVC unit, portfolio companies, and other stakeholders	9
Semi-structured interviews	Ethnographic interviews with senior managers at IndustryCo, CVC unit, portfolio companies, and other stakeholders	36
	Informal exchanges on a daily basis	
Follow-up interviews	Follow-up interviews with senior managers at IndustryCo, CVC unit, portfolio companies, and other stakeholders	24
Documentary evidence (3.561 documents, 30.325 pages) *(doc)*		
Organization-level decision making	Documents related to strategy, organization, team and portfolio companies before field entry (1995–2017)	81
	All documents and meeting notes related to strategy, organization, processes, board decisions, team, budget and portfolio companies	2.930
Professional activities	All documents and meeting notes related to professional activities	386

Public documents	News articles (Regional and national newspaper articles)	59
	Social media posts (LinkedIn, Twitter, Medium)	61
	Other public documents (e.g., website, presentations, official announcements, etc.)	44

Data analysis

We analyzed our data according to the methods established by Gioia et al. (2013), thereby building on established procedures for inductive research aimed at theory building (Corbin & Strauss, 1998; Glaser & Strauss, 1967). To ensure intercoder reliability, the data was coded by the two researchers individually and the codes were subsequently compared to settle on a final interpretation. This measure of researcher triangulation was utilized to “guard against the biases associated with a single role and set of role relationships, the personal characteristics of the researcher, and his or her preferred interpretive point of view” (Lofland and Lofland 1971, p.93). We regarded this as a crucial method to ensure that the internal and external views, especially concerning the ethnographic data, informed each other. Overall, we iterated between the developing model and the data until we achieved a viable set of first-order codes, second-order themes, and aggregate dimensions. We stopped when we reached “theoretical saturation” (Glaser and Strauss, 1967).

For the sake of clarity, we present our analysis in three sequential steps. First, in order to uncover, name and develop concepts, we began to identify first-order codes by “open coding” (Corbin & Strauss, 1998) the full repertoire of data regarding tensions and paradoxical demands imposed on the CVC unit collectively. Each researcher independently coded the data by breaking it down into distinct chunks. We then compared and refined our categorization schemes to assess reliability. Following Corley and Gioia (2004), each statement consisted of a sentence or paragraph conveying a coherent point about our research focus (Weber 1990). These statements were labeled and subsequently categorized into mutually exclusive and collectively exhaustive first-order codes (see Table 3).

Second, we built upon these first-order codes and reassembled the fractured data with the goal of detecting conceptual patterns and similarities. Moving from the initial open coding to axial coding (Corbin & Strauss, 1998), we identified linkages and themes within the first-order codes to derive second-order themes (Gioia et al., 2013) in our process of gradual abstraction.

Third, we formed aggregate dimensions by raising the level of abstraction and linking the various second-order themes (Gioia et al., 2013) that emerged from the data to build the data structure (see Figure 1) depicting the tensions between the corporate and venture logic. We distilled three main dimensions—(1) gatekeeping, (2) brokering, and (3) masquerading—which serve as the constitutive elements of our model.

Throughout this process, we spent considerable time both discussing and interpreting the data. We also discussed our emerging data structure with both colleagues from academia who were not involved in the study and also co-workers involved in the ethnographic case (Lincoln and Guba, 1985), with the aim of ensuring the reliability of the coding. This helped us discover the similar characteristics which we borrowed and applied to structural hybridity.

Although an important artifact of our research, the data structure does not provide a dynamic picture of our substantive area. We therefore moved on to investigate the individual and collective responses to these dimensions.

Table 3: Dimensions, Themes and Data

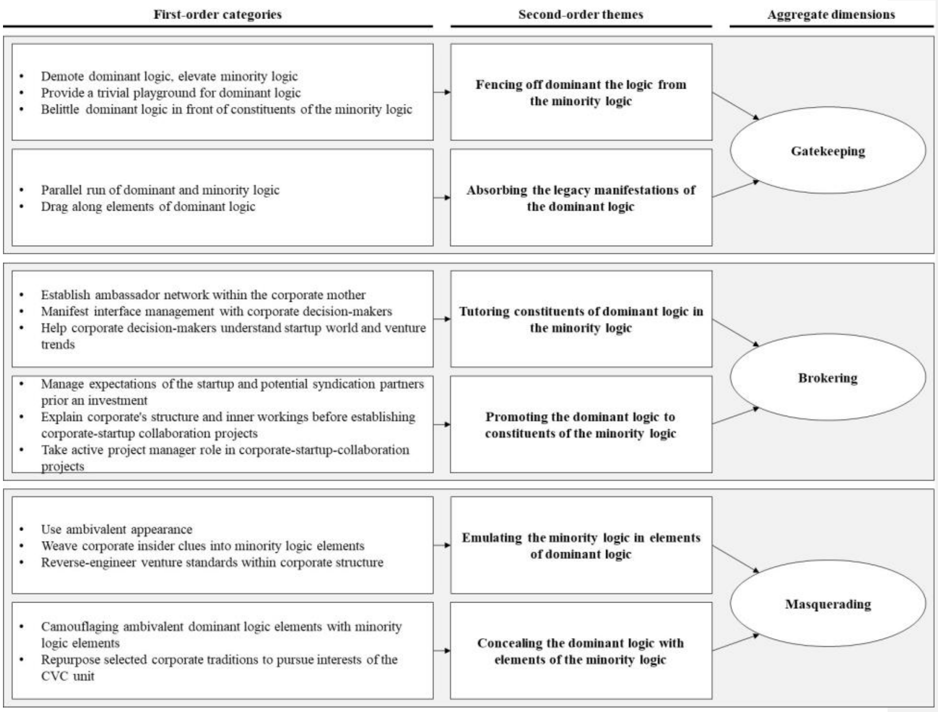
Aggregate Dimensions, Themes & Categories	Representative Data
Gatekeeping	
Fencing off the dominant logic from the minority logic	
Demote dominant logic, elevate minority logic	"We had a long debate about the new job titles. While we benchmarked the titles with other roles from the VC industry, the investment roles were aligned with the VC industry. Some colleagues from that team even got an upgrade as they were promoted to partners. However, the business development team [a team mostly consisting of former corporate employees] was downgraded." (int) "The newly established CVC unit built upon a corporate venturing legacy organization. The majority of all these former corporate employees that were part of that legacy organizations were fired by the newly appointed CEO." (obs)
Provide a trivial playground for dominant logic	"We half-heartedly setup an internal accelerator program in which we coach intrapreneurs throughout their business-building activities. But you see that we do not really take this seriously when you only compare how few people work there with how many work in the CVC activities." (int) "While a new leadership team was composed of mostly external hires, a corporate-internal manager was positioned as head of the business development activities. This person did not play an operational role within the investment core activities but was rather there to signal legitimacy to the corporate stakeholders that there is an established and trusted corporate colleague among the decision-makers of the new CVC unit." (obs)
Belittle majority logic in front of constituents of the minority logic	"The CVC leadership comes across as totally overconfident, male-dominated, and composed of 'Mr. Know-it-Alls'. Recently, the CEO called the managers of a business unit corporate monkeys who are all stupid and don't understand how business works. He seems to neglect that the corporate has been successful for more than 100 years." (obs) "The guys from the BU have no clue. They sit in their quirky little offices trying to do innovation in PowerPoint instead of building new business." (int)
Absorbing the legacy manifestations of the dominant logic	
Parallel run of dominant and minority logic	"Communication is happening in two different worlds: For instance, there are separate communication channels (Email for corporate communication; Slack for CVC-internal or startup communication), different cycle times (long cycle times when communicating with corporate; short cycle times when communicating with startups or investors), and even different words/jargons when communicating (use corporate words and jargon in corporate worlds; use startup words and jargon in venture world)" (obs) "The management board has formulated a clear mandate for [the CVC unit] which needs to be reflected in its investment process. [The CVC unit] acts as a strategic rather than financial investor and enjoys a degree of freedom compared to other VC / PE players. The mission and implications are written down in a lean governance document which describes the management systems used to direct the CVC unit. This document gives [the CVC unit] certain rights to maneuver autonomously and more entrepreneurial while still a subsidiary." (doc)
Drag along elements of dominant logic	"There are different office locations. The office close to the corporate HQ of the former CVC unit was kept to signal interest and closeness to the corporate, but the power and decision-making body reside in the newly established office in the Silicon Valley." (obs) "We have new MacBooks [hardware that would never be allowed from the corporate IT] and state-of-the-art software to work and communicate. But for some stuff, we still need to use that old [corporate] software shit. This is a real pain, for example, as we still do accounting compliant to [the corporate], we have all these outdated, old-fashioned tools to work with." (int)
Brokering	

Tutoring constituents of dominant logic in the minority logic	
Establish ambassador network within the corporate mother	"We have established an ambassador network with startup-affine people inside the corporate that we can leverage. They are very open-minded, and always want to learn from us about the startup world. They help spread the word about our venture investments, help when we need experts to validate technologies during a due diligence, and multiply our communication efforts." (int) "These ambassadors are very helpful. It is a growing community of people excited about the venture world. You know, some of these people have been with [IndustryCo] for decades and they are eager to learn about new technologies and startups. Usually, corporate employees are afraid of innovation and very slow, but these ambassadors are different. They embrace innovation and are really crazy about everything we do. This helps a lot, especially when we want to adopt the technologies of our portfolio companies among many business units!" (int)
Manifest interface management with corporate decision-makers	"We set up a stringent interface management system in which my task is to coordinate all business unit activities, drawing on additional team resources and involving subject matter experts where necessary. I also share some knowledge and define the overarching strategy of collaborating with the business units. I present to them our recent investments and discuss the status of our ongoing collaboration project with our portfolio companies. We meet twice a year and provide updates on relevant developments in both the business units and [the CVC unit]." (int) "In those meetings with the business units, we spend a lot of time explaining the value proposition of each startup we have invested in and discuss how it might be relevant for the business unit. We also provide insights from the venture market that have an immediate or long-term impact on the market the business unit operates in. We are always well prepared and know what keeps the C-level managers up at night, be it the business strategy, customers, markets, or even his products." (obs)
Help corporate decision-makers understand startup world and venture trends	[The CVC unit] does a fantastic job in explaining what's happening outside our corporate boundaries. You know, I am in this business for more than 20 years and I thought I know every detail of our business. But the last years have shown that there are many excellent startups in the world which have the potential to disrupt what we do. With the help of [the CVC unit] we not only put them on our radar, but also have the ability to learn from them, partner with them and even join forces to change our business together." (int) "We regularly write thought leadership articles on what we see in the venture market. We address all corporate leaders and help them understand that the future is already there. In these short white papers, we provide our perspective on what the major players in the markets do, how much venture capital is spent there, and provide a summary of the best startups in each venture market segment. This helps to raise awareness and understanding for our investments within the corporate." (obs)
Promoting the dominant logic to constituents of the minority logic	
Manage expectations of the startup and potential syndication partners prior to an investment	"When we discuss collaboration opportunities with our portfolio companies and promise them access to the vast resources of [the corporate], we first need to explain to them how [the corporate] works, how the structure looks like, how the employees think, how decisions are being made, and how difficult it sometimes is to navigate that complex and political environment. They need to understand that this is a totally different animal we're dealing with here." (int) "We are an independent VC company, and I first was skeptical to join forces with [the CVC unit]. You know, CVC doesn't have the best reputation in venture investing. But when [the CVC unit] explained how they operate and proved to us how they add value beyond money, this changed our mind." (int)
Explain corporate's structure and inner workings before establishing corporate-startup collaboration projects	"We organize kick-off meetings with the startups before we plan collaboration projects. For these meetings we have developed a playbook which explains the corporate structure as well as the do's and don'ts of how to bring in external startup innovation." (obs) "It was really game-changing for us, when [the CVC manager] showed us his playbook of collaborating with [IndustryCo]. We benefited a lot from that workshop and learned about how to engage with different levels of hierarchy, how to frame our solution, and how he could help us navigate this extremely complex organization. I had not so much experience with large corporates, and I never would have thought they can be that crazy complicated and political." (int)

Take an active project manager role in corporate-startup-collaboration projects	"We combine capital with hands-on business development and sales capabilities that help drive revenue for our portfolio companies while providing [IndustryCo] and its customers with unparalleled access to the technology that will help them build for the future. For this, we have a dedicated sales team of 10+ professionals located around the world. They have a proven track record in entrepreneurial business development and deep access to customers." (doc) "My job is to grow the value of our portfolio companies and connect them with [IndustryCo] and our global customer network. Once they are connected, I set up and lead a team of relevant decision-makers, engineers and businesspeople from [IndustryCo] to build a proof of concept or a pilot project. Once this is successful, I try to gradually transfer and handover the startup to the business." (int)
Masquerading	
Emulating the minority logic in elements of dominant logic	
Use ambivalent appearance	"CVC unit individuals were equipped with a Patagonia fleece vest that had a CVC imprint and served as functional clothing in several settings: while corporate stakeholders recognized the imprint, they did not know that a vest is a common visual representation of venture investors. The "VC starter kit" consists of a fleece vest, button-down shirt (polo shirt), and sneakers." (obs) "Some CVC unit individuals further used subtle accessories that indicated membership in both worlds such as wearing cufflinks (like in the corporate world) while wearing white sneakers (like in the venture world)." (obs)
Weave corporate insider clues into minority logic elements	"We visited the offices of other VCs to seek inspiration for how we should design our new offices because want entrepreneurs to feel like they are at a VC office. But we also made sure that we incorporate subtle elements of [the corporate's] heritage: For example, we bought the same furniture and plants like in the HQ office in Germany and named our rooms after famous German inventors." (int) "The startup-collaboration process follows a stage-gate logic. It is documented and transparent for the corporate stakeholders. Although that process works independently from the corporate mother and reflects venture standards, the phases and gates are labeled according to the corporate-internal product development process. E.g., "X300" would stand for the "Go-live/Commercialization" phase – and corporate stakeholder would recognize that logic" (obs)
Reverse-engineer venture standards in corporate structure	"The search and innovation fields [of the CVC unit] are interwoven with the overall [corporate] innovation picture to shape its future strategic trajectory but are carefully chosen to reflect attractive venture capital investment fields." (doc) "The compensation scheme was redesigned and adapted to reflect venture standards resulting in a hidden-carry scheme. The extant corporate scheme (fixed + bonus salary) was used as a basis. While the fixed salary already was relatively high, the bonus component was extremely high spanning CVC-, team-, and individual-level elements and almost competitive with salaries in the VC industry." (obs)
Concealing the dominant logic with elements of the minority logic	
Camouflaging ambivalent dominant logic elements with minority logic elements	"The CVC unit's corporate identity incorporates a similar version of the corporate main color but uses it only as an accent color that gradients into a second CVC unit-specific color. The color gradient symbolizes the shift and bridge between the corporate (visualized by corporate main color) and startups (visualized by a secondary color). The brand is supposed to reflect the dynamism of entrepreneurship in a subtle way by using simple and bold visual designs. The brand and its colors intend to amplify the value for the startup community, investors, partners, corporate employees, and corporate shareholders. It thereby specifically represents the corporate's brand values as a powerful element of its identity but differentiates through visual elements (lower letters, swoosh from the corporate brand) intended to complement the story of the corporate." (obs) "An externally hired brand agency came up with an innovative-sounding name for the CVC unit which demonstrates the autonomy of the CVC unit through its own progressive name that might be appealing to startups and other investors, however, also integrates subtle links to the corporate mother." (int)

Repurpose selected corporate traditions to pursue interests of the CVC unit	“Every year, [the corporate] brings together its top 500 leaders for an internal conference discussing strategy paired with extensive opportunities to mingle and network. We used this event to invite our startup founders to present their innovative solutions to get access to these leaders. Normally, that conference is limited to internal employees only, but we pulled many strings to get an exception” (int) “The CVC unit organized a networking event in the heart of Silicon Valley bringing together entrepreneurs, other investors, and the top management teams of the corporate. Paying homage to the original traditions of the German beer festival, the event was well received by the corporate stakeholders flying in from Germany. While the corporate stakeholders valued the homemade bratwurst and authentic German beer during their US trip, they felt that the CVC unit is honoring their treasured German tradition (where the corporate headquarter is based, and attending the Oktoberfest has a long corporate tradition), while the entrepreneurs and investors seemed to only care about the networking and drinking part of that Oktoberfest motto party.” (obs)

Figure 1: Data structure



FINDINGS

In this section, we provide the case narrative underpinning our themes and theoretical dimensions.

Gatekeeping

Having a rich history and experiences of almost 20 years of venture investing to draw from, the CVC unit of IndustryCo seemed aware of the tensions inherent in its work and wanted to use the reorganization to cut old ties and leave little room for ambiguity over what the CVC unit wanted to be and for which goals it was established. We thus recognized a significant effort to detach from the corporate parent and separate the corporate from the venture world by fencing off the dominant logic of the corporate parent relative to the minority logic of possible portfolio ventures and syndication partners. As a child of the corporate parent, the CVC unit also absorbed the legacy inheritances of the majority logic in order to minimize their impact. The CVC unit hence engaged in what we labeled "gatekeeping" – purposefully evaluating manifestations of the corporate logic and demoting their necessity in an effort to elevate the minority logic within its logic hierarchy.

Fencing off the dominant logic from the minority logic: The CVC unit of IndustryCo sought to separate from the corporate logic through multiple means. One primary means was through "fencing off" the dominant logic so it would not contaminate the minority logic. This approach was established early on by the newly appointed CEO when the newly reorganized CVC unit, although was built upon a corporate venturing legacy organization, fired the majority of former corporate employees that were part of that legacy organization. In one fell swoop the vast institutional knowledge of the former CVC unit was swept away, presenting a *tabula rasa* for the minority logic to inscribe its new approach.

Another manifestation of fencing off the majority logic within the newly reconstituted CVC unit was revealed when externally hired managers with a venture background were consistently promoted with high-status titles while corporate-internal hires received comparably low-status titles. As one manager explained, "We had a long debate about the new job titles. While we benchmarked the titles with other roles from the VC industry, the investment roles were aligned with the VC industry. Some colleagues from that team even got an upgrade as they were promoted to partners. However, the business development team [a team mostly consisting of former corporate employees] was downgraded" (int). The business development team took pride in having a good relationship with the corporate parent, with a former corporate employee vividly explaining how it was necessary for the business development group to have "Stallgeruch"—a

German sociological expression that translates “stable smell” but means the quality of belonging to a specific group due to having the right pedigree. However, although “Stallgeruch” allowed them to fulfill their main task of bridging the boundary between the venture capital unit and the corporate innovation activities inside the parent organization, the same “Stallgeruch” that helped them effectively liaise made them outsiders to the IVC logic and lead to their diminished status.

Another striking “fencing off” practice we observed was providing corporate actors a trivial playground to work within that conferred an illusory legitimacy on the dominant logic. This was evident when investigating the internal accelerator program[1] the CVC established to validate and develop innovative business ideas of corporate employees as part of creating new business opportunities for the parent organization. A small team within the CVC was tasked with exposing corporate participants to proven entrepreneurial and startup methodologies and guiding employees through a structured program. But when asked about the commitment to these activities, a CVC manager offered this telling reply: “There’s not much skin in the game. We only do this to make [the corporate] happy.” Another respondent explained the rationale guiding the program:

> *“We half-heartedly set up an internal accelerator program in which we coach intrapreneurs throughout their business-building activities. But you can see that we do not really take this seriously when you compare how few people work there with how many work in the CVC activities.” (int)*

Indeed, among the over thirty highly skilled, experienced venture investors on the CVC investment team, only three junior team members were tasked with the accelerator program—one of which had no prior experience with corporate accelerators whatsoever.

Another example of the power dynamics at play can be seen how the corporate logic was trivialized in the composition of the leadership team. While the new leadership team was composed of mostly external hires, a corporate-internal manager was positioned as the head of business development activities. From his perspective this was literally a dream come true: “As a boy, I dreamt of joining [the corporate parent] to work on products that would change the world... Now I work with dreamers who are changing the world in the same ways [the corporate’s founders

[1] Generally, an accelerator is a “fixed-term, cohort-based program for startups, including mentorship and/or educational components, that culminates in a graduation event” (Cohen et al., 2019, p. 1782). The CVC unit run an internal accelerator program for corporate-internal employees instead of external startups with the goal to build sizable future business for the parent company.

did many] years ago" (doc). But the reality was starker: the head of business development did not play an operational role within the investment core activities. Including an established yet ineffectual corporate colleague among the real decision-makers of the new CVC unit was only done as a signal to gain legitimacy among corporate stakeholders.

Perhaps the most striking example of "fencing off" we observed was how CVC actors belittled the corporate logic in front of constituents of the venture logic. We witnessed how a member of the CVC leadership team depreciated the value of the corporate employees in an all-hands meeting with the CVC unit. Our ethnographer captured the scene in his field notes:

> *"The CVC leadership comes across as totally overconfident, male-dominated, and composed of 'Mr. Know-it-Alls'. The CEO called the managers of a business unit 'corporate monkeys' who are all stupid and don't understand how business works. He seems to neglect that the corporate has been successful for more than 100 years." (obs)*

Nor was this behavior just a one-off occurrence. Our ethnographer repeatedly heard CVC managers casting aspersions on the knowledge and skills of those working within the corporate. For instance, when asked about the innovativeness of the corporate parent over lunch, a respondent dismissed their contribution: "The guys from the BU have no clue. They sit in their quirky little offices trying to do innovation in PowerPoint instead of building new business" (int). Such observations were perpetually made throughout informal conversations and at CVC-internal meetings, revealing a deeply held conviction about the inferiority of the corporate logic and the need to manipulate it in order to defer to the minority logic.

Absorbing legacy manifestations of the majority logic: When aspects of the corporate logic could not be wholly fenced off from the IVC logic, the CVC unit would pivot and create parallel tracks where they would grudgingly employ the inherited legacy manifestations of the corporate logic as needed while using start-up tools and language within the investment sphere. For instance, our findings reveal how the CVC unit established two separate communication infrastructures to separately address corporate or venture logic actors. Because of the need to communicate with the corporate parent, the CVC unit grudgingly relied on traditional corporate communication channels such as email, intranet, or wet signatures. But when communicating with actors of the venture world, the CVC unit counted on tools such as Slack (for instant communication), Box (for filesharing), or DocuSign (for electronic signatures). Tellingly, these tools represented state-of-the-art communication tools in the VC and startup ecosystem, while IT guidelines inside the corporate parent actually prohibited their use. Similarly, when CVC managers communicated with corporate stakeholders over a corporate-internal video conferencing tool, only in rare cases did they turn on their cameras (as this was the default setting of that tool and common practice inside the corporate). But when talking to actors from the venture logic using Zoom (a state-of-the-art video conferencing tool), CVC managers would always conduct meetings face to face. There was little debate regarding the relative value assigned to the tools and technology of each logic. As one respondent explained, "We have new MacBooks [hardware that would not be allowed from the corporate IT] and state-of-the-art software to work and communicate. But for some stuff, we still need to use that old [corporate] software shit" (int).

Members of the CVC unit also effectively demonstrated the power dynamics at work by creating a parallel track for the dominant logic could harmlessly come to the fore in the language used. In the corporate environment, individuals emphasized a respectful and politically correct use of language, which impacted the communication style, mode of expression, and formal address of colleagues. This resulted in employing professional corporate jargon using words such as "buy-in", "best practices", "business case", "milestones", or "processes". An internal dictionary of idiosyncratic jargon ('corporate lingo') was repeatedly used in corporate-internal settings when talking about systems, products, divisions, technologies, interfaces, processes, and guidelines. But when in the smaller homogeneous startup environment with low hierarchical differences (social identity), CVC individuals used relatively informal language (including informal address). This also resulted in CVC members leveraging their repertoire of startup-jargon, using words such as "bootstrapping", "unicorn", "burn-rate", "hockey stick", or "MVP". These differences in communication were also evident in the tailor-made marketing-related content: internally the CVC unit was portrayed as digitally transforming the corporate parent while complying with the corporate guidelines. But when targeting actors of the venture logic, the CVC published content in vivid language ("startup-style") on channels such as blogs (non-traditional channels for the corporate), promoting the benefits of having the CVC as an investor.

We also noticed that the CVC unit operated differently depending on who it was interacting with. Its corporate parent used a formalized governance system that involves standardized policies, processes, and procedures to manage the complexity of its global operations that every business unit, regional office, department, team, and employee is obliged to comply with. The CVC unit would reluctantly play along, with remarks like the following commonly offered: "This is a real pain… we still do accounting compliant to [the corporate], we have all these outdated, old-fashioned tools to work with" (int). Perhaps in retaliation, the CVC unit took a laid-back approach when communicating with corporate stakeholders, with CVC managers not bothering to answer e-mails for days and sometimes even weeks after receiving them. Nor was there any urgency in conducting meetings and calls; in fact, regular meetings that had to be canceled would not be rescheduled but instead matters would simply wait to be addressed at the next regular meeting. But when it came to internal investment processes, the CVC leadership's had high flexibility and autonomy designed to circumvent the corporate parent’s rules and regulations to the minimum legal requirements. New mandates with clear role descriptions allowed fast decision making while ensuring the segregation of duties and fast release of venture funding. Unsurprisingly, communications regarding startup matters always received prompt attention and were always prioritized over corporate matters. When communicating with investors or entrepreneurs, everyone from the CVC unit was told to “put entrepreneurs first, respond as quickly as possible (latest within the next 24 hours), and be accessible via all channels they prefer” (doc).

The differences in power and attitude toward the different logics manifested themselves in another practice we describe as dragging along elements of the dominant logic. This manifested, for example, in the different office spaces dedicated to the CVC unit. Notably, the CVC unit had conspicuously rented an office in Silicon Valley, the “epicenter of venture capital” (int). From its rooftop, an area that served as an event location and communal area for having lunch with colleagues, CVC members could spot offices of renowned venture capital firms. This proximity indicated the CVC unit’s ambition to “play in the same league” (int) as other investment firms. Nevertheless, the CVC unit could not entirely jettison its already existing offices close to corporate headquarters, despite the fact that CVC top management rarely visited. As our ethnographer observed, “the office close to the corporate HQ of the legacy organization was kept to signal interest and closeness to the corporate, but the power and decision-making body reside in the newly established office in the Silicon Valley” (obs). While the corporate office was only utilized to access relevant stakeholders from the corporate parent, the offices located in “attractive innovation hotbeds” (int) such as Silicon Valley or Tel Aviv ensured proximity to the venture ecosystem and played an essential role for the CVC.

While some of these elements could be argued to resemble findings from the existing literature illustrating bolstering of the dominant logic (e.g., Perkmann et al., 2019), we were struck by the contemptuous attitude of the CVC unit with regards to its corporate parent when it came to gatekeeping. More often than not, the CVC unit purposefully safeguarded the minority logic from the corporate logic and limited its interaction to as little as possible while at the same time accepting doing twice the work for different constituents with a clear deference towards the minority logic.

Brokering

Working at the interface between corporate and venture logic, we recognized that members of the CVC unit of IndustryCo were constantly explaining, translating, and negotiating for members of both constituencies and served as a broker. We further recognized two different approaches when it came to brokering: tutoring constituents of dominant logic in the minority logic and promoting the dominant logic when targeting venture logic holders. These actions had the effect of reversing the expected logic hierarchy within the structural hybrid: the CVC unit clearly saw the necessity of the minority logic coming first within the logic hierarchy, while relegating the corporate logic to a secondary status within the organization.

Tutoring constituents of dominant logic in the minority logic: In the CVC unit we studied, CVC managers established an ambassador network comprised of multiple corporate employees from lower and middle management and subject matter experts. They formed a community of supporters – one informant even gleefully referred to it as a "fanbase" – which proved vital for the CVC unit in leveraging the corporate resources and making available to the venture world.

On the upper management levels, the CVC managers groomed corporate decision-makers to provide venture market perspectives and explain how new technologies and startups might disrupt or impact their businesses. They developed a comprehensive list of C-level executives within the corporate parent they could tap and assigned dedicated teams to coordinate business unit activities. Defining an overarching strategy and generating roadmaps for leveraging selected business units ensured knowledge sharing and entailed regular updates on significant developments in the market and the CVC unit. In an email to all employees, the Managing Partner explained the CVC's stance towards corporate:

> *"We need to be able to explain the value proposition of each portfolio company to the business and build up knowledge on the business unit's innovation areas and markets […] in order to be able to provide relevant insights and act as a thought leader!" (doc)*

For this, the CVC managers needed to be knowledgeable about the fundamental cornerstones of the business units (such as their customers, markets, and products) in order to be able to tap those resources for their startup clients. One manager told our ethnographer, "in the meetings with the business units, we spend a lot of time explaining the value proposition of each startup we have invested in and discussing how it might be relevant for the business unit." A corporate manager confirmed that the CVC unit "does a fantastic job in explaining what's happening outside [the] corporate boundaries" (doc), and the unit even publishes internal thought leadership articles to instruct the corporate managers about recent trends and startups. But rather than reflecting an embrace of the dominant logic, CVC unit employees made it clear that the power dynamic was one where they were merely leveraging the corporate logic for their own minority logic ends.

Another practice we observed was establishing an ‘entrepreneur-in-residence program’ to attract experienced venture capital professionals with outstanding investment or entrepreneurial records of accomplishment. This program offered lucrative short-term roles (typically 6–12 months) to increase the quality of the CVC deal flow, nurture trusting relationships to access financing rounds, and provide direct assistance with due diligence. Apart from these investment-specific activities, the entrepreneurs-in-residence acted as mentors for corporate executives interested in innovation topics. They gave inspiring keynotes about their experiences as venture investors and helped upper management grasp the complex dynamics of the startup world – or in the words of one executive, “these mentoring sessions are eye-opening and help me see beyond the end of my nose.” We also witnessed how corporate decision-makers looked up to these entrepreneurs-in-residence, admiring their courage to start new businesses from scratch outside a safe corporate environment. Activities such as these by CVC unit actors were educative in nature and aimed at schooling corporate actors. During these activities, the CVC unit oftentimes took the role of a teacher and with it the authority to ‘explain how the future looks like’, thereby shaping and even manipulating the beliefs of corporate executives on the role of the organization, which further helped them in navigating corporate politics, thus advancing the minority logic.

Promoting dominant logic to constituents of the minority logic: While CVC managers tutored constituents of the corporate logic in the IVC space, they simultaneously promoted the benefits of the corporate logic to the IVC space. The CVC managers interviewed frequently maintained that being a legitimate actor in the venture world was only feasible if both the startups and investors understood how the corporate parent works and believed that a corporate partnership facilitated via the CVC unit would benefit them.

We therefore frequently observed CVC managers actively promoting the corporate logic as they engaged with startups and other venture investors. While it is common practice for startups to pitch their business endeavors to investors to get funding, our ethnographer witnessed how the CVC unit pitched how they could be uniquely valuable (co-) investors by granting privileged access to the corporate parent’s vast resources—deferring to the minority logic’s needs and explaining how those could be uniquely met by leveraging the corporate logic. Our ethnographer watched the CVC unit devoting considerable time and energy to delivering well-crafted, personalized sales pitches to convince actors from the venture logic to take them seriously and notice them in the investor space. Why this was necessary became clear during an interview with a co-investor: “CVC doesn't have the best reputation in venture investing. But when [the CVC unit] explained how they operate and proved to us how they add value beyond money, this changed our mind" (int). We repeatedly observed the CVC unit deferring to the demands of the minority logic and engage in these reputation-building activities so that they could "get a foot in the door of other VCs" (obs). These actions oftentimes went to extremes, reflecting the power dynamic between the CVC unit and the minority logic; for example, the CVC unit hosted a dinner where they invited potential co-investors. After explaining the value they can bring to the investments, the CVC unit quite unexpectedly (and anomolously) offered to showcase their business-building capabilities *for free* to selected portfolio companies of these investors. Expected to deliver tangible results for the potential co-investors, the CVC unit sought to develop successful case studies regarding how they made a difference for the broader venture ecosystem, which eventually would open up future syndication opportunities.

Because the CVC role is different from an ordinary IVC investor, CVC managers spent considerable amounts of time both before and after investing in a startup managing expectations and explaining how partnering with the corporate parent could benefit them. One informant emphasized, "They need to understand that this is a totally different animal we're dealing with here" (int). CVC managers therefore provided detailed information on the corporate parent's structure and inner workings, demonstrating how to nimbly navigate that complex organization effectively. We observed how these individuals also frequently discussed the evolving market trends with executives from the corporate parent and routinely liaised with industry partners and corporate clients. All these activities were intended to gain visibility as legitimate stakeholders in the corporate logic. Nevertheless, promoting the dominant logic had its limits: we generally observed the CVC unit employees using "we" when talking about their operations but "them" when referring to the corporate parent. They did not conceive themselves as being nested within the larger parent organization but rather promoted to external constituencies their vast access to the parent.

While the apparent deference shown to the corporate logic in brokering activities could also be argued to be examples of neoinstitutionalism, a more plausible explanation sees the twin activities of promoting the corporate logic to constituents of the IVC logic while tutoring the IVC logic to constituents of the corporate logic as consistent with manipulating the dominant logic in deference to the long-term aims of the minority logic. Both extolling the benefits of the corporate logic when selling access to it to ventures and possible partners while simultaneously patronizing and schooling corporate actors are consistent with CVC managers working as brokers between conflicting logics in order advance their standing as legitimate members of the investing world.

Masquerading

While gatekeeping and brokering were purposefully engaged with either separating the dominant from the minority logic or negotiating expectations regarding the CVC unit's role, CVC unit actors additionally disguised their hybrid role in what we call masquerading. Our findings show how the CVC units masqueraded through two kinds of activity depending on the nature of the disguised manifestation and its target audience. CVC unit actors emulated the minority logic in elements of the dominant logic when such appearances mattered in the VC world. Simultaneously, the CVC unit concealed the venture logic with elements of the corporate logic when they were not costly to the CVC unit. These masquerading activities were aimed at producing the same results as gatekeeping and brokering: conferring necessity on the minority logic while reversing logic hierarchy to demote the corporate logic.

Emulating minority logic in elements of dominant logic: We noted how the members of the CVC unit emulated the minority logic in elements of the dominant logic resulting in an ambivalent appearance that spoke to both logics. For example, our ethnographer observed that,

> *"CVC unit individuals were equipped with a Patagonia fleece vest that had a CVC imprint and served as functional clothing in several settings: while corporate stakeholders recognized the imprint, they did not know that a vest is a common visual representation of venture investors. The 'VC starter kit', for instance, consists of a fleece vest, button-down shirt (polo shirt), and sneakers." (obs)*

We recorded how former employees from the corporate parent joining the CVC unit also started to dress differently according to the norms of the venture world, and how wearing such a 'VC fleece vest' perpetuated the stereotype of a VC. Such clothing signaling to actors of the venture logic of being part of their world, while corporate actors did not even realize that connection but recognized the logo. When we prompted someone from the corporate parent to the meaning of the vest, she remarked, "I would have never made that connection. Honestly, I thought those guys [referring to members of the CVC unit] just lost their sense of taste and thought that wearing functional clothes is somewhat cool" (int). We additionally observed in our field notes, "Some CVC unit individuals further used subtle accessories that indicated membership in both worlds such as wearing cufflinks (like in the corporate world) while wearing white sneakers (like in the venture world)" (obs). We witnessed how CVC managers gradually adapted how they dress to look more and more like members of the venture world while retaining subtle markers of the corporate logic, and realized that this was purposefully done to subtly stand out and signal both their belonging to the venture world while retaining insignificant links to the corporate world.

Additionally, we observed how the CVC unit wove corporate insider clues into minority logic elements. This especially became apparent when the CVC unit planned its new offices, with the leadership team inspired by how offices of renowned venture capital firms looked. We witnessed how top-tier financial VC firms in particular served as benchmarks for the new offices of the CVC unit. The board rooms of the new CVC office were designed transparently with glass, which stood in stark contrast to the corporate-style offices which are usually closed-door. The offices were further equipped with state-of-the-art communication systems, a pitch area for startups, and collaboration spaces for bringing together portfolio companies and CVC representatives. In contrast, corporate offices were primarily built on a 1960s design and embody the industrial nature of the corporation with 'old-school' technology, fewer open areas, and fewer spaces for collaboration. Nevertheless, the new office spaces retained subtle markers of the connection to the corporate logic. One respondent explained, "We visited the offices of other VCs to seek inspiration for how we should design our new offices because we want entrepreneurs to feel like they are at a VC office. But we also made sure that we incorporate subtle elements of [the corporate's] heritage: For example, we bought the same furniture and plants like in the HQ office in Germany and named our rooms after famous German inventors" (int). The respondent's remarks perfectly capture the power dynamics inherent in the office design: the CVC unit generally adopted a new office style in which members of the venture logic felt comfortable and familiar while unobtrusively incorporating unimportant or negligible elements that comply with the corporate office design schemes. Insignificant details such as the choice of office plants, the names of the meeting rooms, or selected furniture (e.g., the desks, office chairs, acoustic panels, cupboards) in corporate-specific colors were in line with the corporate design guidelines. Tellingly, no actor from the venture logic would connect these details to the corporate parent, while corporate stakeholders perceived them as obvious cues that these offices "belong" to the corporate parent.

Moreover, our findings reveal how members of the CVC unit reverse-engineered venture standards within the corporate structure to maneuver corporate processes and guidelines that do not comply with the venture logic. As a document revealed, this practice was incorporated into its venture strategy: "The search and innovation fields [of the CVC unit] are interwoven with the overall [corporate] innovation picture to shape its future strategic trajectory but [in fact] are carefully chosen to reflect attractive venture capital investment fields" (doc). Traditionally, the corporate parent aims to improve its speed and focus by leveraging cross-company synergies in research and (pre)development in specific innovation fields. These areas may sound generic (e.g., artificial intelligence, cybersecurity, blockchain, additive manufacturing), and relevant for any company active in the industrial or manufacturing market. However, the CTO of IndustryCo made sure all activities are "focused investments with high relevance for [the] business units" (doc), such that all activities in the innovation fields were limited to maintaining and strengthening the core business or creating and discovering adjacent business opportunities. By design, transformative, disruptive, or radical innovation projects would not fall on fertile ground and would also be perceived hostile among business unit managers. However, the CVC unit wanted to pursue innovation with a transformative, disruptive, and radical nature. Therefore it disguised its venture strategy by piggybacking on the relatively broad innovation fields of the corporate parent. One CVC manager explained, "In our strategy documents and internal communication, we use the same wording as the innovation fields from [the corporate parent]. This should signal that we are active in familiar areas. In reality, however, we pursue our own investment strategy derived from market hypotheses, without caring if it fits with the business unit" (int). This behavior resulted (for instance) in investing in a B2C startup despite IndustryCo being solely active in the B2B markets. The CVC justified this investment by claiming, "We are enthusiastic about how this startup is at the forefront of using artificial intelligence to solve problems and developed a sophisticated subscription-based pricing model. These topics are on the rise across all industries, and who knows, the business units might learn from them, which opens up new market opportunities" (int).

The compensation scheme is another area in which the CVC unit reverse-engineered venture standards within the corporate structure. IndustryCo strictly specified the elements of a comprehensive corporate employee compensation package, consisting of an annual base salary combined with a bonus plan (tied to short-term performance measures) and long-term incentives (tied to the financial performance of the corporate parent). In the venture logic, compensation (especially at the partner/top management level) typically is comprised of a management fee (typically ~2% of the fund size) and carried interest (typically ~20% of a fund's returns), with the latter providing enormous upside potential. The CVC unit we investigated designed a "hidden-carry compensation scheme" with its basic features fitting into the skeleton of the corporate guidelines. However, it tweaked the bonus component to closely reflect the upside of carried interest. Our ethnographer recorded the following observation:

> *"The compensation scheme was redesigned and adapted to reflect venture standards resulting in a hidden-carry scheme. The extant corporate scheme (fixed + bonus salary) was used as a basis. While the fixed salary already was relatively high, the bonus component was extremely high spanning CVC-, team- and individual-level elements and almost competitive with salaries in the VC industry." (obs)*

Thus, the CVC was able to attract and retain talent from the venture capital industry. Their actions showcase how they play within the rules of the corporate logic by manipulating it while still offering legitimate compensation for actors of the venture logic through deferring to its demands.

Concealing the dominant logic with elements of the minority logic: The CVC unit we investigated also concealed dominant logic elements with minority logic elements. For example, during the reorganization the CVC managers deliberately engaged in rebranding and introduced a new corporate identity (e.g., name, logo, colors) to accommodate being "caught" between corporate and IVC logic prescriptions. As one manager explained, the CVC unit did not opt to use the corporate parent's name because of concerns about the associations it would evoke in the IVC market: "Sounding like a typical CVC might jeopardize our credibility in the VC market" (int). Instead, it resorted to a rebranded corporate identity that permitted harnessing the potential for multiple interpretations from both corporate and IVC logic constituents and therefore resonating with both corporate and venture stakeholders. According to a marketing manager, the new name integrated the founding year of the corporate organization paired with a modern, forward-thinking wording, indicating both an "impulsive" and "extravagant" brand name:

> *"An externally hired brand agency came up with an innovative-sounding name for the CVC unit, which demonstrates the autonomy of the CVC unit through its progressive name that should be appealing to startups and other investors, while also integrating subtle links to the corporate mother." (int)*

Corporate employees would recognize the brand's connotation with the corporate mother, as they are versed in the corporate's history. However, the power dynamic present in the design meant that first and foremost constituents from the IVC logic would not make this connection and only see an artificial name with a modern touch to it (as any other venture capital firm might sound like).

Another visible instance of such masquerading was noticeable in the visual representation of the CVC unit. We observed that especially when investigating the new corporate identity, which unifies corporate and startup design elements while intending to portray how the CVC unit "rides a new wave of disruption" (doc). The CVC unit debuted a tailored, modern corporate identity that incorporated a similar version of the corporate parent's official primary color but used it only as an accent color that gradually morphs into a second CVC unit-specific color. The color gradient symbolizes the bridge from the corporate (visualized by corporate color) yet shift to startups (visualized by a secondary color). For those familiar with the corporate mother, this may seem like a direct link to the parent organization, evoking a sense of "challenging the status quo of how to innovate" (doc). By contrast, IVC logic actors (and presumably other persons too) would not associate the brand with a link to the parent organization but rather simply see a modern, minimalistic artwork logo. The new corporate identity carried multiple meanings and left substantial interpretive flexibility as one document noted: “the brand and its colors intend to amplify the value for the startup community, investors, partners, corporate employees, and corporate shareholders. It thereby explicitly represents the corporate’s brand values as a powerful element of its identity but differentiates through visual elements (lower letters, swoosh from the corporate brand) intended to complement the corporate story” (doc). In sum, the rebranding communicated the connection to the corporate mother in ways that would only be recognized by individuals familiar with the corporate parent, while accentuating autonomy and reflecting the norms of the IVC logic with a simple, progressive, and modern corporate identity that emphasizes the dynamism of entrepreneurship.

A third example of concealment could be seen in how the CVC unit developed a more granular understanding of corporate traditions (e.g., regular gatherings, annual events, celebrations, or meetings) and repurposed selected ones to pursue its own interests. Despite persistent tensions between corporate objectives and IVC considerations at every level of the organization, the CVC unit managed to embrace both by appropriating corporate traditions while alienating them from their original purpose to pursue its goals stemming from the IVC logic. A clever example of this power dynamic in action could be seen in a networking event the CVC unit organized in the heart of Silicon Valley. As our ethnographer recorded, the event brought together …

> *“…entrepreneurs, other investors, and the top management teams of the corporate. Paying homage to the original traditions of the German beer festival, the event was well received by the corporate stakeholders flying in from Germany… [who] valued the homemade bratwurst and authentic German beer during their US trip. Corporate stakeholders felt that the CVC unit was honoring their treasured German tradition (where the corporate headquarter is based, and attending the Oktoberfest has a long corporate tradition), while the entrepreneurs and investors seemed to only care about the networking and drinking part of that Oktoberfest motto party.” (obs)*

We were surprised to witness the CVC unit embracing corporate traditions until we understood how they manipulated them for their own good. We soon realized that this was a recurring pattern where the ultimate aim was to defer to the minority logic. For instance, we observed a similar situation at a corporate-internal leadership conference. Traditionally, the executive team of the corporate parent invited its 500 top managers to discuss strategic topics and promote knowledge sharing among peers annually. While attending this conference was limited to a selected group of internal managers, the CVC unit saw a chance to promote their portfolio companies attending that conference, as one CVC executive explained: "Normally, that conference is limited to internal employees only, but we pulled many strings to get an exception" (int). Hence, the founders of the CVC portfolio companies were also invited to join that leadership conference, which presented an opportunity to promote their innovative solutions to the decision-makers in attendance. We observed the corporate's hesitance to open up their exclusive selection of leaders, but watched as CVC management was able to "trick" them into accepting their portfolio company managers as internal proxies for the CVC unit.

THEORY DEVELOPMENT

Drawing on our findings (which we summed up in Table 4), we explain how structural hybrids engage the seemingly contradictory logics they operate in by simultaneously deferring to the minority logic of the startup space while manipulating the dominant logic the organization originates in to achieve the power imbalance needed to successfully operate within the venture space (Figure 2).

Creating and maintaining basic operationality by gatekeeping

As an offspring of a corporate parent, structural hybrids do not only originate in a dominant corporate logic but also inherit policies, processes, and sometimes even basic equipment from the corporate parent that can potentially be at odds with the new minority logic the structural hybrid is tasked to engage with. We observed parallel usage of dominant and minority logic elements, often as simple as having different communication software for each constituent. Our findings show that structural hybrids, while forced at times to bring legacy manifestations of the dominant logic to the minority logic, marginalize these in favor of the minority logic tools. This type of gatekeeping, i.e., deciding which manifestation is necessary for which constituent, was used to create and maintain basic operational functions such as budgeting, making travel arrangements, announcing vacation or sick days, or texting corporate employees. But it was further purposefully utilized to create the image of being a corporate-affiliated organization while simultaneously running several competing processes in parallel, such as a second headquarters. Looking at the evidence, it becomes clear that the CVC unit was willing to do extra work to safeguard the minority logic from the corporate logic. It limited its dependence to as little as necessary, thereby deferring to the minority logic. Beyond these processual efforts, the structural hybrid showed no interest in satisfying the corporate parent; instead, it delayed communication, canceled meetings, and generally showed little respect. When fencing off the dominant logic from the minority logic, this went so far as the CVC unit behaving derisively towards its corporate actors in demoting its representatives or belittling the dominant logic. To us, it appeared as if the power imbalance was reversed from what was predicted by the neoinstitutional literature: the CVC unit was only doing the bare minimum to stay in the good graces of its corporate parent while at the same time elevating the minority logic while discrediting corporate logic actors. The CVC unit even purposefully provided “playgrounds” to corporate logic actors that appeared valuable to the dominant logic while in fact being trivial to the minority logic. The CVC unit was able to exploit differences in how actors valued certain elements of the competing logic, and in so doing seemed to provide enough value to please corporate actors and establish a basic reason for existence.

Gaining legitimacy and license to operate by brokering

The tendency to reverse the power imbalance was also evident in what we labeled brokering, where the CVC unit was working closest to its intended purpose by representing both worlds to the respective opposing constituents and was thereby able to gain fundamental legitimacy in the eye of both. Our findings show that when engaging with actors from the minority logic, the CVC unit tried to “sell” the advantages of the corporate parent to ventures, i.e., by explaining its structure and processes and managing expectations (positive and negative) before bringing corporate and venture in contact. The CVC unit acted towards the venture like a service provider and was actively managing any corporate-startup collaboration to extract the most value for the venture. Here again, we recognized a deferential character to the CVC unit’s actions toward the minority logic, which starkly contrasted with the behavior towards corporate logic representatives. When engaging with corporate decision-makers, the CVC unit was keen on schooling and tutoring respective actors on how to engage with the minority logic. While the CVC unit was actively managing a network of corporate decision makers and influencers, it was well aware of its advantageous position with respect to knowledge regarding innovation and the venture world. These different approaches likely represented the different objectives that both constituents have when entering a partnership: corporate actors are trying to understand the venture world to imitate its innovation power, speed and agility while venture actors solely aim at the corporation’s resources, network and buying power.

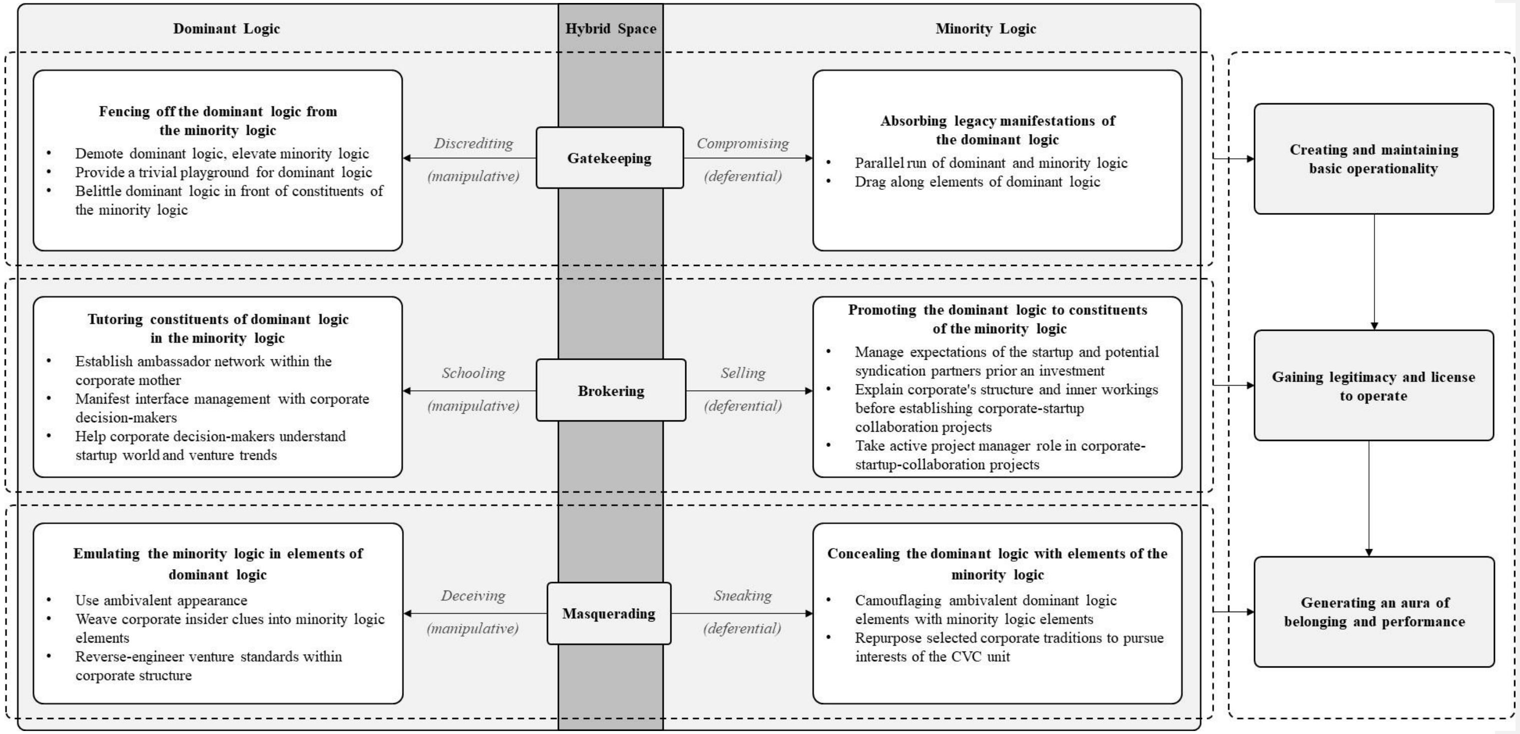
Generating an aura of belonging and performance by masquerading

Lastly, CVC units concealed their identity towards both the corporate and the venture world through masquerading, though like before we recognized a striking difference between masquerading efforts depending on the respective audience. Towards corporate actors, the CVC unit heavily engaged in reverse-engineering venture standards within the realm that the corporate parent gave the structural hybrid, with the purpose of effectively hiding what a CVC (or IVC for that purpose) does. Their behavior strictly deferred to the venture logic when considering elements of status such as money, titles or clothing, and CVC actors did not value nor want to be associated with status objects from the corporate logic. However, the CVC unit was aware that it had to fulfill corporate performance expectations but did so by weaving corporate elements into its identity. The CVC unit was purposeful in exploiting what were meaningless or highly ambivalent corporate elements to minority logic holders for that purpose. In this way, the CVC unit again simultaneously displayed deferential and manipulative behavior in trying to hide who the CVC unit really embodies.

Table 4 – Mechanisms of structural hybrids in navigating power differences

Mechanism	**Gatekeeping**		**Brokering**		**Masquerading**	
Practice	Fencing off the dominant logic from the minority logic	Absorbing legacy manifestations of the dominant logic	Tutoring constituents of dominant logic in the minority logic	Promoting the dominant logic to constituents of the minority logic	Emulating the minority logic in elements of dominant logic	Concealing the dominant logic with elements of the minority logic
Addressed logic	Dominant Logic	Minority Logic	Dominant Logic	Minority Logic	Dominant Logic	Minority Logic
Examples	• Downgrade titles of corporate-background employees and promote IVC-background employees • Half-heartedly offer other innovation opportunities such as an accelerator program • Belittle corporate world in front of CVC members	• Parallel run of corporate and venture technology infrastructure to comply with venture standards • Different communication cycles and styles depending on addressing IVC or corporate members • Reluctant acceptance of corporate governance structure • Set up new offices in innovation hotbeds while keeping legacy office close to corporate HQ	• Establish ambassador network to leverage access to corporate resources for the IVC world • Manifest interface management with decision-makers • Hire entrepreneurs-in-residence as mentors for corporate stakeholders • Explain venture trends and dynamics to corporate stakeholders	• Set up business development team to actively help portfolio companies grow • Pitch CVC value proposition to startups and VCs • Provide free value-added services to VCs to attract VC attention • Facilitate collaborations between corporate parent and portfolio companies	• Ambivalent personal appearance of CVC managers • IVC-like offices with subtle corporate cues • IVC investment and compensation fields reverse-engineered to fit corporate policy	• Revitalize CVC identity with subtle corporate elements • Rename CVC unit to resonate with corporate and IVC stakeholders • Pursue IVC objectives by repurposing corporate traditions
Focus on …	*"Separating IVC and corporate world"*	*„Limiting corporate dependence"*	*„Maneuvering within corporate politics"*	*"Making the venture world happy"*	*"Hiding what the CVC does"*	*"Hiding who the CVC is"*
Posture towards addressed logic	Discrediting (manipulative)	Compromising (deferential)	Schooling (manipulative)	Selling (deferential)	Deceiving (manipulative)	Sneaking (deferential)

Figure 2: An operating model of structural hybrids employing power imbalances


Dominant Logic
Hybrid Space
Minority Logic
Fencing off the dominant logic from the minority logic
• Demote dominant logic, elevate minority logic
• Provide a trivial playground for dominant logic
• Belittle dominant logic in front of constituents of the minority logic
Discrediting
(manipulative)
Gatekeeping
Compromising
(deferential)
Absorbing legacy manifestations of the dominant logic
• Parallel run of dominant and minority logic
• Drag along elements of dominant logic
Creating and maintaining basic operationality
Tutoring constituents of dominant logic in the minority logic
• Establish ambassador network within the corporate mother
• Manifest interface management with corporate decision-makers
• Help corporate decision-makers understand startup world and venture trends
Schooling
(manipulative)
Brokering
Selling
(deferential)
Promoting the dominant logic to constituents of the minority logic
• Manage expectations of the startup and potential syndication partners prior an investment
• Explain corporate's structure and inner workings before establishing corporate-startup collaboration projects
• Take active project manager role in corporate-startup-collaboration projects
Gaining legitimacy and license to operate
Emulating the minority logic in elements of dominant logic
• Use ambivalent appearance
• Weave corporate insider clues into minority logic elements
• Reverse-engineer venture standards within corporate structure
Deceiving
(manipulative)
Masquerading
Sneaking
(deferential)
Concealing the dominant logic with elements of the minority logic
• Camouflaging ambivalent dominant logic elements with minority logic elements
• Repurpose selected corporate traditions to pursue interests of the CVC unit
Generating an aura of belonging and performance

DISCUSSION

We explored how a structural hybrid – a CVC unit in this particular case – experiences tensions between the dominant and minority logic, with a particular focus on how it responds to the power imbalance between the two. Despite the significant resource dependence on the corporate parent, we find that the CVC unit frequently and deliberately conforms to the minority logic but disguises its efforts through three mechanisms: gatekeeping, brokering and masquerading. While such responses are common for hybrid organizations, their response mechanisms were purposefully designed to showcase a manipulative posture towards the corporate parent while simultaneously deferring to minority logic holders.

Contrary to neoinstitutional propositions, the CVC unit reverses the expected logic hierarchy and promotes a logic necessity that both defers to the minority logic by finding compromise, selling its value proposition towards logic holders and hiding its true identity while manipulating the dominant logic by discrediting, schooling and deceiving its holders. By sharply distinguishing its behavior and posture to the venture and corporate world, the CVC unit is able to convince majority logic holders to allow them to operate while gaining acceptance from minority logic holders. In short, the power dynamics turn out to be opposite of what is expected, producing a unique operational culture that reflects heretofore unobserved logic necessities within structural hybrids.

Our study contributes to the literature on hybrid organizations (Battilana et al., 2017) and institutional complexity (Greenwood et al., 2011; Thornton et al., 2012), particularly in the context of structural hybrids (e.g., Perkmann et al., 2019) by shedding light on the inner workings of such compartmentalized organizational subunits.

The literature surrounding blended hybrids (such as social enterprises) has generated considerable interest over the last ten years, and collectively these studies have addressed how blended hybrids are exposed to and manage conflicting logics. For example, Pache & Santos (2010) propose that internal conflicts should be generally settled in favor of the dominant logic as its power allows the dominant logic holders to influence and control their views and goals upon minority logic holders. Similarly, Gümüsay et al. (2020) showed that contested hybrids can manage tensions between seemingly contradictable logics by dynamically “reducing conflict without having to marginalize one logic as less central, nor having to cast coexisting logics as compatible per se” (p. 54). These findings fall in line with neoinstitutional propositions but have little validity when it comes to structural hybrids, which have become increasingly popular across a wide range of industries and corporations to engage with a wider audience. Through our ethnographic study we show how structural hybrids ask for a different response to managing tensions, one in which subtle power postures become a requirement for maintaining functionality while gaining legitimacy from minority logic holders.

Second, our findings show that structural hybrids pose a theoretical puzzle. Being different from blended hybrids, structural hybrids are carved out of a dominant logic and constantly under pressure to legitimize their operations under a dictating parent organization from which they draw resources, while simultaneously integrating minority logic holders that they are tasked to engage with (Durand & Jourdan, 2012). Although some prior studies have acknowledged the unique role of structural hybrids (Perkmann et al., 2019), they did not explain the power relations between the dominant and the minority logic and how they posed conflicting demands upon the structured hybrid. We join Perkmann et al. (2019) in highlighting the noticeable conditions structural hybrids bring to discussions on hybrid organizing (Battilana & Lee, 2014; Jay, 2013; Pache & Santos, 2013). As a result, we present a more detailed view of corporate reality through the integration of organizational theory and strategy literature. Our findings call for new theorizing and a stronger focus on power under an institutional logics perspective. By illustrating how structural hybrids purposefully employ gatekeeping, brokering and masquerading, and introducing power dynamics as a further dimension to investigate the respective posture structural hybrids adopt towards different logics, we offer novel explanations for how they effectively manage tensions within the hybrid space. The interwovenness of competing demands and organizational elements give rise to perspectives that helps inform how actors make sense of conflicting yet interwoven demands. We contribute to the vibrant research stream on paradox theory by taking a managerial perspective focused on how organizations that experience persistent tensions between seemingly irreconcilable contradictory logics accept and productively manage these tensions (Lewis & Smith, 2014; Schad et al., 2019; Smith & Lewis, 2011).

Third, we contribute to the literature on entrepreneurial finance and corporate venture capital in particular. Our study presents in-depth insights into a CVC unit over several years. Prior research has fostered our understanding of firm-level effects (Benson & Ziedonis, 2009; Dushnitsky & Lenox, 2005, 2006; Maula et al., 2013) as well as coopetition and partnerships (Alvarez-Garrido & Dushnitsky, 2016; Keil et al., 2010; Paik & Woo, 2017; Park & Steensma, 2012) while a nascent research stream started to qualitatively investigate the inner workings of CVC units to explain the organizational and individual strategies of corporate actors (Basu et al., 2016; Souitaris & Zerbinati, 2014). However, this research, as well as traditional theories developed in related financial contexts, are limited in explaining the inner workings of this substantive area of corporate entrepreneurship and innovation (Phan et al., 2009). By considering the inherent organizational and institutional complexity and identifying the mechanisms of organizing, we extend our understanding of successful corporate venturing. Through our approach, we shift the discussion of CVC to an organizational theory lens which is appropriate for shedding light on the decisions individual and collective actors make to manage the conflicting demands of opposing logics. Hence, we contribute to the literature on entrepreneurial finance (Chemmanur & Fulghieri, 2014; Drover et al., 2017) and corporate entrepreneurship (Phan et al., 2009), and offer inspiration for a renewed discussion among strategy, finance, and organization scholars (Durand, 2012).

CONCLUSION

The rapid growth of the literature on hybridization has sharpened our understanding of structural hybrids, but it has been less effective in explaining the power imbalances within hybrid spaces. Investigating the CVC unit of a multinational corporation, we shed light on the distinct mechanisms of how structural hybrids productively manage the tensions from the conflicting logics they operate within. In particular, we develop a theoretical model that explains how structural hybrids create and maintain basic operationality, gain legitimacy and a license to operate, ultimately suggesting belonging and performance. We hope our study inspires future research in this area.

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